CORPORATE GOVERNANCE (CO.2)

**Performance Objective**

Corporate governance provides the needed organizational structures, policies, processes and programmes to establish and implement high standards of operation, maintenance and organizational support of the nuclear stations.

**Area for Improvement** **CO.****2-1**

**The Corporate risk management process is not fully integrating important risks from different origin (enterprise, financial, projects, public and operational) in the Corporate and Plant risk maps.** The influence of an enterprise risk on plant performance is not consistently taken into account (and vice versa) in a more structured formal way. Consequently, the mitigating actions of a corporate risk influencing plant performance might not be taken into consideration in the plant risk mitigating actions. In addition, the control and oversight of the departments assessing risks and compliance are not adequately covering the full extent of the risks.

**Causes and Contributors**

There is a lack of a common (Corporate and NPP) Risk management approach. Risk management is the process by which the Corporate manages its exposure to uncertainty to an acceptable level. This is achieved by identifying and evaluating risks, then choosing to avoid the risk, accept the risk with active management participation, or transfer the risk. Risk management requires a thorough understanding of the sources and types of exposures, ongoing and timely measurement of risk, and carefully designed management and control processes. This all has to be described in a Risk Management policy and program which is not yet fully and adequately developed.

Some Corporate and NPP executives perceived that risks were adequately managed as they had the experience to deal with their “own” risks and considered that a formal structured integrated risk management system was not needed.

A contributing cause is the absence of a unified and integrated Corporate Enterprise Risk management system and policy. The purpose of a policy is to create an environment where company risks are identified, understood and effectively managed. This policy establishes the authority and responsibility for managing company group risks; it establishes a hierarchy of risk oversight accountability within the corporate organization and provides a formal risk management program.

In addition, clear objectives, goals and expectations of the risk management program/process were also missing; these should include:identification of inherent internal and external business risks, choice to avoid, accept or transfer the risks, managing the residual risk, fostering an effective risk management culture within the organization.

The WANO SOER 2015-02/PL2013-02 recommendations and principles are not known at corporate level. Although an initiative at NPP level existed to deal with the recommendations of the SOER, this initiative was stopped due to a lack of responsible persons in risk management at the NPP. Involving Corporate Risk management team in defining actions to fulfil the NPP SOER recommendations could be beneficial to understand the risks and risk management process in an NPP.

In addition, a risk catalogue including all risks (enterprise, project, financial, operational, etc.) was not developed nor at Corporate nor NPP-level. Consequently, there was no prioritization of the importance and likelihood of the risks and as such no priority setting for audit planning and mitigating actions if existing. However, the NOD produced a first set of safety hazards and risks in several operational areas, which could be considered as a first step in risk management although the risks in this set are of very low level and are more hazards than risks.

There was and is not much knowledge and information in Corporate about NPP operational and project risks as is the case for legal and compliance risks. Contributing is that NPP did not share information of these risks with Corporate. Another contributing cause is that the risks are not regularly and adequately communicated to the Corporate and NPP organization and staff.

To reach a comprehensive and effective risk management process, a specific organization and an implementation guideline with milestones will need to be established.

**Supporting Facts**

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**Current Perspective**

Risk identification, follow-up and mitigation for financial and legal (compliance) risks have already been implemented and executed at corporate level. As such, risk management is not new for several corporate organizations such as legal, finance, internal audit. Based on the recommendations in this AFI, a full Integrated Risk Management (IRM) Program/process which already has been initiated, will be further developed; implementation is planned by Q2 2022. This IRM will also include enterprise, operational, safety-related and HR risks.

In addition, a communication strategy for enhancing the knowledge of risk management in Corporate and NPP will be considered. This will support common understanding and common identification, follow-up and implementation for mitigating actions at Corporate and NPP level.

Integrated Risk Management programs are well established at other WANO members. Benchmark opportunities for corporate exist in neighbour nuclear organizations. These benchmarks will contribute in establishing an efficient corporate lead, managed integrated risk management system, and will facilitate timely and effective implementation.

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