

RADIOACTIVE WASTE MANAGEMENT LIMITED
(the "Company")

Minutes of the 10th meeting of the directors of the Company
held at Building 587, Curie Avenue, Harwell, Didcot, Oxfordshire OX11 0RH and (via video-
conference) at Herdus House, Westlakes Science and Technology Park, Moor Row, Cumbria
CA24 3HU and (via video-conference) at 20 Sanctuary Buildings, Great Smith Street,
Westminster, London SW1P 3BT on 16th December 2014 at 09.30 a.m.

PRESENT:

Dr Adrian Simper	(Chairman)
Mr Bruce McKirdy	(RWM Managing Director)
Mr Alun Ellis	(RWM Science and Technology Director)
Professor Charles Curtis	(Independent Non-Executive Director)
Mr Claes Thegerström	(Independent Non-Executive Director)
Professor Melanie Brownridge	(NDA nominated Non-Executive Director)
Mr Rob Higgins	(NDA nominated Non-Executive Director)

IN ATTENDANCE:

RWM HSSE Director
RWM Company Secretary
Special HSSSEQ Adviser to the Board

1 NOTICE, QUORUM AND DIRECTORS DUTIES

- 1.1 The Chairman reported that, notice having been given to all directors of the Company, a quorum was present. Mr Phillips sent apologies for absence.
- 1.2 The Chairman reminded the directors of the need to consider their general duties, including those contained in the Companies Act 2006, in considering the matters put to the meeting.

2 CONFLICTS OF INTEREST

- 2.1 No new conflicts of interest were declared.

3 HEALTH, SAFETY, ENVIRONMENT, SECURITY AND QUALITY ISSUES

- 3.1 The RWM HSSE Director presented the Health, Safety, Security, Environment and Quality section of the Monthly Performance Report for Period 8, drawing the Board's attention to the repeat issue of condensation forming in the roof space of the Harwell Office at the onset of cold weather. It was confirmed that there are no imminent plans to move offices but that a relocation project is ongoing to review other Government owned buildings in the area.
- 3.2 A detailed analysis is being undertaken regarding the trends in security incidents. All events during November relate to materials or facilities being left unsecured at the end of the working day. Comparison with the wider NDA shows RWM is performing better on average but the trend is of an increasing number of low-level incidents. The matter will be discussed with the Executive and Functional Leads early in 2015 and the Board welcomed the Executive focus on this matter. The Special HSSSEQ Adviser to the Board provided some guidance on clear desk policies and the directors discussed the importance of a good security culture in addressing future sensitivities.
- 3.3 The Science and Technology Director observed that there is no equivalent of a "near-miss" for security incidents and a human factors analysis shows that some lapses will occur. Additional, secondary barriers are needed to prevent events.

Action 10.01: RWM HSSE Director to raise proposals for “near-miss” categorisation of security events with NDA Director of Security, Safety, Safeguards and Environment.

- 3.4 RWM continues to follow up with the facilities contractor to ensure there is appropriate contingency cover for security guards. Initial indications from the findings of the assessment of the existing security arrangements for the off-site archiving of RWM information are that the arrangements meet the necessary standards.
- 3.5 The Nuclear Safety and Environment Committee supported three papers at their November meeting, as set out in the Monthly Report. The Committee requested a further proposal be resubmitted with further justification.
- 3.6 Work to move RWM’s systems to the public service information technology network has identified a need to transfer all management system documents to a different electronic system. This additional work and the timescales involved is causing pressure in the Quality Management area of the business.
- 3.7 The RWM HSSE Director provided an overview of the Safety and Environment Key Performance Indicators. In the Organisational Development KPI, the organisational development action plan is progressing well although some timescales are slipping. Further clarity is required of the intended end point of the data and models project. The Iterative Development of the Disposal System KPI remains green and good progress continues to be made to update the generic Disposal System Safety Case. However, there has been a drop in the quality of some of the underpinning documentation for disposal system change control. Good progress has been made to respond to independent oversight comments on the disposability assessment procedures and closure will allow the Waste Packaging KPI to return to green next month. The Scrutiny and Regulatory Engagement KPI remains green and scrutiny agreements with the Environment Agency and Scottish Environment Protection Agency are near finalisation. Quality issues have been experienced with material prepared for the Nuclear Safety and Environment Committee and this is being monitored. The Chair encouraged consideration of how to send the message to the organisation of the importance of quality.
- 3.8 The Board noted the Health, Safety, Security, Environment and Quality section of the Monthly Performance Report.

4 PROPOSALS FOR RWM’S ORGANISATIONAL STRUCTURE AND CAPABILITY

- 4.1 The RWM Managing Director introduced the proposals for RWM’s organisational structure and capability. The drivers include the increase in the scope of work resulting from the developer led role in the geological siting programme and the additional support to the NDA’s Higher Activity Waste programme, a number of identified single capability vulnerabilities and the NDA direction to self-sufficiency.
- 4.2 The RWM Managing Director set out each of the proposed new roles and the reasons each is required. These include three new posts because of proposed changes to the support arrangements received from NDA. The Chair observed that a twenty percent increase feels significant given the state of public finances and the upcoming spending review.
- 4.3 The approvals process was outlined and it was confirmed that the NDA Chief Executive can approve increases in headcount if within the Business Plan and budget. The Chair proposed that the matter should be explicitly drawn to Government attention due to the size of the increase and interest in RWM.
- 4.4 The Board felt they were not provided with sufficient optionality, for example, what the Executive considered around the means of obtaining resource. Further analysis is needed around the need for capability to discharge the purposes of RWM, why the capability is to be delivered by recruitment, timing and the consequences of retaining

the current headcount. It was suggested that benchmarking against similar organisations be undertaken, to the extent possible.

- 4.5 The Board were unable to provide agreement as the paper is presented and look forward to the comments being addressed.

5 RWM PERFORMANCE RELATED PAY AND CORPORATE TARGETS

- 5.1 The Chair explained that the performance related pay scheme is contractual and this paper proposes the targets forming the basis of the corporate objectives for 2015/16. RWM payments should reflect RWM's performance, not that of NDA. The Chair reminded the Board that the NDA scheme is under constant scrutiny. Performance related pay must reflect - and be seen to reflect - performance.

- 5.2 The Board felt that many targets are wholly internal and are under the full control of RWM. The RWM Managing Director explained the targets will not be looked at as achieved or not achieved. The quality of the document or cost of the project, for example, will also be considered. The Board encouraged third party assessment of quality where possible and that the targets be outcome based rather than output based.

- 5.3 The Board discussed the reasons why there is no explicit target relating to safety performance. However, the Remuneration Committee will reserve the right to reduce the payment in certain circumstances.

- 5.4 The Board agreed the principle that RWM should have its own corporate targets from 2015/16. The Board noted the specific targets but were unable to approve them as the Business Plan and Operating Plan are not yet approved. Final approval of the corporate targets will require the Board to understand the assessment criteria to be used (possibly weighted) and include a third party review of success.

6 UPDATE ON RWM'S WORK ON DATA AND MODELS

- 6.1 The RWM Science and Technology Director provided an update on RWM's work on data and models, following the verbal update at the June Board meeting on the outcomes of the technical and management investigations. The Data and Modelling Compliance Project was set up earlier in the year to deal with recommendations and actions following the investigations.

- 6.2 Good progress has been made on data and models. Further work is required, including building on the output of the data and models compliance project to embed compliance with our procedures into "business as usual". All data and models used for the current update to the generic Disposal System Safety Case will be compliant with the relevant policies and procedures.

- 6.3 New arrangements in place for data input into models (for example, a data usage form) have taken learning from the thermal modelling error and explicitly address the fact that, though an appropriate value had been selected, justification was lost in reporting the outputs.

- 6.4 An update was provided on the recent audit of the Thermal Dimensioning Tool and the conclusions set out. Those recommendations requiring immediate attention will be addressed by the data models and compliance project.

- 6.5 The Board noted the update on the work of the Data and Models Compliance Project, citing the huge amount of work which has gone into the project and embedding the culture into the organisation. The HSSSEQ Sub-committee Terms of Reference will include the scope to follow the data and models project to conclusion and the outcomes will also be identified in KPIs.

7 HSSSEQ SPECIAL ADVISER FIRST ANNUAL REPORT 2014

- 7.1 The Special HSSSEQ Adviser to the Board spoke to the First Annual Report 2014, reminding the Board of the role of the special adviser, the broad areas of focus and the six deliverables agreed in January 2014. Section 2 of the Report sets out the progress made against the 2014 programme, notably the seminar held in March and the review of RWM's HSSSEQ governance regime. The review of the integrated management system was postponed by mutual consent as this will be incorporated into the HSSSEQ programme. Section 3 lists the specific deliverables achieved, for example the agreement to establish a HSSSEQ subcommittee of the Board and the eight areas of focus to form the basis of a cultural improvement programme.
- 7.2 The programme for 2015 identifies three key areas of support: the development of the HSSSEQ strategy, the establishment of the HSSSEQ subcommittee and ongoing HSSSEQ advice to RWM.
- 7.3 Questions were raised regarding the Competency Framework and whether the whole Board should aim to have an in-depth knowledge and experience of health and safety issues or whether it was sufficient if some directors had a working knowledge only. The Special Adviser explained that the collective competence of the Board was important and each individual does not have to be an expert in the subject. The directors agreed further training would be appropriate.

Action 10.02: Special Adviser to consider identification of high level safety course for directors.

- 7.4 The Board felt that the work undertaken by the Special Adviser is valuable and his experience has benefited the Board. The Board noted the report and agreed the proposed HSSSEQ special advisor programme for 2015.

8 EVOLUTION OF THE RWM BOARD COMPETENCY FRAMEWORK AND MEMBERSHIP

- 8.1 The RWM HSSE Director explained that the paper is in response to action 06.01, to consider the evolution of the competency framework and membership of the Board as RWM continues its development into a site licence company. He drew attention to the Competency Analysis in Annex 1 of the paper and the Evolution of RWM's Activities and Arrangements in Annex 2.
- 8.2 The RWM HSSE Director recommended that the Board should consider the need to develop its competency or specialist advice in relation to an understanding of the management of engagement and community investment funding over the next two years, in financial controls over the next five years and in management of health, safety, security and environmental performance in support of the development of environmental permit and development consent applications for intrusive surface-based investigations and undertaking those investigations over the next five years.
- 8.3 The Board were asked to comment on the paper and, specifically, the updated competency analysis against the competency framework and the analysis of the required evolution of the Board's competency framework and membership.
- 8.4 The Board agreed with the recommendation set out in paragraph 8.2 and commented that Annex 2 is a very useful overview of the future programme and requirements. It would be useful to consider the explicit competencies against the future activities. It was proposed that the paper would be updated and discussed at the next Strategy Meeting.

Action 10.03: Update Annex 2 (Evolution of RWM's Activities and Arrangements) to set out explicit competencies against future activities.

9 PROPOSED BOARD SUB-COMMITTEE TERMS OF REFERENCE

- 9.1 The Chair introduced the Terms of Reference for the three Board sub-committees (HSSSEQ, Remuneration and Audit), which the Board had resolved to form at the last

Board meeting. Reports from each sub-committee will be taken to the Board as appropriate.

- 9.2 The Board approved the Terms of Reference for the three Board sub-committees subject to final review and approval by each sub-committee.

10 RADIOACTIVE WASTE MANAGEMENT LIMITED MONTHLY PROGRESS REPORT PERIOD 8

- 10.1 The RWM Managing Director provided the key highlights from the Monthly Performance Report for Period 8. The latest best estimate of expenditure shows that a funding challenge remains but that the position is being continually monitored. An update was provided on the changes in the leadership of the GDF Siting Team. RWM recently presented progress on the National Geological Screening exercised to its Technical Advisory Panel and the Committee on Radioactive Waste Management and felt the meetings were very constructive, with positive feedback. A new project "Preparations for GDF Siting" is being created to cover work that will be carried out over the next few years. There have been positive developments in waste management including at Sellafield Limited.

- 10.2 The Chair queried whether the risk assessments in Section 9 of the Monthly Report were too focused on GDF. It was agreed that the Audit Committee would check the risk assessment process.

- 10.3 The Board noted the Monthly Progress Report.

11 MINUTES AND ACTIONS OF THE PREVIOUS MEETINGS AND REDACTIONS

- 11.1 The Board approved the minutes of the eighth and ninth meetings of Radioactive Waste Management Limited and the minutes of the Strategy meeting held in November.

- 11.2 The Board reviewed the minutes of the eighth and ninth meetings of Radioactive Waste Management Limited and the minutes of the Strategy meeting held in November to consider possible redactions needed prior to publication of the minutes on the NDA website. No redactions were identified.

- 11.3 An updated actions list is attached.

12 DATE OF NEXT MEETING AND 12 MONTH LOOK AHEAD

- 12.1 The next meeting will take place on 20th January 2015. The 12 month look ahead will include sub-committee meetings and will be populated for 2015/16.

- 12.2 There being no further business, the Chairman declared the meeting closed.

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Chairman