

CAMECO CORPORATION FINA PRE-BUDGET CONSULTATIONS SUBMISSION - AUGUST 2017



EXECUTIVE SUMMARY

As one of the country's leading sustainable resource developers, Canada's largest industrial employer of Indigenous people, and a major contributor to low-carbon energy solutions that help combat climate change, Cameco is pleased to provide our input to the House of Commons Standing Committee on Finance as part of the pre-budget consultations in advance of the 2018 Budget.

Cameco is one of the world's largest producers of uranium for nuclear energy. We also process uranium and manufacture other products along the nuclear energy value chain. These products are used domestically and exported globally, delivering significant returns for the country's economy and providing good quality jobs to middle-class Canadians, including many Indigenous residents of northern Saskatchewan.

As in previous submissions, Cameco continues to encourage the government to focus Budget investments on the following priority areas that would create the conditions necessary for ongoing growth and prosperity for all Canadians:

- Socio-economic development for Indigenous communities
- Infrastructure investments in remote northern regions
- Sustainable resource development and trade promotion
- Nuclear energy's role in a low-carbon economy

Focus in these priority areas would enhance or create the conditions necessary for ongoing growth and prosperity for all Canadians, while facilitating the kind of sustainable development that is needed to capitalize on Canada's natural resource endowment.

ABOUT CAMECO

Headquartered in Saskatoon, Saskatchewan, Cameco is one of the world's largest producers of uranium for nuclear energy, accounting for about 17% of total global production. The vast majority of that supply comes from our extensive mining and milling operations in northern Saskatchewan, although we also have production sites in the United States and Kazakhstan.

In addition, Cameco owns uranium refining, conversion and fuel fabrication facilities in Blind River, Port Hope and Cobourg, Ontario, the sole provider of uranium conversion services for Canadian-technology CANDU reactors.

Cameco's vision is to energize the world as a global leader of fuel supply for clean-air nuclear power, seeking to bring the many benefits of nuclear energy across the planet. We play a major role in the energy equations of many countries, including here in North America where Cameco uranium powers 1 in every 10 homes in Canada and 1 in every 19 in the United States.

Cameco's nuclear energy products make a significant contribution in the global effort to reduce carbon emissions and combat climate change. Our uranium fuels enough nuclear power worldwide to prevent 550 million tonnes of CO₂ emissions annually. That is the equivalent of planting 26 billion trees or taking 100 million cars off the road – three times the number of registered vehicles in all of Canada.

Through these activities, Cameco employs a total Canadian workforce of roughly 3,200 direct employees and long-term contractors, more than one-quarter of whom are of First Nations or Métis heritage. This percentage is down from the level of nearly one-third of employees in the recent past. Economic conditions and commodity prices that have stayed lower for longer have forced Cameco to make operational decisions that are having an impact on our entire workforce. Despite these economic realities, our commitment to Aboriginal partnership and northern workforce development has made Cameco Canada's largest industrial employer of Indigenous people, an accomplishment of which we are very proud.

We consider these achievements to be part of our commitment to sustainable development. In a 2016 global assessment by the Corporate Knights organization, Cameco was ranked as Canada's most sustainable company and one of the most sustainable in the world. Earlier this year, we received the added distinction of placing in fifth spot on a list of Canada's Top 50 Corporate Citizens, the highest ranked resource or mining company on the list.

SOCIO-ECONOMIC DEVELOPMENT FOR INDIGENOUS COMMUNITIES

Indigenous engagement and employment has been a priority for Cameco since our company was formed in 1988. Cameco's success as a resource company is directly attributable to the long-term positive partnerships we have built with the First Nations and Métis communities where we operate, particularly in northern Saskatchewan. Cameco's Indigenous partnerships are a leading example of how the private sector can engage directly with local stakeholders to ensure that a company's success and a community's success are intertwined.

Today we are proud to be Canada's largest industrial employer of Aboriginal people, with more than one-quarter of our total Canadian workforce being comprised of individuals of First Nations or Métis heritage.

These partnerships have led to over 70 percent of the goods and services we use at our operations in northern Saskatchewan being procured from northern/Aboriginal owned businesses, totalling more than \$3 billion in the past decade.

Despite these successes, we know that more needs to be done to ensure that Indigenous Canadians have opportunities close to home that open the door to further socio-economic development – including educational opportunities. As a company, Cameco has made investments to help improve K-12 and post-secondary prospects for residents of northern Saskatchewan.

However, the enormity of the challenges in northern and Aboriginal education are far beyond the capacity – and the responsibility – of our company to fix. Governments need to play a major role in closing the gap. Cameco therefore strongly encourages ongoing, increased federal funding and policy support in this priority area.

Resource development is often cited as the best way to improve the socio-economic situation for Indigenous Canadians. Yet the regulatory review process for natural resource projects in Canada seems to be growing more cumbersome, and less likely to lead to a clear approval. Despite the ever increasing cost, time and complexity of securing project approvals there is little additional environmental or social benefit that can be attributed to the changes to Canada’s regulatory review process. This trend is concerning. For the fiscal wellbeing of the country and the socio-economic future of Indigenous Canadians, regulators and governments need to foster a system that can ultimately enable sustainable development to occur in Canada.

One of the most direct ways for the government to advance its policy objectives is to facilitate natural resource projects in Canada’s north where these projects have the support of local communities. It is also important for the government of Canada to recognize that Canada’s north includes areas that are not north of the 60th parallel. Significant economic opportunities exist in the far northern parts of the provinces that are often not eligible for federal government funding that would facilitate economic, educational and social development in those areas.

Cameco supports further investments in Canada’s north, including the northern parts of provinces, that will improve opportunities for Indigenous people to live at home and access educational and economic opportunities; as well as a policy framework that facilitates private sector investment in new resource projects that can tap into the expertise of Indigenous Canadians.

INFRASTRUCTURE INVESTMENTS IN REMOTE NORTHERN REGIONS

The majority of Cameco’s mining and milling operations are situated in northern Saskatchewan. Because of the remote location of these facilities and the general lack of supporting

infrastructure (transportation, aviation, electricity, telephony etc.), our costs of doing business are considerably higher, putting Cameco at a disadvantage relative to our global competitors.

Today all of Canada's uranium mining and milling operations are serviced by three north-south gravel roads that connect Saskatchewan's north to the rest of the province. Some of the communities with which Cameco maintains partnerships are only accessible via barge or plane in summer and ice road in winter. Changing climate conditions are reducing the reliability of the winter roads that are a vital lifeline for these communities to receive supplies.

Improved infrastructure as a result of increased federal investment in northern roadways, community airstrips, electricity infrastructure and telephony (including broadband access) would increase opportunities for development in the north and result in significant economic and social benefits for all Canadians.

SUSTAINABLE RESOURCE DEVELOPMENT AND TRADE PROMOTION

In order for Canadian companies like Cameco to thrive in a highly competitive global industry, it is imperative that Canada has in place processes and systems that encourage the sustainable development of our abundant natural resources, along with access to global markets that is solidified and supported through trade enhancement agreements.

Canada's resource wealth has long been a major driver of Canada's financial health, socio-economic wellbeing and job creation efforts. Canadians must also have confidence that economic factors, including international trade, do not supersede environmental or social considerations when it comes to development. At the same time, governments must be ever-vigilant to protect the competitiveness of their domestic industries and ensure a level playing field with their counterparts around the world.

Cameco is supportive of the federal government's commitment to ensure that a fair and balanced regulatory framework is in place in Canada, with specific emphases on scientific evidence and efficiency of process. Canada's economic prosperity is to a significant extent linked to our ability to responsibly and sustainably develop and export our abundant natural resources and value-added products. The 2018 Federal Budget should include measures that facilitate the economic contributions made by resource projects.

NUCLEAR ENERGY'S ROLE IN A LOW-CARBON ECONOMY

Canada's nuclear sector remains a global leader in uranium production, technological innovation and electricity generation. Nuclear energy and innovation have a significant role to play in addressing global climate change.

Canada is the world's second-largest source of uranium for nuclear energy. This is a major contribution to global greenhouse gas reduction efforts of which our company is very proud, facilitating the generation of clean, carbon-free, baseload electricity that in most instances would otherwise be produced using greenhouse gas-emitting sources.

Cameco's leadership position in this industry is even more noteworthy considering the bulk of our competitors are either state-owned enterprises backstopped by the public treasury or multi-national mining conglomerates for whom uranium comprises just a small fraction of their balance sheets.

As the 2018 Federal Budget provides further details around tax measures, innovation funding and support programs for the development of clean and sustainable technologies that can be exported globally, Cameco asks that the federal government continue to recognize the contribution that nuclear energy, and all products along the nuclear value chain, make towards our goal of cleaner air and a low-carbon economy.

We also support ongoing work to ensure that tax measures are efficient and encourage innovation, trade and the growth of Canadian businesses. Canada should have the world's most competitive tax jurisdiction for investments in the research, development and manufacturing of clean technologies, including nuclear energy.

CONCLUSION

The 2018 Budget provides another opportunity for the federal government to invest in activities that support its policy priorities. Cameco believes these investments should take place in the areas of: Indigenous education and employment; northern infrastructure; creating conditions for sustainable resource development; trade promotion; and actions to combat climate change that include the use of nuclear technologies.

Cameco trusts that this submission will provide the FINA Committee with an improved understanding of our company and our industry, as well as the significant opportunities to improve the conditions for sustainable development in the country that will lead to further growth and prosperity, particularly in Saskatchewan's north.

We will be following your pre-budget consultations with interest, and wish the Committee much success in your deliberations.