

ACR Aboriginal Programs Project Program Template

Program Area:	3.0	Business Development
Sub Program:	3.1	Providing Business Opportunities
Template:	3.1.8	Northern Preferential Supplier Program
Sponsor(s):	<i>Cameco Corporation</i>	

1. Objective

To increase the opportunities and strengthen the capabilities of suppliers in northern Saskatchewan. While the program is intended for all northern suppliers, the population of the region is 80-90% of Aboriginal ancestry and there will be a significant number of eligible Aboriginal businesses.

2. Description

In 2002, Cameco adopted a new vision and mission - to become a dominant nuclear energy company and to achieve sustainable growth through socially, environmentally and economically responsible conduct. Cameco is committed to purchasing locally. In northern Saskatchewan this has helped create employment for northerners and develop more than 15 businesses that supply its northern mining operations. The company has recently established a one-year pilot program to augment opportunities for northern suppliers.

The general principles for Cameco's Northern Preferential Supplier Program are:

- Cameco will conduct its business in a socially, environmentally and economically responsible way and will work to enhance its status as an investment, supplier, employer and partner of choice and to earn the support of communities where it interacts.
- Cameco views its contractors as business partners and believes that high-quality, long-term relationships are desirable in delivering strong financial performance and value to its shareholders.
- Cameco will preferentially provide employment and contract opportunities for residents of Saskatchewan's North, to the extent that they meet the qualifications as set out by company's operations management.
- Cameco will contract work to preferred northern suppliers, who in the company's assessment are capable of delivering high quality services at competitive prices.
- Cameco respects the obligation it has to its employees, both union and non-union, and will assign contractors to work at its operating sites with consideration to these obligations, and in the case of unionized employees, in accordance with provisions in its collective agreements.

3. Implementation

Some of the key elements for implementation of this program are:

Cameco defines a northern supplier as “a supplier (company) that is owned 50% or greater by a resident or group of residents of Saskatchewan’s North and whose northern owners/partners have legitimate participation in the management or governance of the company.”

A preferred northern supplier meets the above stated qualifications and in addition agrees to the following guidelines in its business relationship with Cameco. Preferred northern suppliers will:

- Guarantee strict adherence to all pertinent Cameco policies and operating procedures, with particular attention to safety and environmental protection.
- Supply goods and services that meet Cameco’s quality standards at guaranteed competitive prices.
- Maximize the employment of residents of Saskatchewan’s North, at wage ranges that are agreeable to Cameco, in the fulfillment of contract services to Cameco.
- Maximize the procurement of supplies and subcontractors from Saskatchewan’s North in the fulfillment of the contract services to Cameco. In all cases, proposed subcontractors must receive Cameco’s approval.
- Deliver contract services on a schedule agreeable to Cameco in order to maximize its operating efficiency.
- Maintain a high level of confidentiality in all business dealings with Cameco.
- Demonstrate ongoing efforts to diversify customer base and/or business focus to lessen reliance on Cameco over time.
- Participate in a quality audit process, to ensure the attainment of specific contract objectives and to submit to an annual review of its status as a preferred northern supplier.
- Maximize efforts to maintain a high quality customer/supplier relationship with Cameco.

Preferred northern supplier status with Cameco is conditional upon, but not limited to, adherence to all of the guidelines outlined above. It is not a guarantee of work, but a general commitment by Cameco to allocate its operations contract work to preferred northern suppliers.

Cameco maintains the right, at its sole option, to withdraw preferred northern supplier status, to change or modify its preferred northern supplier list, to tender its work to other suppliers at any time, or to undertake work using its own employees.

4. Timeframe for Results

This is a pilot program under which the term of the agreement is for 2005 only. If successful, Cameco’s intention is to enter into longer-term agreements with its preferred northern suppliers.

5. Measurable Criteria

- Number of businesses participating
- Value of contracts

6. Budget

No direct budget. Staff in the purchasing, northern affairs and sustainable development departments spend time helping northern businesses.

7. Partners and Sponsors

Four northern businesses are taking part in the pilot program.

8. Experience with the Program

This is a new program and will be evaluated in a year. Cameco spent approximately \$81 million in 2004 on services supplied by northern businesses in support of mining operations; 72% of all service contracts were awarded to northern companies.

9. General Applicability

This program may be of interest to companies wanting to take a proactive role in the development of local and Aboriginal suppliers.

10. Additional Information or Support

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