

RADIOACTIVE WASTE MANAGEMENT LIMITED
(the "Company")

Minutes of the 21st meeting of the directors of the Company
held at NDA Offices, building 587, Curie Avenue, Harwell, OX11 0RH and (via video
conference) at Herdus House, Westlakes Science and Technology Park, Moor Row, Cumbria
CA24 3HU and Hinton House, Birchwood Park Avenue, Risley, Warrington WA3 6GR on 26th
April 2016 at 10.00.

PRESENT:

Dr Adrian Simper	(Chairman)
Mr Bruce McKirdy	(RWM Managing Director)
Mr Alun Ellis	(RWM Transition Programme Director)
Mr Claes Thegerström	(Independent Non-Executive Director)
Prof Melanie Brownridge	(NDA nominated Non-Executive Director)
Mr Nigel Lowe	(NDA nominated Non-Executive Director)
Mrs Susan Douthwaite	(Independent Non-Executive Director)
Mr Peter Lock	(RWM HSSEQ Director) (from agenda item 4)
Mrs Ann McCall	(RWM Waste Management Director) (from agenda item 4)

IN ATTENDANCE:

RWM HSSEQ Special Adviser (up to and including agenda item 6 only)
RWM Company Secretary
PA to RWM Managing Director

1 NOTICE, QUORUM, DIRECTORS DUTIES, CHAIRMAN'S INTRODUCTION AND CONFLICTS OF INTEREST

- 1.1 The Chairman reported that, notice having been given to all directors of the Company, a quorum was present. Apologies were received from Professor Curtis.
- 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.
- 1.3 The Chairman noted that, following many years of service to the nuclear industry, Mr Ellis has announced his intention to retire from RWM. In order to achieve an orderly transition, Mr Ellis will continue to attend Board meetings until he leaves the organisation in September 2016 but will formally resign as a director, effective 26th April 2016. The Chairman proposed and the Board agreed that Mr Peter Lock (RWM HSSEQ Director) and Mrs Ann McCall (RWM Waste Management Director) be appointed as directors of RWM, effective 26th April 2016.
- 1.4 The RWM HSSEQ Director and RWM Waste Management Director entered the meeting.
- 1.5 No new or additional conflicts of interest were declared.

2 HEALTH, SAFETY, SECURITY, ENVIRONMENT, AND QUALITY ISSUES

- 2.1 The RWM HSSEQ Director presented the Health, Safety, Security, Environment and Quality section of the Monthly Performance Report for Period 12. An audit by LRQA confirmed continuing compliance of RWM's integrated management system against the requirements of ISO 9001 and ISO 14001. RWM has received the formal report of the regulators' organisational inspection undertaken in February. RWM met with an ONR Deputy Chief Inspector to discuss aspects related to their Decommissioning, Fuel and Waste Programme.

- 2.2 RWM provided DECC with input on the issues which will need to be considered in DECC's work to establish the framework for the licensing of geological disposal. A note has been circulated to the Board on the continuing engagement.
- 2.3 Following discussions with CoRWM, RWM has provided a document map identifying the materials RWM would expect to have available to support the siting process, as well as the specification for a review of options for the development of generic safety cases and the transition to site specific safety cases.
- 2.4 The RWM HSSEQ Director explained the Organisational Development KPI remains at amber. Recruitment for a significant number of vacancies is underway. Good progress has been made to ensure all models and data are compliant with management system arrangements and a report was taken to the recent HSSEQ Committee. The GDF Implementation KPI remains green but the RWM HSSEQ Director noted the need to recruit on a permanent basis in this area.
- 2.5 The HSSE Event KPI has been changed to red due to poor performance by the facilities management contractor. RWM is considering improvement options but needs to clarify certain matters relating to the planned new accommodation and the level of assurance required. The Board requested further sight of this matter.

Action: 21.01: RWM HSSEQ Director to produce remediation plan regarding facilities management contractor performance.

- 2.6 The Board noted the Health, Safety, Security, Environment and Quality section of the Monthly Performance Report.

3 ANNUAL HSSEQ PERFORMANCE REVIEW

- 3.1 Mr Thegerström, Chair of the HSSEQ Committee, introduced the annual HSSEQ performance review, which had been prepared by the HSSEQ Director and considered fully at the recent HSSEQ Committee meeting. He confirmed that the review accurately reflect the areas of interest identified at the Board throughout the year.
- 3.2 The HSSEQ Special Adviser summarised the annual report being produced by the Committee which considers the annual HSSEQ performance review. Bearing in mind the scope of activities, performance was rated as 'good', but the concerns around facilities management, the number of outstanding vacancies and the trend in security events were noted. This independent annual report is consistent with the HSSEQ Director's review.
- 3.3 The RWM HSSEQ Director presented his review, setting out the purposes of the review and the approach taken, including consideration of the HSSEQ Strategy, changes to risk profile and the existing outline Improvement Plan. Additional priority areas for improvement have been identified along with a number of actions, for example, Board approval of the Quality Policy and establishing the requirements for Strategic Environmental Assessment. Other areas of focus include providing further opportunities for Board engagement with staff and visits to relevant facilities to provide learning opportunities.

Action 21.02: HSSEQ Director to produce timeline of Board and individual director engagement with staff.

Action 21.03: RWM Managing Director to invite different areas of the business to present at the Board (add to Forward Plan).

- 3.4 The RWM HSSEQ Director then summarised the findings against the HSSEQ Strategy elements. There is an increasing HSSEQ risk profile associated with the need for significant recruitment, the age of the Harwell office, increased travel and stakeholder engagement. The modified HSSEQ Improvement Plan will effectively manage these risks.

- 3.5 The Board commented on the presentation, observing that clarity on the types of hazard would be useful, i.e. whether the hazard affects the organisation or the mission. The NDA Strategy separates safety as an outcome and delivery of the outcome. The Board also discussed management of staff hours and noted NDA treated this as a line management responsibility. Work is being undertaken on compliance with working time requirements.
- 3.6 The Chairman thanked the HSSEQ Special Adviser for his independent perspective and input. The HSSEQ Special Adviser left the meeting.

4 RWM ORGANISATIONAL READINESS REVIEW

- 4.1 The RWM Managing Director presented the final Specification for the Organisational Readiness Review, which includes previous feedback from the directors and others. He summarised the objective and approach and noted that the timings will change as the expert review panel ('the Panel') has already been appointed and the initial report written. The Managing Director has circulated the report to the Board today. The review utilised the principles of the UK Government Project Initiation Routemap.
- 4.2 The Board noted the update and approved the Organisational Readiness Review Specification. The Managing Director confirmed that the outputs for Stages 1 and 2 will be incorporated into the Forward Plan.

Action 21.04: Managing Director to update the Forward Plan to include outputs from Organisational Readiness Review Specification and circulate the updated Organisational Readiness Review Specification to include revised timescales.

Action 21.05: Managing Director to arrange for the Panel Chair to present to the RWM Board regarding the Project Initiation Routemap and the outcome of Panel review.

5 PROGRESS REPORT ON THE GDSSC UPDATE

- 5.1 The RWM Transition Programme Director presented a progress report on delivery against the corporate target to "issue a suite of Research Status Reports for peer review and resolve all peer review comments such that the status reports are suitable to underpin the update to the generic Disposal System Safety Case (gDSSC)". This builds on previous updates provided to the Board. The majority of documents are either complete (including peer review) or have been sent out for peer review.
- 5.2 Minor updates are being made to the Derived Inventory and Design Reports to address a change being made to packaging assumptions for uranic wastes resulting from the work of the Uranium project.
- 5.3 The RWM Transition Programme Director also provided an update on remaining activities to complete the update to the gDSSC. Plans for publication have been discussed internally and a handling plan is being developed.
- 5.4 The Board noted the update and discussed the significant changes since 2010, for example, Carbon 14 and the early hazard retrieval at Sellafield site. It was agreed these matters could be made more visible, both to the Board and more widely, evidencing the real short and long term impacts and high value of the RWM work.

6 UPDATE ON THE GENERIC WORK PROGRAMME

- 6.1 The RWM Transition Programme Director presented an update on the generic work programme, reporting on successful delivery against the corporate target to "deliver the planned outcomes of key research topics in accordance with the Science and Technology Plan". He outlined the positive outcomes of work to close knowledge gaps for Carbon 14, Heat generating wastes and Uranium. Understanding has been improved in all areas.

- 6.2 The Board noted the update on the generic work programme.

Action 21.06: Managing Director to circulate John Corderoy CV to the Board for information.

7 RADIOACTIVE WASTE MANAGEMENT LIMITED MONTHLY PROGRESS REPORT PERIOD 12

- 7.1 The RWM Managing Director provided the key highlights from the Monthly Performance Report for Period 12, providing an update on the final funding position for 2015/16 and the publication of the revised National Geological Screening Guidance.

- 7.2 The Board noted the Monthly Progress Report.

8 REPORTS FROM SUB-COMMITTEES

- 8.1 Mr Lowe provided an update on the meeting of the RWM Board Audit and Risk Committee which took place in March 2016. The main topics included the receipt of the audit planning report, the approval of the audit plan (noting the action to consider bringing forward an audit around records and data management), a risk review including arrangements around risk, fraud and corruption and an update on the introduction of risk champions and a review of the initial preparations into the Annual Report and Accounts. The draft Strategic and Directors' reports have been circulated and the RWM Board is asked to provide feedback comments.

Action 21.07: ALL to provide comments on the draft Strategic and Directors' reports.

- 8.2 The Chairman provided a verbal update on the Remuneration Committee which had taken place immediately prior to the Board meeting. The Committee reviewed the completion of the corporate targets for 2015/16 and noted the Internal Audit review was consistent with the Executive assessment of completion.

- 8.3 All corporate targets except for two have been achieved and one of those was due to positive management action in that the recruitment exercise was put on hold due to the unknown outcome of the Spending Review. The corporate target achievement totalled 90% with the weightings but, due to the treatment of the target regarding recruitment, this was increased to 95% outcome against targets.

- 8.4 The Chairman then reported that the Remuneration Committee had moderated the 95% outcome, reducing by 5% in recognition of security cultural issues. The earned value performance algorithm was applied, which reduced the outcome by a further 5%. The Committee then took into account overall good performance but noted relationship difficulties with some stakeholders and reduced the outcome by 10%. This led to a result of 75% bonus potential for corporate targets. This will be briefed to staff in May.

- 8.5 The Remuneration Committee also considered 2016/17 corporate targets and agreed weightings against each target. The Committee concluded one of the proposed targets was too specific and moved it under a larger target. The Committee increased the Letter of Compliance programme weighting to 15% to show its' importance to the organisation. The Committee agreed a 30% weighting on RWM being in a position to launch the GDF Siting Process. The rest of the weightings were spread evenly across the targets.

- 8.6 The Chairman noted that the Remuneration Committee Terms of Reference would be reviewed in line with those used for Sellafeld Limited.

Action 21.08: RWM Managing Director to circulate performance evaluation paper from Remuneration Committee to the Board.

- 8.7 Mr Thegerstrom explained that the HSSEQ Committee had met yesterday and summarised the considerations of the meeting. These included the need to replace Mr Ellis on the Committee, the regulator engagement helping RWM to make progress with

stakeholders, the observations and Improvement Plan resulting from the joint regulatory inspection and agreement of the conclusions of the HSSEQ annual performance review. A written summary will be included among the papers for the next board meeting.

8.8 The Board noted each of the reports from the Sub-Committees.

9 AOB

9.1 The Board considered the clarity of outcomes of corporate targets and noted that the NDA added an explanatory paragraph on why the target is important and relevant. It was agreed that the Managing Director would add further information to the Business Plan. It was confirmed that no further governance was required and this could be circulated to the Board for information.

Action 21.09: Managing Director to revise Business Plan in light of Remuneration Committee discussions including a paragraph on each corporate target.

9.2 The Company Secretary noted that Mr Phillips had formally resigned from the Board, effective 31st March 2016. The Board discussed the ongoing recruitment difficulties in replacing Professor Curtis.

9.3 The Company Secretary reminded the Board that the Board Effectiveness results are due to be considered at the 1st June meeting. Two directors noted they would not be able to attend on 1st June. It was agreed it would be preferable to discuss Board Effectiveness results when all directors are available.

Action 21.10: Managing Director PA to check whether 1st June meeting date can be moved.

10 MINUTES AND ACTIONS OF THE PREVIOUS MEETINGS AND REDACTIONS

10.1 The Board approved the minutes of the twentieth meeting of Radioactive Waste Management Limited subject to the addition of a post-meeting note relating to the GDF Implementation paper.

10.2 The Board reviewed the minutes of the twentieth meeting of Radioactive Waste Management Limited to consider possible redactions needed prior to publication of the minutes on the NDA website. No redactions were identified.

10.3 An updated actions list is attached.

11 DATE OF NEXT MEETING AND 12 MONTH LOOK AHEAD

11.1 The next meeting will take place on 1st June 2016 at the Warrington Office.

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

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Chairman