

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE CANADIAN NUCLEAR SAFETY COMMISSION
AND
ATOMIC ENERGY OF CANADA LIMITED**

WHEREAS Atomic Energy of Canada Limited (AECL) is undergoing a restructuring that will see its Nuclear Laboratories reorganized into a wholly-owned subsidiary, Canadian Nuclear Laboratories Ltd. (CNL), and a much smaller parent Crown corporation;

WHEREAS AECL will retain ownership of the existing legacy liabilities, all of its assets, and intellectual property (IP), and enter into licensing and usage agreements with CNL regarding its assets and IP;

WHEREAS AECL will transfer all of the shares of CNL to a private sector entity "the Contractor" upon the expected conclusion of a government-led procurement process in fiscal year 2015-16;

WHEREAS AECL will enter into a contract with the Contractor and an agreement with CNL, will provide funding and set priorities for the annual programs of work, and will oversee the performance of the Contractor and CNL relative to the requirements;

WHEREAS the Canadian Nuclear Safety Commission (hereinafter, "the Commission") regulates the use of nuclear energy and materials to protect health, safety, security and the environment and to implement Canada's international commitments on the peaceful use of nuclear energy; and to disseminate objective scientific, technical and regulatory information to the public.

WHEREAS the Commission regulates the activities conducted by CNL pursuant to the licences the Commission has issued;

WHEREAS all arrangements entered into by the Commission, including memoranda of understanding, follow existing regulatory requirements without compromising the Commission's independence and ability to enforce the NSCA and associated applicable regulations;

WHEREAS the Commission is authorized by paragraph 21(1)(a) of the *Nuclear Safety and Control Act* to "enter into arrangements, including an arrangement to provide training, with any person, any department or agency of the Government of Canada or a province, any regulatory agency or department of a foreign government or any international agency"

WHEREAS AECL and the Commission (hereinafter referred to as "the Participants") jointly see the value in establishing an agreement to facilitate cooperation on matters of mutual interest concerning AECL's mandate, lands, facilities, assets, and liabilities, and more broadly, the Canadian nuclear industry;

THEREFORE AECL and the Commission agree to establish a Memorandum of Understanding (MOU) and to maintain dialogue in accordance with the following sections of this MOU.

1 PURPOSE

The Participants will use this MOU to guide dialogue between the Participants on matters of mutual interest.

These matters, which will generally be AECL's, may include the following topics and may evolve over time:

- strategic matters of common interest
- AECL funding for CNL activities licensed by the Commission
- the forecast and actual effects of incentive schemes under the Contract
- the use and effect of Contractor "reach-back" into the parent organizations on CNL, the enduring licensed entity
- provisions for dealing with Contractor default or early Contract terminations

2 GUIDING PRINCIPLES

The Participants recognize that they have separate and distinct mandates and agree to undertake dialogue pursuant to this MOU to enhance achievement of their respective organizational objectives.

The Participants recognize that nothing in this MOU will be interpreted as fettering the Commission's regulatory oversight authority under the NSCA and its regulations.

Though not required, the Participants recognize that dialogue on intended courses of action by either Participant may be beneficial to both. Consultation is especially important during regular planning cycles and prior to significant or one-off events.

3 IMPLEMENTATION / COORDINATION

The principal contacts listed in section 7 of this MOU are responsible for its administration and will share responsibilities for organizing meetings, setting agendas, recording outcomes and actions, etc.

The Participants to this MOU are expected to meet at least twice annually. One of the meeting occasions will be during the annual planning process when there is opportunity to provide input and feedback. Nothing in this MOU precludes more frequent meetings of the Participants if mutually agreed.

The Participants will make every reasonable effort to share information of mutual interest in a timely and transparent manner. Failing resolution at the level of principal contacts, conflicts may be escalated for resolution to the signatories of this MOU.

As the principal contacts mutually deem necessary, working groups comprised of staff from the respective Participants may be struck to address specific topics.

In addition, the Participants recognize that the Commission /AECL/CNL tripartite meetings could be beneficial to discuss matters of mutual interest, and may be held where determined appropriate.

4 FINANCIAL ARRANGEMENTS

This MOU will not impose any financial responsibilities on the Participants, except that each will be responsible for their respective costs incurred related to the implementation of this MOU.

5 REVIEW OF THIS MOU

The Participants will meet together at least once each fiscal year that this MOU is in force to review its content and assess its effectiveness. Proposals for changes to this MOU can be made at any time, and the MOU may be revised by mutual written consent of the Participants.

6 LEGAL LIABILITY

This MOU is an expression of the mutual intentions of the Participants and is not legally binding on them or enforceable against them.

7 PRINCIPAL CONTACTS

Correspondence relating to this MOU is to be sent to the respective points of contact for the Participants designated below. Either Participant may unilaterally revise its point of contact by written notice to the other Participant at any time.

For the Canadian Nuclear Safety Commission:

Mr. David Newland
Director General

Directorate of Nuclear Cycle and
Facilities Regulation

280 Slater Street
PO Box 1046, Station B
Ottawa, ON K1P 5S9
613-995-2784

David.Newland@cnsccsn.gc.ca

For Atomic Energy of Canada Limited:

Mr. Frank Gibbs
Vice President Site Operations &
Infrastructure

Chalk River Laboratories
286 Plant Road, Building 508 2nd Floor
Chalk River, ON K0J 1J0
613-589-2085 X10210

fgibbs@aecl.ca

8 TERM OF THE MOU

This MOU will be in force from the date of final signature of both Participants in section 10 and will remain in effect until cancelled by either Participant acting under section 9 of this MOU.

9 PROVISION FOR CANCELLATION

This MOU may be cancelled unilaterally by either Participant by providing six (6) months written notice of the intention to cancel to the other Participant, or by mutual agreement with any notice period.

10 SIGNATORIES

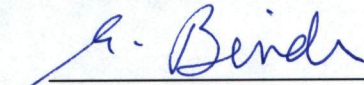
Signed in duplicate in the English and French languages, each text being equally authentic:

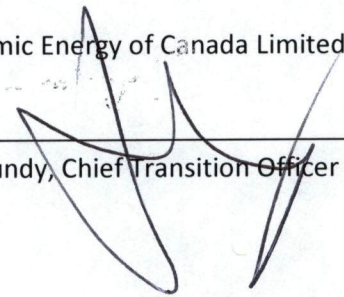
Signed on: APR 30 2015

Signed on: 26 May 2015

For the Canadian Nuclear Safety Commission:

For Atomic Energy of Canada Limited





Dr. M. Binder, President

Mr. J. Lundy, Chief Transition Officer