

**Ontario Power Generation**  
**Nuclear Oversight Committee of the Board**

**CHARTER**

**Purpose**

The basic function and purpose of the Nuclear Oversight Committee is to assist the Board of Directors in their responsibility for oversight of matters relating to:

- Safe and efficient operations of OPG's nuclear facilities
- Nuclear Business Unit succession planning and performance monitoring
- Regulatory compliance of OPG's nuclear facilities
- Reviews of reports from Independent oversight of nuclear operations
- Security of OPG's nuclear facilities and substances
- OPG's nuclear waste and decommissioning liabilities and obligations
- Nuclear project risk, development and execution performance
- Nuclear business unit strategic and operational risk management.

**Organization**

**Members**

The Committee shall consist of three or more Directors as determined by the Board. At least a majority of the members of the Committee shall be independent, as defined by the Ontario Securities Commission, and not "affiliated" with OPG.

The Board shall appoint the members of the Committee and the Chair of the Committee annually. The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors. Any member of the Committee may be removed or replaced at any time by the Board.

If a member of the Committee becomes "affiliated" with OPG, the member may continue as a member of the Committee with the approval of the Board Chair, in consultation with the Corporate Secretary.

**Meetings**

The Committee shall meet as frequently as it determines necessary but not less than four times a year. The Committee will hold a separate in camera session with the Chief Risk Officer on a semi-annual basis.

Notice of the time and place of each meeting of the Committee must be given to each member of the Committee not less than 48 hours before the time of the meeting.

A quorum of the Committee shall be a majority of its members. The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Committee. Each member is entitled to one vote in Committee proceedings.

The Chair shall preside at all meetings of the Committee at which he or she is present and shall develop the agenda for each Committee meeting. The agenda for each meeting of the Committee shall be delivered to each member of the Committee at least 48 hours prior to any meeting of the Committee, together with such other materials as the Chair determines necessary.

The Chair shall designate from time to time a person who may, but need not be, a member of the Committee, to be Secretary of the Committee. Minutes shall be kept of all meetings of the Committee and shall be maintained by the Secretary of the Committee. The procedure at meetings is to be determined by the Committee unless otherwise determined by the by-laws of OPG, by a resolution of the Board or by this Charter.

The Committee may meet in camera (without Management present) at the beginning and end of each meeting.

The Committee may invite any Director, officer or employee of OPG or OPG's counsel or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.

#### Reports

The Committee shall report on the proceedings of each meeting to the Board at the Board's next meeting.

In all cases the Committee, having reached a position on a subject, will make recommendations to the full Board for approval.

The Committee shall make such recommendations to the Board as it may deem appropriate and has such decision-making authority as the Board may determine from time to time.

#### Authority

##### Delegation of Authority

The Committee may delegate to any employee of OPG or a sub-committee the authority to: (i) execute or carry out any decision of the Committee; and/or (ii) exercise any right, power or function of the Committee on such terms and conditions and within such limits as the Committee may establish, except that the Committee may not delegate its oversight responsibilities.

##### Access to Management and Outside Advisors

The Committee shall have full, free and unrestricted access to Management, employees and relevant information.

The Committee has the authority to retain legal counsel, consultants or other advisors, with respect to any issue or to assist in fulfilling its responsibilities and OPG shall provide appropriate funding, as determined by the Committee, for any such advisors.

For greater certainty, the Committee shall have the sole authority to retain and terminate any consulting firm used to assist.

#### Committee Responsibilities and Duties

The Committee shall perform the duties set out in this Charter and shall perform such other

duties as may be necessary or appropriate under applicable law or securities rules, or as may be delegated to the Committee by the Board from time to time.

The Committee maintains oversight of nuclear risks, including project risks, safety and operations, and assists the Board by reviewing and making recommendations to the Board with respect to:

1. **Safe and Efficient Operations of Nuclear Facilities**

- a) By ensuring a process exists for ensuring effective decision making on matters of nuclear and public safety in accordance with the Nuclear Safety Policy.
- b) By ensuring that systems and processes exist that drive continuous improvement in safety through an effective corrective action program and operating experience exchange with the industry.
- c) By monitoring the safe, cost-effective, and efficient operation of nuclear facilities against annual operating objectives and the contribution to the company's overall performance.
- d) By monitoring nuclear organization matters, including recruitment, compensation, retention and succession plans of nuclear senior management; and making recommendations to the Compensation and Human Resources Committee.

2. **Regulatory Compliance of OPG's Nuclear Facilities**

- a) By ensuring that the Company's nuclear facilities are in compliance with existing laws and regulations that govern nuclear operators, including in particular those of the Canadian Nuclear Safety Commission.
- b) By ensuring that the Board meets with the regulator on a regular basis.

3. **Reports from Independent Oversight of OPG Nuclear Operations**

- a) By reviewing annually, and confirming, the appointment of external advisors/assessors, and a three-year forward plan for the scope and frequency of assessment.
- b) Reviewing the results of major findings from internal and external assessments, and reviewing proposed remediation programs and plans.

4. **Security of OPG's Nuclear Facilities and Substances**

By ensuring that the company's nuclear facilities and materials are in compliance with existing laws and CNSC regulations that govern the security of nuclear operations and substances.

5. **OPG's Nuclear Waste and Decommissioning Liabilities and Operations**

- a) By monitoring the safe, cost-effective and efficient operations of OPG's nuclear waste management operations against annual operating objectives.
- b) By ensuring that the company reports annually on the reference plans for its used fuel and decommissioning liabilities to ensure compliance with existing laws and regulations that govern nuclear operators, including in particular those of the Canadian Nuclear Safety Commission.

- c) By confirming to the Audit and Finance Committee once a year the calculation of OPG's nuclear waste, used fuel and decommissioning liability.
- d) By monitoring the company's oversight of the Nuclear Waste Management Organization (NWMO) activities related to:
  - i. The high-level waste disposal plans and processes.
  - ii. Other contractual services provided by the NWMO relating to OPG's nuclear liabilities.

6. **Major Nuclear Projects Greater Than \$25 Million**

- a) By reviewing and monitoring the definition, development, risk management and financing of major nuclear projects and making recommendations to the Board for approval, including refurbishment, new build, and the Deep Geological Repository for Low and Intermediate Level Radioactive Waste.
- b) By monitoring progress of approved major Nuclear projects against targets, including cost, schedule, financing and risk.
- c) By reviewing execution performance of the nuclear operations project portfolio for projects greater than \$25 million.

7. **Nuclear Asset Divestitures and Acquisitions**

By reviewing and providing recommendations to the Board on potential divestitures and/or acquisitions of nuclear assets.

8. **Nuclear Operational and Transactional Risks**

- a) By ensuring a process exists for identifying major business unit strategic and operational risks for Nuclear facilities.
- b) By reviewing Management's assessment of the significant strategic and operational risks for OPG's Nuclear operations and projects and plans to manage, mitigate, and monitor the risks.

9. **Board Policies**

The Nuclear Oversight Committee is accountable for oversight of the Board-level Nuclear Safety Policy.

The Committee is responsible for reviewing this Policy on an annual basis to ensure the continuing adequacy of the Policy, in addition to receiving at a minimum an annual report on Management compliance with the Policy. The Committee is also responsible for recommending to the Board the development of any new Board-level policy it may feel is required in order to fulfill the role and responsibilities of the Committee.

### **Annual Review and Assessment**

The committee shall conduct an annual review and assessment of its performance, including a review of its compliance with this Charter, in accordance with the evaluation process developed by the Committee and approved by the Board.

The Committee shall also assess the adequacy of this Charter on an annual basis taking into account all legislative and regulatory requirements applicable to the Committee as well as any best practice guidelines recommended by regulators with whom OPG has a reporting relationship, and if appropriate, shall recommend changes to the Board.

*Effective: May 21, 2010*