

Canadian Chamber of Commerce presentation
“Gateway to Excellence”
Jerry Grandey
September 17, 2006
TCU Place, Saskatoon

Former American president John F. Kennedy once said “too often, we enjoy the comfort of opinion without the discomfort of thought.”

That’s a luxury that is often found in politics, but is not an option in business.

We all know that to thrive in today’s business world, it is imperative that decision makers be guided by the best available information, benchmark the best industry practices and challenge conventional wisdom.

That’s a lesson I learned early in my career.

I actually began my career as an anti-nuclear activist.

During my years in law school, I found myself, long hair and beard, opposing the licensing of nuclear plants situated around the Great Lakes.

Ironically, these same plants are now among my best customers.

At that point in my life, I was driven largely by opinion; but I had a questioning mind – courtesy of law school – and I learned more about the industry.

I found out about its outstanding safety and environmental record, the solid science and promise of the technology, and the benefits it holds for our world, and particularly for the poorest nations.

As a result, my thinking evolved. I kept the enthusiasm, remained an environmentalist at heart, but traded the long hair and beard for a suit and tie.

For me, that has translated into a 30-year career in the nuclear industry, and a strong belief in the importance of nuclear energy to assure the future of our planet.

Since 1992, I have been here in Saskatchewan, working at building Cameco into an internationally recognized corporation with a very straightforward and critical mission: to bring the multiple benefits of nuclear energy to the world.

Intro to Cameco Corporation

For those who are not familiar with Cameco, we are unique as one of a select few publicly traded companies that describe themselves as a nuclear energy company.

We are listed on both the TSX and NYSE and have our head office right here in Saskatoon.

We are the largest supplier of nuclear fuel to the global market with our uranium production derived from several geographic regions.

Here in Saskatchewan, we have four sites. Some of you have signed up to visit two of these sites. I guarantee it will be better than a ride at Disneyland.

We also have mining operations in Nebraska and Wyoming in the United States, and in the Republic of Kazakhstan.

We are vertically integrated in the nuclear fuel cycle with refining, conversion and fuel fabrication facilities in Ontario, as well as nuclear electricity generation through Bruce Power, North America's largest nuclear generating station.

And we are a partner with Russia in the dismantling of 20,000 nuclear warheads, returning the blended down uranium for use in the peaceful production of nuclear energy.

It is the single largest disarmament initiative in the history of the world.

Perhaps you can tell, I am as passionate about my job today as I was back in the early 1970s.

And, I still consider myself to be an environmentalist.

Moreover, I am more convinced than ever that nuclear must be part of the energy mix if we are to avert global disaster and provide clean power to an energy hungry world.

It seems that the world is following a similar evolution - an evolution from opinion-driven mythology to one of rational choice.

Clean air benefits and industry growth

After a slump of more than two decades, the nuclear industry is experiencing a rebirth.

People everywhere are rediscovering the benefits nuclear energy can deliver, and has delivered.

Consider this:

Electricity generated from nuclear energy, produces no SOX, NOX or greenhouse gases.

The amount of waste produced by the process is extremely small. In fact, the used fuel produced annually by all the world's 440 reactors would fit inside a two-storey building about the size of a basketball court.

And, we already take full responsibility for our waste.

For decades, used fuel has been safely stored at nuclear power plants and we are now preparing for deep geological disposal as the best long-term option.

And in 100-200 years, when uranium supplies approach depletion or become too expensive, this stored used fuel will likely be recycled to recover the large quantities of unused energy it contains.

In terms of safety, nuclear power has been operating safely in Canada and across the globe for over 40 years.

Nuclear already supplies 16% of the world's electricity needs and about 50% of the electricity for Canada's largest province in Ontario.

So nuclear is green, clean and safe.

Even prominent environmentalists such as Greenpeace co-founder, Patrick Moore, and respected scientist, James Lovelock, have changed their minds about nuclear.

Once fanatically opposed, they have become our industry's most vocal supporters as evidenced by a recent article in the Washington Post.

In that article, Moore challenged readers to imagine if 60% of our energy was generated from nuclear power:

“This would go a long way,” he said, “toward cleaning the air and reducing greenhouse gas emissions. Every responsible environmentalist should support a move in that direction.”

How times have changed.

And it is not just the environmental movement that is changing. Across the globe, opinion leaders and politicians are promoting the cost, security of supply and environmental benefits of nuclear energy.

Today, countries representing half the world's population are constructing new nuclear power plants.

And many countries without nuclear power have begun to plan for it, seeking reliability, clean air and energy independence.

In the short term, which for this industry is a ten-year horizon, the number of reactors in operation by 2016 is forecast, by many experts, to increase to at least 500 from the current 440.

If you add capacity gained through uprates, life extensions and refurbishments, nuclear power is certain to experience solid, albeit modest, growth in the coming decade.

However, accelerated growth for this industry is becoming much more likely.

The 2005 OECD report, for example, forecasts that, by 2025, world nuclear energy capacity will grow between 20 and 40%.

To meet this expected demand, additional uranium production is required. Accordingly, we must find and develop new deposits.

Some projects, such as the extraordinarily high-grade Cigar Lake mine here in Saskatchewan, are already under development; but more discoveries are needed to fuel the world's growing fleet of reactors.

Over the last five years, the markets have begun to recognize and react to this reality.

The price for uranium has been on a steady rise, increasing by more than 630% from a low of \$7.10 (US) in December of 2000 to the current price of greater than \$52 (source: Ux).

This has been good news for the industry because it has spurred investment in new mines and rapidly increased exploration activity.

For example:

While uranium prices were in decline back in 2000, there were only a handful of companies actively exploring for uranium worldwide.

Today, there are over 300, many based here in Canada and raising money on the TSX – among the most knowledgeable exchanges in the world when it comes to mining.

And we should remember that during the last wave of exploration, sufficient uranium was discovered in a five-year period to supply the industry for 30 years.

So there is no shortage of uranium in the world.

Our industry is prepared for growth and ready to provide abundant, clean energy in support of the nuclear renaissance.

But to quote that great philosopher Spiderman, “with great power comes great responsibility”.

It is important that we always remember this admonition.

Sustainable Development

At one time, the business environment in Canada and across the globe was simple. It was all about the bottom line.

Financial results were paramount.

Now it is much more complex.

At Cameco, we think of our business strategy in terms of ‘sustainable development’.

This means achieving “sustainable growth” through socially, environmentally and economically responsible conduct.

Our values of safety and the environment, people, integrity and excellence flow from this concept.

The same derivation is found in our measures of success – a safe, healthy and rewarding workplace, a clean environment, supportive communities and outstanding financial results. In short, this is how businesses today are being evaluated or judged, by shareholders, clients, customers, regulators, governments, our partners and the public.

I think this broader view of business is positive for future decision-making.

To thrive under such scrutiny, we need what I like to call our ‘social license’ to operate.

There is no paper trail with this license -no written guidelines or regulations. But, it is implicit in everything we do, and just as important as any of the formal regulatory processes that govern our industry.

Consistent with this philosophy, Cameco has developed a northern and aboriginal development program that is second to none.

Through this program, we have increased our annual volumes of northern purchases from a few million dollars in 1991 to more than \$160 million today.

Last year, more than 85% of the contracted services we purchased in support of our mining operations came from 20 northern suppliers.

Ten of these have majority aboriginal ownership and Cameco's business relationships reach into 17 aboriginal communities.

The concept of sustainable development is not unique to nuclear industry. It cuts across all companies and businesses.

Just look at the number of sustainability reports that are issued regularly by corporations such as Cameco and PCS.

And listen to the changes in the language of business which now includes phrases like "triple bottom line", "employee engagement", "benefit sharing" and "community investment".

Every year, corporations are paying more attention to this so-called "softer side" of business that thrives on solid people practices, social responsibility, environmental protection and communication.

And when viewed with this lens of sustainability, there are three clear advantages to nuclear energy.

It is clean. It is safe and it is affordable.

Still, we know that Cameco and our industry can improve.

Mining of any sort – whether it be for diamonds, gold, potash or uranium – disturbs the earth and releases waste.

And even though the footprint of uranium mining is small – particularly when compared to other forms of energy production – we have an undeniable impact.

As such, it is important that we set our goals to improve our environmental performance and continually reduce our impact on the environment.

This is not a public relations exercise. It's simply good business AND the right thing to do.

Conclusion - Communicate

But just doing the right thing is not enough.

To engage the public and build the trust we need for our social license to operate, good communication is also required.

This means committing to communicate with regulators, stakeholders, employees, politicians, the business community and the mom down the street.

They each need to know what we are doing and, more importantly, how we are conducting our business – when we have success and when we make mistakes.

Communication is where local chambers of commerce and your national and international bodies have been extremely helpful in recognizing the benefits of nuclear technology.

The Canadian Chamber – through formal policies and in letters to the prime minister's office – has already called for Canada to move beyond the sterile Kyoto debate and focus on what we CAN and MUST do over the longer term to avoid climate catastrophe.

You have advocated the development of a comprehensive climate change plan and called for the development of technology that will reduce greenhouse gas emissions.

And in a 2005 letter to former Prime Minister Martin, your organization made it clear this means looking at all types of energy production – including nuclear and clean coal.

Similarly, the United States Chamber of Commerce actively promotes sensible development and deployment of clean and innovative energy technologies, including nuclear.

The US body has also dedicated resources to educational outreach to policymakers and news media through discussion forums and conferences.

But what can local chambers do?

Quite simply, educate and advocate.

You are the trusted leaders within your communities, and our industry is prepared to provide support and the relevant information.

I finish my remarks with a challenge.

Continue to research our industry – as your national body is doing.

Look closely at the myths and the realities.

Examine the performance and understand both the challenges and the opportunities that nuclear provides.

Then, come to your own conclusions.

If you find, as I did so many years ago, that nuclear has the potential to solve our world's most pressing problems, I encourage you to make your views known to others.

If we are to marry the comfort of opinion with the discomfort of thought, as JFK urged, we need that open public debate.

Opinions will only change through discussion – such as the one we're having today – and through sharing information and knowledge.

And I sincerely believe that's how we will advance nuclear energy's many benefits for the good of all.

Thank-you for the invitation to raise these issues and for your kind attention.