

NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO)

**BOARD OF DIRECTORS
MEETING**

June 9, 2016

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 / Report from the Human Resources & Compensation Committee
5. Report from the Siting Committee
6. Report from the Audit, Finance & Risk Committee
7. Report from the OPG L&ILW DGR Oversight Committee
8. Report from the Advisory Council Meeting
9. President's Report
10. Cost and Schedule Control
11. Corporate Level Risks
12. OPG DGR Regulatory Approval
13. Management of Regulatory Certainty Risks
14. Progress Against Proof Testing Plan
15. Preliminary 2017-2021 Business Plan
16. Organizational Authority Guidelines
17. Benchmarking Update
18. Proposed Updates to Board / Advisory Expense Guidelines
19. Submission of 2015 Annual Report to Members
20. In Camera Session
21. 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 June 9, 2016
commencing at 8:30 a.m. EDT

Present

Pierre Charlebois	Chair
Wayne Robbins	Vice Chair
Carlo Crozzoli	Director
Ron Jamieson	Director
Ken Nash	Director, President & CEO
Josée Pilon	Director
Deborah Poff	Director (via teleconference)
Ian Ross	Director
Darren Murphy	Director (Items 1-13)

Staff in attendance:

Jo-Ann Facella	Directors Social Research & Dialogue (item 5 only)
Paul Gierszewski	Director, Safety & Licensing (except items 1-4, 21)
Marni Halter	Senior Counsel (except items 1-4, 21)
Michael Hung	CFO (except items 1-4, 21)
Gillian Morris	Board Secretary (except items 4, 21)
Kathryn Shaver	VP, APM Engagement & Site Selection (except items 1-4, 21)
Jennifer Spragge	VP, Human Resources (except item 21)
Bob Watts	Associate Vice President, Aboriginal Relations (item 5 only) (via teleconference)
Derek Wilson	VP, Design & Construction (except items 1-4, 21)

Guest:

David Cameron	Vice-Chair, Advisory Council (item 8 only) (via teleconference)
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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 8:30 am.

2. Minutes of Previous Meeting

The minutes and in camera minutes of the meeting of the Board of Directors held on February 19 and April 8, 2016, copies having been sent to each member of the Board, were approved.

3. Business Arising from the Previous Minutes

The Board Secretary reported on the actions from the previous meeting. Directors discussed having the internal audit and assessment plan approved by the Board annually and agreed that it should be brought forward to the February 2017 meeting of the Board.

4. Report from the Human Resources & Compensation Committee (In Camera)

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 reported on highlights of the meeting held on June 8, 2016 which included the Committee discussing:

- the work in communities undergoing Phase 2 Assessments;
- the status of the Siting Project Execution Plan and project controls in place to support the siting work;
- the specific siting sub-objective related to work with the communities and testing the strength of support and partnership potential;
- a presentation on recent data collected through airborne surveys and lineament interpretations for one of the study areas;
- communicating the updated timelines and Adaptive Phased Management (APM) cost estimate;
- the status of work on transportation engagement and a copy of the draft transportation discussion document;
- regular briefings on the meetings of the Council of Elders; and
- the Indigenous Knowledge Policy, a summary of Aboriginal engagement for 2015, and plan for 2016 engagement.

Mr. Jamieson reported that the Committee discussed recent letters received from Hornepayne First Nation. The Committee supported staff continuing work to understand the nature of concerns and NWMO's continued efforts to engage with Hornepayne First Nation.

The Committee discussed the proposed municipal and Aboriginal Resource programs and material related to a new funding arrangement. Management proposed to return to the Committee in September to review the basis for a new type of agreement to support active community involvement in more advanced stages of siting. In the interim the CEO proposes to enter into the first referenced agreement with a community in order to advance field studies in a manner consistent with the new program to be reviewed by the Board in September.

The Board discussed what approvals were needed to proceed with the agreement. The Committee agreed that under the approved Organizational Authority Register, the

President had authority to sign the agreement as long as it fell within the approved business planning envelope. Board members agreed, and requested, in the spirit of good governance, the President continue to bring forward major changes in programs to the Board for information.

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

The Chair of the AFR Committee reported on the Committee's discussions at the June 8, 2016 meeting. The Committee discussed and reviewed the following:

- an update from the Pension Management Committee;
- the 2015 audited Pension Fund financial statements;
- the cost and schedule controls in place for the three main APM projects;
- corporate level risks;
- preliminary 2017-2021 business planning for APM and NWMO's work to support OPG's low and intermediate level waste (L&ILW) repository;
- an update to the Organization Authority Register;
- a Lifecycle Liability Management work program update;
- the regular management reports including a performance and financial report, cash flow update and compliance report; and
- the appointment of auditors for 2016.

Mr. Ross reported that the AFR Committee will recommend the appointment of the current auditor to the Members at the Annual General Meeting (AGM). The Board discussed the continuing engagement of the auditors what mechanisms NWMO has in place to ensure it is provided with effective audit services.

Mr. Ross brought forth the following recommendation from the Committee to the Board for approval:

IT IS HEREBY RESOLVED THAT:

On the recommendation of the AFR Committee, the Board of Directors, approves the 2015 NWMO Pension Plan Fund Financial Statements as proposed for the NWMO fiscal year ended December 31, 2015, as audited and presented by the external auditors, Deloitte LLP.

The motion was made, seconded and unanimously passed.

A Director asked management to consider pooling its pension funds with other plans to explore the possibility of management fee cost savings. Management suggested it would explore this option when discussing the contract renewal with the investment advisor later in the year (*).

7. Report from the OPG Low and Intermediate Level Waste (L&ILW) DGR Oversight Committee

Wayne Robbins, Chair of the L&ILW DGR Oversight Committee reported on its June 7, 2016 meeting. Mr. Robbins reported that the Committee discussed the following:

- a progress report on the regulatory approvals and detailed design phase of work;

- NWMO's support to the preparation of OPG's responses to the Minister of Environment and Climate Change's request for additional information on the L&ILW DGR;
- the preliminary 2017-2021 business plan;
- an update on the resumed operation of the Waste Isolation Pilot Plant (WIPP); and
- a review of business risks.

Directors discussed what preparations NWMO would need to support the design and construction phase of work on the OPG L&ILW DGR if there were instructions from the Minister to OPG to move forward with the project. Management reported that there would be a significant amount of time required to prepare for the work. The Chair asked management to ensure that OPG was aware of NWMO's resourcing timelines and to ensure the full plan will be brought back to the Board for approval.

8. Report from the Advisory Council Meeting

David Cameron, the Advisory Council Vice Chair, delivered a report on the highlights of the Council's May 31, 2016 meeting, which included discussions on the following:

- an update from the President on recent NWMO activities and developments in nuclear waste management both nationally and internationally;
- developments in the APM siting process including a thorough briefing on recent activities in regional siting areas and an update on NWMO's progress against its Siting Project Execution Plan;
- the decision-making processes and governance of First Nation communities and organizations;
- NWMO's new website;
- NWMO's work related to NWMO's social and ethical framework;
- NWMO's plans for transportation engagement work;
- and update on key areas of business risk; and
- standing reports related to APM's proof testing and engineered barrier design, NWMO's support to the OPG L&ILW DGR project.

Dr. Cameron reported that the Council discussed correspondence received from the Hornepayne First Nation and passed the following resolution:

The NWMO Advisory Council supports NWMO's efforts of continued dialogue with Hornepayne First Nation.

Directors discussed the Dr. Cameron's report and also requested management provide a similar presentation to the Board on the updated NWMO website (*).

9. President's Report

Mr. Nash reported on key developments and activities since the February Board meeting:

- strong progress on APM continues with site selection work continuing to progress towards borehole drilling;

- a small number of additional staff have been added, located in the siting communities and NWMO continues to replace key staff who retire;
- as APM is a unique project, NWMO continues to change, adapt and learn. Risks also change as NWMO moves further into implementation and there is a need to examine corporate level risks;
- work continues to focus on ensuring future regulatory certainty;
- nationally, Canadian Nuclear Laboratories (CNL) submitted a project description for a Near Surface Disposal Facility for low level waste at Chalk River; and
- internationally, NWMO recently met with colleagues at EDRAM where updates were provided on international radioactive waste management programs.

A Director suggested that the L&ILW DGR Oversight Committee have a more in depth discussion on the work of CNL. Another Director requested further information on the structure and governance of CNL (*).

10. Cost and Schedule Control

Ken Nash outlined the work underway to further enhance NWMO's capabilities and approach to cost and schedule control, and monitoring to ensure Members' funding is efficiently managed. Management reviewed the controls in place for two major project areas: APM Phase 2 Site Selection and the APM Proof Testing program. The CFO reviewed the financial reporting controls in place.

Directors discussed how management incorporates lessons learned. The Chair asked management to bring forward a further review of cost and schedule control to the AFRC to assess whether additional material that would assist the Board in understanding progress in NWMO's work programs. (*)

11. Corporate Level Risks

Mr. Nash reported that NWMO is working on three main multi-year projects: APM Phase 2 Site Selection, APM Proof Testing of the Engineered Barrier, and the work to support OPG's L&ILW DGR. Each project has its own Project Execution Plan and risk register. The Board reviews project risk registers twice per year. Mr. Nash reviewed the overarching corporate level risks identified by management and invited Board discussion.

Directors discussed the corporate level risks and were in agreement with those identified by management. Mr. Nash noted that, going forward, the corporate level risks would be reviewed in addition to the project-level risks.

12. OPG L&ILW DGR Regulatory Approval

Staff reported on progress on NWMO's support to the regulatory review of the OPG L&ILW DGR and work underway to mitigate the risks to the APM site selection process that might arise from the next phase of the regulatory review.

Directors discussed the expected timelines of the ongoing regulatory review of the OPG L&ILW DGR. A Director suggested NWMO continue briefings with government officials to ensure understanding of how decisions on the OPG L&ILW DGR could impact APM.

13. Management of Regulatory Certainty Risks

The Board was updated on discussions with CNSC on further developing certainty in the regulatory process with particular reference to the question of alternative sites. Management was currently reviewing the option of early EA guidelines as well as other options.

Directors discussed how NWMO can work toward regulatory certainty and agreed that NWMO might wish to begin to develop a project description. Directors encouraged NWMO to continue working with the regulator and to meet with the Commission if an opportunity presented itself. Mr. Nash noted that NWMO's work will be further informed by the regulatory experience of the OPG L&ILW DGR and the CNL project description.

14. Progress Against Proof Testing Plan

Derek Wilson provided an update on the status of work on the engineered barrier design and proof testing activities.

Mr. Wilson's report included updates on:

- the transition to a new test facility;
- a review of the work on the used fuel container, buffer and sealing systems, the emplacement mechanism;
- work on the sixth and seventh safety case studies;
- a peer review of the generic corrosion program;
- ongoing performance assurance work; and
- a summary of the costs and spending against approved budget.

Mr. Nash noted that NWMO measures progress in this area by independent expert reviews. He noted that management has streamlined the business planning process with project costs and schedules being developed independently which then flow into business planning.

15. Preliminary 2017-2021 Business Planning

Management reviewed NWMO's initial business planning assumptions for the next five-year period which are consistent with those used to develop the latest APM lifecycle cost estimate and Project Execution Plans for Phase 2 site selection and engineered barrier design and proof testing. The overall strategic objectives along with the project objectives, baseline milestones and assumptions and costs were reviewed for each of the major work programs.

16. Organizational Authority Guidelines

Management reviewed proposed changes to the Organization Authority Register (OAR). Board agreement was sought to approve an update to the OAR which updated authorities to enter into agreements with indigenous organizations.

IT IS HEREBY RESOLVED THAT:

On the recommendation of the AFR Committee, the Board of Directors, approval of the NWMO Organization Authority Register updated as of May 1, 2016.

The motion was made, seconded and unanimously passed.

17. Benchmarking Update

Mr. Nash updated the Board on a comparison to other international radioactive waste management organizations with respect to the lead time for implementation and staffing levels/organization design. Mr. Nash concluded that NWMO predicted timeframes remain shorter than in other countries and staffing levels are in line relative to other countries' programs.

Directors discussed the status of the additional requests made of SKB by the regulator in Sweden. The Chair noted that it can be very difficult to compare organizations internationally as operating environments differ greatly.

18. Proposed Updates to the Board / Advisory Council Expense Guidelines

The Board Secretary proposed two minor changes to the business expense guidelines for both the Board and Advisory Council to keep in step with the NWMO management employee expense standard which was approved by the Board at the February 2016 meeting.

IT IS HEREBY RESOLVED THAT:

The Board of Directors approves the revisions to the Advisory Council and Board of Directors Expense Guidelines as proposed.

The motion was made, seconded and unanimously passed.

19. Submission of the 2015 Annual Report to Members

On behalf of management, the Board Secretary brought forward to the Board a draft note prepared to accompany the 2015 Annual Report when presented to Members at their July 2016 Annual General Meeting.

The Board requested some additional information be added to the report and management undertook to revise the report in advance of submission to the Members.
(*)

20. Next Meeting of the Board

The next meeting of the Board of Directors will take place on Thursday, September 29. The Board Secretary asked Directors to review the proposed 2017 Board schedule and report any conflicts.

21. Other Business

The Board Chair recognized and thanked Board member Deborah Poff for her nine years of service on the NWMO Board of Directors.

22. 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 1:50 pm.

* Denotes actions to be taken.



Pierre Charlebois
Chair



Gillian Morris
Board Secretary

