

Auditor's report and financial statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Nuclear Waste Management Organization (NWMO) and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the Chartered Professional Accountants Canada Handbook. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments, particularly when transactions affecting the current accounting period cannot be finalized until future periods.

Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects, and in light of information available up to February 13, 2024.

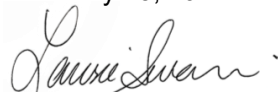
Management has a system of internal controls designed to provide reasonable assurance that the consolidated financial statements are accurate and complete in all material respects. The internal control system includes an established business conduct policy that applies to all employees. Management believes that the system provides reasonable assurance that transactions are properly authorized and recorded, financial information is relevant, reliable and accurate, and the Organization's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring management fulfils our responsibilities for financial reporting, and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility through its Audit, Finance and Risk Committee (the Committee).

The Committee is appointed by the Board and meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues; to satisfy itself that each party is properly discharging its responsibilities; and to review the consolidated financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the members. The Committee also considers, for review by the Board and approval by the members, the engagement or reappointment of the external auditor.

The consolidated financial statements have been audited by Deloitte LLP, the independent external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the members.

February 13, 2024



Laurie Swami
President and CEO



Jeff Quick
Chief Financial and Risk Officer

Consolidated financial statements of
**Nuclear Waste Management
Organization**

December 31, 2023

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Independent Auditor's Report

To the Members of
Nuclear Waste Management Organization

Opinion

We have audited the consolidated financial statements of Nuclear Waste Management Organization (the "Organization"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

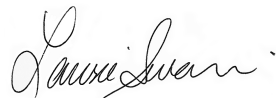
Chartered Professional Accountants
Licensed Public Accountants
February 13, 2024

Nuclear Waste Management Organization
Consolidated statement of financial position
As at December 31, 2023
(in thousands of Canadian dollars)

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash		4,817	4,658
Member contributions receivable	5a	14,721	14,754
Other receivable from members and AECL		1,996	1,668
Accounts receivable		5	135
Prepaid expenses and deposits		3,015	2,756
		24,554	23,971
Capital assets	3	36,841	37,999
Accrued pension asset	7	38,244	40,902
		99,639	102,872
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7 and 12	24,146	24,096
Deferred lease inducements	8	293	377
Deferred/payable contributions from members and AECL	5b	765	148
		25,204	24,621
Deferred capital contributions	6	36,841	37,999
Deferred contributions from members and AECL	5c	4,723	9,737
Other post-employment and pension benefits liability	7	30,037	23,117
		96,805	95,474
Net assets		2,834	7,398
		99,639	102,872
Commitments	10		

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Directors on February 13, 2024



_____, Laurie Swami, President and CEO



_____, Beth Summers, Chair – Audit, Finance and Risk Committee

Nuclear Waste Management Organization
Consolidated statement of operations
Year ended December 31, 2023
(in thousands of Canadian dollars)

	Notes	2023 \$	2022 \$
Revenue			
Contributions from members	4	139,420	131,081
Contributions from AECL		1,359	250
		140,779	131,331
Change in deferred capital contributions	6	1,158	(164)
Change in long-term deferred contributions from members and AECL	5c	5,014	2,777
Change in member contributions receivable	5a	(33)	1,437
Change in deferred/payable contributions from members and AECL	5b	(617)	1,221
Total contribution revenue	11	146,301	136,602
Interest and other revenue	11	459	156
Total revenue		146,760	136,758
Expenses			
Adaptive Phased Management			
Staffing and administration		60,977	55,911
Engagement		39,534	29,552
Engineering		14,665	10,054
Regulatory decision-making		9,303	10,980
Site assessment		8,115	17,576
Communications		5,722	5,538
Safety		4,665	3,677
Transportation		757	347
		143,738	133,635
Integrated Strategy for Radioactive Waste			
Communications and engagement		437	1,074
Technical and project management		224	368
		661	1,442
Amortization of capital assets		1,773	1,681
Loss on disposal of capital assets	3	588	—
Total expenses	11	146,760	136,758
Excess of revenue over expenses for the year		—	—

The accompanying notes are an integral part of the consolidated financial statements.

Nuclear Waste Management Organization
Consolidated statement of changes in net assets
Year ended December 31, 2023
(in thousands of Canadian dollars)

	Notes	2023	2022
		\$	\$
Net assets, beginning of year		7,398	27,775
Excess of revenue over expenses for the year		—	—
Remeasurements during the year:			
Accrued pension asset	7	(85)	(28,776)
Other post-employment and pension benefits liability	7	(4,479)	8,399
Net assets, end of year		2,834	7,398

The accompanying notes are an integral part of the consolidated financial statements.

Nuclear Waste Management Organization

Consolidated statement of cash flows

Year ended December 31, 2023

(in thousands of Canadian dollars)

	Notes	2023 \$	2022 \$
Operating activities			
Cash received from contributions		139,343	129,628
Interest and other revenue received		459	156
		139,802	129,784
Cash paid for salaries and benefits, materials and services		(139,778)	(132,587)
		24	(2,803)
Investing activity			
Purchase of capital assets	3	(1,436)	(1,702)
Proceeds on disposal of capital assets	3	135	—
		(1,301)	(1,702)
Financing activity			
Cash received from contributions used for purchase of capital assets		1,436	1,702
Net increase (decrease) in cash		159	(2,803)
Cash, beginning of year		4,658	7,461
Cash, end of year		4,817	4,658

The accompanying notes are an integral part of the consolidated financial statements.

Nuclear Waste Management Organization

Notes to the consolidated financial statements

December 31, 2023

(in thousands of Canadian dollars)

1. Description of organization

The Nuclear Waste Management Organization (“NWMO”) is a not-for-profit corporation without share capital, established under the *Canada Corporations Act*, as required by the *Nuclear Fuel Waste Act* (“NFWA”), which came into force on November 15, 2002. The NWMO transitioned to the *Canada Not-for-profit Corporations Act* and obtained a Certificate of Continuance on December 20, 2012.

The NFWA requires electricity-generating companies which produce used nuclear fuel to establish a waste management organization. In accordance with the NFWA, the NWMO established an Advisory Council, conducted a study and provided recommendations on the long-term management of used nuclear fuel to the Government of Canada. The results of the study and the recommendations were submitted in November 2005. As part of the long-term mandate, the NWMO is now responsible for implementing Adaptive Phased Management (“APM”), an approach selected by the Government of Canada to address the management of used nuclear fuel.

The NWMO formally began operations on October 1, 2002. Its founding members are Hydro-Québec, New Brunswick Power Corporation, and Ontario Power Generation Inc. (“OPG”) (“members”). The NFWA requires that the NWMO offer nuclear fuel waste management services at a fee to all owners of nuclear fuel waste produced in Canada, including non-members and Atomic Energy of Canada Limited (“AECL”).

Pursuant to a Membership Agreement, cost sharing of APM costs in 2023 is based on the principle of “producer pays,” based on the projected total number of fuel bundles and the assumed timing of access to the long-term used fuel management facility. This cost-sharing formula has been in effect since January 1, 2018.

In November 2020, as part of the Government of Canada’s review of the Policy for Radioactive Waste Management and Decommissioning, the NWMO was tasked with developing an integrated strategy for all Canada’s radioactive waste with no long-term disposal plans. The Integrated Strategy for Radioactive Waste (“ISRW”) was provided to the Minister of Energy and Natural Resources Canada on June 30, 2023, for consideration and review. On October 5, 2023, the strategy was accepted by the Minister. Based on this acceptance, the NWMO now has the added responsibility for implementing the long-term management of intermediate-level waste and non-fuel high-level waste in a deep geological repository.

In accordance with the NFWA, the NWMO is responsible for the management of all nuclear fuel waste, including from small modular reactors (“SMR”) that are in development. The NWMO will support technical assessment of long-term storage options for SMR fuels and related analysis with cost-recovery-based contracts, as the need arises. The NWMO entered into one such agreement in 2022.

Nuclear Waste Management Organization Notes to the consolidated financial statements

December 31, 2023

(in thousands of Canadian dollars)

2. Significant accounting policies

Basis of presentation

The NWMO has elected to present consolidated financial statements that included its accounts and those of its wholly owned subsidiaries (collectively, the “NWMO”).

The consolidated financial statements of the NWMO are the representations of management prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the Chartered Professional Accountants Canada (“CPA Canada”) Handbook using the deferral method of reporting restricted contributions. The significant accounting policies adopted by the NWMO are as follows:

Principles of consolidation

The NWMO’s wholly owned subsidiaries are those entities over which the NWMO has control and has the right and ability to obtain future economic benefits, and is exposed to the related risks. Control is the continuing power to determine the strategic operating, investing and financing policies of the other entity without the co-operation of others.

On January 2, 2020, the NWMO incorporated its three wholly owned subsidiaries under the *Canada Business Corporations Act* to support site assessment activities.

Consolidated wholly owned subsidiaries include:

- NWMO Property Management 1 Inc.;
- NWMO Property Management 2 Inc.; and
- NWMO Property Management 3 Inc.

Capital assets

Capital assets are recorded at cost. Amortization is provided for on the straight-line basis over their estimated useful lives as follows:

Office building	15 years
Furniture and office equipment	7 years
Transport and work equipment	7 years
Vehicles	5 years
Computer equipment and software	3 years
Leasehold improvements	Initial lease term plus one renewal period

Income tax

The NWMO and its wholly owned subsidiaries are not-for-profit organizations, and pursuant to section 149(1)(1) of the *Income Tax Act* (“*ITA*”), are not subject to income tax.

Nuclear Waste Management Organization

Notes to the consolidated financial statements

December 31, 2023

(in thousands of Canadian dollars)

2. Significant accounting policies (continued)

Revenue recognition

Contributions received from members and AECL are treated as restricted contributions, and as such, they are recognized as revenue when qualifying expenses are incurred. Any excess or shortfall of member contributions is recorded as deferred/payable contributions or member contributions receivable, respectively.

Contributions used for the purchase of capital assets owned by the NWMO are initially recognized as deferred capital contributions and amortized into revenue at the rate corresponding with the amortization rate of the related capital assets.

Pension and other post-employment benefits

The NWMO's post-employment benefit programs include a contributory defined benefit registered pension plan, a defined benefit supplementary pension plan, and other post-employment benefits, including group life insurance and health-care benefits. The NWMO has adopted the following policies with respect to accounting for these post-employment benefits:

- (i) The NWMO accrues its obligations under pension, supplementary pension plan, and other post-employment benefit ("OPEB") plans. The defined benefit obligation for pension is determined using the projected benefit method pro-rated on service and is measured based on the actuarial valuation prepared for funding purposes (but not one prepared using a solvency, wind up, or similar valuation basis). Under this method, the benefit costs are amortized over the average remaining service period of active employees as indicated in Note 7. For other unfunded plans such as supplementary pension plan and OPEB, a similar accrual method is used and the benefit obligations are measured based on the actuarial valuation for accounting purposes. Remeasurements for the period are recorded through the consolidated statement of changes in net assets.
- (ii) The obligations are affected by actuarial assumptions, including salary escalation, inflation, and cost escalation of specific items (e.g., cost of living, health-care cost trend). Pension and OPEB costs and obligations are determined annually by independent actuaries using management's best estimate assumptions. The discount rate used by the NWMO in determining projected benefit obligations and the costs for the NWMO's pension plan is based on the funding valuation on a going concern basis, while other employee benefit plans' discount rates are based on representative AA corporate bond yields in effect at the end of the year.
- (iii) Pension fund assets are valued using market-related values for the purposes of determining actuarial gains or losses and the actual return on plan assets. The plan's assets consist of pooled funds, fixed income securities and limited partnership units in a real estate fund. Market and credit risk on these securities are managed by the plan by placing plan assets in trust and through the plan's investment policy.

Research and development

Research and development costs are charged to operations as expenses in the year incurred.

Nuclear Waste Management Organization
Notes to the consolidated financial statements

December 31, 2023

(in thousands of Canadian dollars)

2. Significant accounting policies (continued)

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian currency at the year-end exchange rate. Any resulting gain or loss is reflected in staffing and administration expenses. Transactions in foreign currencies throughout the year have been converted at the exchange rate prevailing at the date of the transaction.

Financial instruments

Financial instruments include cash, member contributions receivable, other receivable from members and AECL, accounts receivable, and accounts payable and accrued liabilities.

Financial assets and financial liabilities are initially recognized at fair value when the NWMO becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost. Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the consolidated statement of operations.

Related party transactions

Related party transactions are recorded at the exchange amount.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates. Accounts requiring significant estimates include accrued pension asset, other post-employment and pension benefits liability, certain accrued liabilities and amortization which is based on the estimated useful life of the capital assets.

Nuclear Waste Management Organization
Notes to the consolidated financial statements

December 31, 2023

(in thousands of Canadian dollars)

3. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
	\$	\$	\$	\$
Land	31,839	—	31,839	31,839
Computer equipment and software	6,542	4,922	1,620	1,672
Transport and work equipment	4,725	2,631	2,094	3,038
Furniture and office equipment	1,984	1,595	389	424
Leasehold improvements	2,469	2,170	299	345
Office building	1,183	590	593	671
Vehicles	381	374	7	10
	49,123	12,282	36,841	37,999

During the year, capital assets with a cost of \$2,006 (2022 – nil) and accumulated amortization of \$1,283 (2022 – nil) were disposed as the Used Fuel Container research, development, prototyping and testing were successfully completed as an essential step in building the safety case for Canada's long-term management of used nuclear fuel. Proceeds on disposition of capital assets were \$135 (2022 – nil). The resulting loss on disposal of \$588 (2022 – nil) is included in the consolidated statement of operations.

Capital asset additions totalling \$149 (\$247 in 2022) have been excluded from the consolidated statement of cash flows as they remain unpaid at year-end. During 2023, capital asset additions totalling \$247 (\$104 in 2022) have been included in the consolidated statement of cash flows as they were accrued at December 31, 2022, and paid in 2023 (accrued at December 31, 2021, and paid in 2022).

4. Related party transactions and balances

Transactions and balances not otherwise disclosed separately in these consolidated financial statements are as follows:

	APM	ISRW	2023 Total	2022 Total
	\$	\$	\$	\$
Transactions during the year				
Member contributions				
Ontario Power Generation Inc.	130,313	602	130,915	124,711
New Brunswick Power Corporation	5,680	23	5,703	4,482
Hydro-Québec	2,783	19	2,802	1,888
	138,776	644	139,420	131,081

Nuclear Waste Management Organization
Notes to the consolidated financial statements

December 31, 2023

(in thousands of Canadian dollars)

5. Member and AECL contributions

The NWMO is solely funded through contributions it receives from its members and AECL. The contributions are restricted in nature, and thus revenue is recognized when qualifying expenses are incurred. Amounts received in advance of qualifying expenses are recorded as deferred contributions. Commitments for contributions that have not been received by the NWMO are recorded as member contributions receivable when the amount is determinable and the ultimate collection is likely.

(a) Contributions receivable from members

Contributions receivable from members are comprised of the following:

	2023	2022
	\$	\$
Ontario Power Generation Inc.	14,425	14,063
Hydro-Québec	296	197
New Brunswick Power Corporation	—	494
	14,721	14,754

(b) Deferred/payable contributions from members and AECL – current

Deferred/payable contributions from members and AECL are comprised of the following:

	2023	2022
	\$	\$
Atomic Energy of Canada Limited	684	148
New Brunswick Power Corporation	81	—
	765	148

(c) Long-term deferred contributions from members and AECL

Long-term deferred contributions from members and AECL represent amounts received or receivable to fund various employee future benefits as follows:

	2023	2022
	\$	\$
Accrued pension asset	38,244	40,902
Other post-employment and pension benefits liability	(30,037)	(23,117)
Other post-employment and pension benefit liabilities – short term (Note 7)	(650)	(650)
Remeasurements in net assets	(2,834)	(7,398)
	4,723	9,737

Nuclear Waste Management Organization
Notes to the consolidated financial statements

December 31, 2023

(in thousands of Canadian dollars)

5. Member and AECL contributions (continued)

(d) Continuity of deferred contributions from members and AECL

The continuity of deferred contributions from members and AECL is as follows:

	2023	2022
	\$	\$
Balance, beginning of year		
Deferred/payable contributions from members and AECL – current	148	1,369
Deferred contributions from members and AECL – long term	9,737	12,514
	9,885	13,883
Contributions received	140,779	131,331
Contributions receivable	14,721	14,754
Contribution revenue recognized	(146,301)	(136,602)
Amounts received previously recognized	(14,754)	(13,317)
Change related to deferred capital contributions	1,158	(164)
	5,488	9,885
Balance, end of year		
Deferred/payable contributions from members and AECL – current	(765)	(148)
Deferred contributions from members and AECL – long term	4,723	9,737

6. Deferred capital contributions

	2023	2022
	\$	\$
Balance, beginning of year	37,999	37,835
Contributions for the purchase of capital assets	1,338	1,845
Less amortization into revenue	(1,773)	(1,681)
Less proceeds on disposition of capital assets	(135)	—
Less loss on disposal of capital assets	(588)	—
Balance, end of year	36,841	37,999

Nuclear Waste Management Organization
Notes to the consolidated financial statements

December 31, 2023

(in thousands of Canadian dollars)

7. Pension and other post-employment benefit plans

Effective January 1, 2009, the NWMO offers benefits to certain employees and retirees. A brief overview of these benefit plans is set out below:

(a) Registered pension plan

The federally registered pension plan is a contributory defined benefit plan covering eligible employees and retirees. The registered pension plan is funded, and plan assets are managed by third parties and include pooled funds, fixed income securities, and limited partnership units in a real estate fund. The benefit costs and assets related to this plan are recorded in the NWMO's consolidated financial statements.

(b) Supplementary pension plan

The supplementary pension plan is a defined benefit plan covering certain employees and retirees. This plan is unfunded.

(c) Other post-employment benefit plans

The other post-employment benefit plans provide medical, dental and group life insurance coverage for certain groups of full-time employees when they retire from the NWMO. These plans are unfunded.

A funding valuation, which was completed for the registered pension plan as of January 1, 2023, reported an actuarial surplus of \$37.3 million and a funding ratio of 138% on a going concern basis; and an actuarial surplus of \$28.1 million and a solvency ratio of 126% on a solvency basis.

In the case of a federally registered pension plan surplus, the *ITA* prohibits the making of contributions while the plan assets exceed 125% of the current value of the plan's liabilities on a going concern basis if the pension plan is also fully funded on a solvency basis (solvency ratio in excess of 105%).

As a result, the *ITA* prohibits the plan sponsor from contributing to the pension plan after the actuarial valuation report is filed with regulators. Consequently, the NWMO has made nil contribution for 2023 and 2022 as supported by the actuarial funding valuation report.

The most recent actuarial valuations were performed for the registered pension plan as at January 1, 2023, for the supplementary pension plan as at December 31, 2022, and for the other post-employment benefit plans as at December 31, 2020. The liability as at December 31, 2023, is based on an extrapolation of the previous valuations.

Nuclear Waste Management Organization
Notes to the consolidated financial statements
December 31, 2023
(in thousands of Canadian dollars)

7. Pension and other post-employment benefit plans (continued)

Information for the NWMO's pension plans and other post-employment benefit plans is as follows:

	Registered pension plan		Supplementary pension plan		Other post-employment benefit plans	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Changes in accrued benefit obligation						
Accrued benefit obligation, January 1	(94,915)	(86,312)	(7,117)	(8,864)	(16,650)	(20,892)
Current service cost	(4,425)	(3,801)	(543)	(629)	(1,245)	(1,388)
Interest cost	(5,189)	(4,695)	(406)	(303)	(901)	(708)
Past service cost	—	2	—	—	—	(1,709)
Employee contributions	—	—	—	—	—	—
Benefits paid	3,707	3,046	352	374	302	244
Net actuarial (loss) gain	(5,273)	(3,155)	(2,805)	2,305	(1,674)	7,803
Accrued benefit obligation, December 31	(106,095)	(94,915)	(10,519)	(7,117)	(20,168)	(16,650)
Changes in plan assets						
Fair value of plan assets, January 1	135,817	156,357	—	—	—	—
Expected return on plan assets	7,041	8,129	—	—	—	—
Benefits paid	(3,707)	(3,046)	(352)	(374)	(302)	(244)
Net actuarial gain (loss)	5,188	(25,621)	—	—	—	—
Employer contributions	—	—	352	374	302	244
Past service cost	—	(2)	—	—	—	—
Employee contributions	—	—	—	—	—	—
Fair value of plan assets, December 31	144,339	135,817	—	—	—	—
Funded status						
Fair value of plan assets	144,339	135,817	—	—	—	—
Accrued benefit obligation	(106,095)	(94,915)	(10,519)	(7,117)	(20,168)	(16,650)
Accrued benefit asset (liability)	38,244	40,902	(10,519)	(7,117)	(20,168)	(16,650)
Short-term portion	—	—	(350)	(350)	(300)	(300)
Long-term portion	38,224	40,902	(10,169)	(6,767)	(19,868)	(16,350)
	38,224	40,902	(10,519)	(7,117)	(20,168)	(16,650)
Components of cost recognized						
Current service cost	4,425	3,801	543	629	1,245	1,388
Interest cost on accrued benefit obligation	5,189	4,695	406	303	901	708
Expected return on plan assets	(7,041)	(8,129)	—	—	—	—
Cost recognized	2,573	367	949	932	2,146	2,096

The short-term portion of the accrued benefits liability of \$650 (\$650 in 2022) that is included in accounts payable and accrued liabilities is part of the total \$30,687 (\$23,767 in 2022) accrued benefits liability at the end of the year for the supplementary pension and other post-employment benefit plans.

The pension and other post-employment benefit costs recognized are included in the respective expense categories in the consolidated statement of operations.

Remeasurements as reported on the consolidated statement of changes in net assets include remeasurements arising from the registered pension plan totalling \$85 (2022 – \$28,776), and remeasurements arising from the supplementary pension plan and other post-employment benefit plans totalling \$4,479 (2022 – \$8,399), and are derived from the table above. Actuarial gains and losses are a function of the changes to demographic or financial assumptions, or experience adjustments, as applicable, to the assumptions used in the actuarial valuation.

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7. Pension and other post-employment benefit plans (continued)

The significant actuarial assumptions for benefit obligations and costs adopted in estimating the NWMO's accrued benefit obligations are as follows:

	Registered pension plan		Supplementary pension plan		Other post-employment benefit plans	
	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
Discount rate at the beginning of the period	5.25	5.25	5.10	3.10	5.10	3.10
Salary escalation rate	3.00	3.00	3.00	3.00	—	—
Rate of cost of living increase	2.00	2.00	2.00	2.00	—	—
Rate of increase in health-care cost trend	—	—	—	—	5.12	5.16
Discount rate at the end of the period	5.25	5.25	4.60	5.10	4.60	5.10
Average remaining service life for employees	15 years	15 years	15 years	15 years	16 years	15 years

Sensitivity information related to the other post-employment benefit plans is as follows:

	2023 \$	2022 \$
Effect of 1% increase in health-care cost trends on		
Accrued benefit obligation	4,574	3,437
Current service cost and interest cost	859	585
Effect of 1% decrease in health-care cost trends on		
Accrued benefit obligation	(3,367)	(2,566)
Current service cost and interest cost	(597)	(414)

The supplementary pension plan is unfunded and is secured by a Standby Letter of Credit of \$10,224 (\$8,754 in 2022) obtained on the NWMO's behalf by OPG, as approved by the members.

8. Deferred lease inducements

	2023 \$	2022 \$
Tenant inducements	836	836
Less accumulated amortization	(543)	(459)
	293	377

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9. Guarantees and contingencies

In the normal course of business, the NWMO enters into agreements that meet the definition of a guarantee.

- (a) The NWMO has provided indemnities for various agreements. Under the terms of these agreements, the NWMO agrees to indemnify the counterparty for various items, including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement.
- (b) The NWMO indemnifies all directors, officers and employees acting on behalf of the NWMO for various items, including, but not limited to, all costs to settle suits or actions due to services provided to the NWMO, subject to certain restrictions.

The nature of these indemnification agreements prevents the NWMO from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the NWMO has not made any payments under such or similar indemnification agreements, and therefore, no amount has been accrued with respect to these agreements.

The NWMO has entered into an agreement and is committed to provide funding to a counterparty, payable on July 2, 2024, if certain conditions are met. No liability has been recognized in these financial statements as the occurrence of the confirming future event has not yet occurred.

The NWMO also arranged a Standby Letter of Credit issued by OPG to secure its supplementary pension plan (Note 7).

10. Commitments

The NWMO has entered into a number of operating leases for office premises and a vehicle which expire at various dates up to June 30, 2027.

The estimated annual minimum payments over the initial term of these leases up to their expiration are as follows:

	<u>\$</u>
2024	1,739
2025	1,362
2026	1,047
2027	<u>524</u>
	<u>4,672</u>

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11. Segment reporting

Segment information for the NWMO's two reportable segments is as follows:

	APM		ISRW		Total
	2023	2022	2023	2022	2022
	\$	\$	\$	\$	\$
Contribution revenue	145,641	135,161	660	1,441	136,602
Interest and other income	458	155	1	1	156
Total revenue	146,099	135,316	661	1,442	136,758
Amortization of capital assets	1,773	1,681	—	—	1,681
Loss on disposal of capital assets	588	—	—	—	—
Operating expenses	143,738	133,635	661	1,442	135,077
Total expenses	146,099	135,316	661	1,442	136,758
Capital asset additions	1,338	1,845	—	—	1,845

The allocation of the common service expenses to each reportable segment above is based on direct staff hours in each segment.

12. Government remittances

Government remittances is comprised of the following:

	2023	2022
	\$	\$
Goods and Services Tax/Harmonized Sales Tax ("GST/HST") payable	(2,164)	(1,668)
GST/HST receivable	737	823
GST/HST payable, net	(1,427)	(844)

The net government remittances payable balance of \$1,427 (2022 – \$844) is included in accounts payable and accrued liabilities.