CIBC ASSET MANAGEMENT

Harnessing the power of nuclear and catalyzing clean energy development

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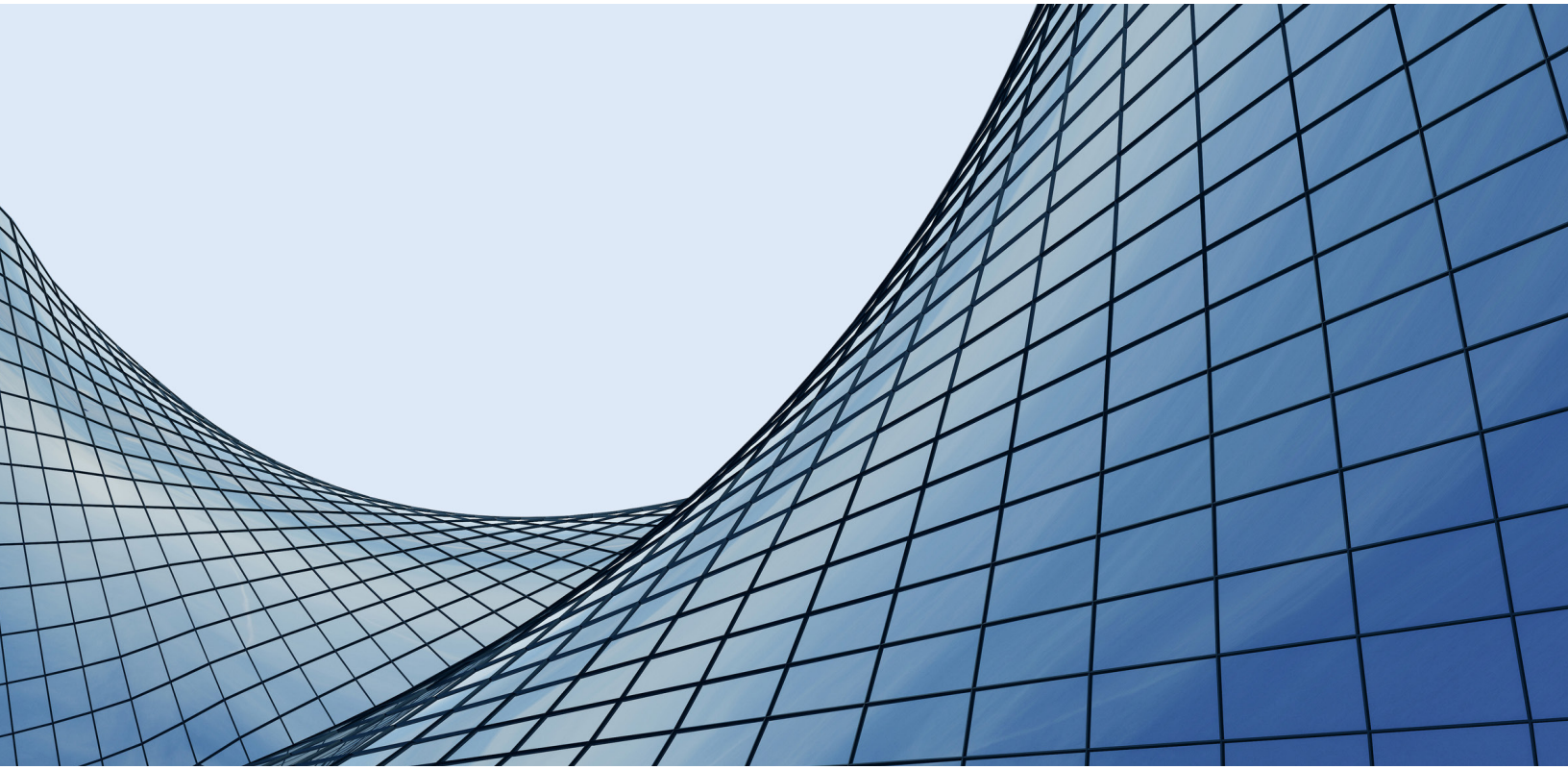
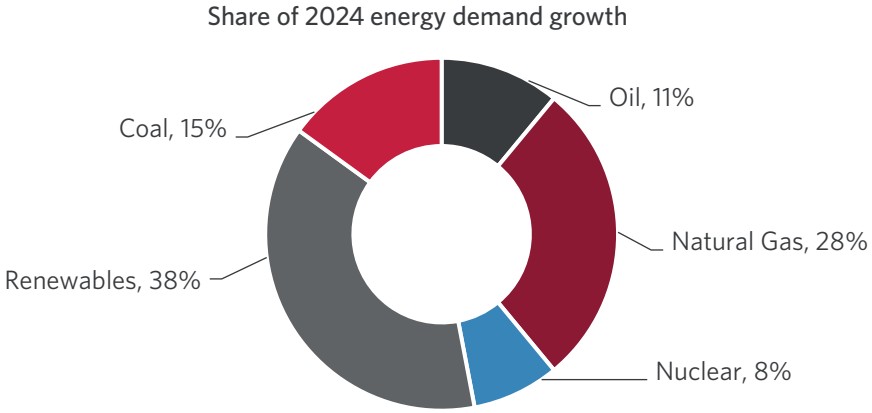


Key takeaways

- Nuclear energy is projected to produce more electricity than ever, driven by rising global electricity demand, technological advancements, and supportive policies, including a commitment from over 20 countries to triple nuclear capacity by 2050.
- Nuclear energy offers a stable and continuous power supply, addressing the intermittency issues of renewable sources like solar and wind, thereby enhancing energy security while supporting emissions reduction goals.
- Significant capital investment and innovation in nuclear technology, such as small modular reactors (SMRs) and waste management solutions, are essential to overcoming challenges related to construction costs, timelines, and safety concerns.
- As the second-largest uranium producer globally, Canada stands to benefit economically from the growing nuclear sector.
- CIBC Asset Management has removed nuclear energy exclusions from CIBC Sustainable Investment Strategies.

In 2025[1], nuclear energy is set to produce more electricity worldwide than ever before. Increased global electricity demand, improvements in technology, and favourable policy environments are all potential catalysts for the long term global growth of nuclear energy. In addition, emissions reductions and reliability further improve the case for increased adoption.

The global shift from traditional energy sources to renewable and clean energy has been underway for over two decades. The share of renewables as part of the global energy mix has grown from 19% in 2000 to over 30% in 2023[2], and in 2024 renewables were the largest driver of energy supply growth globally. Wind and Solar continue to be the main contributors of renewables growth, however one of the key challenges with these energy sources is that they are intermittent, and function best when used alongside storage mechanisms.

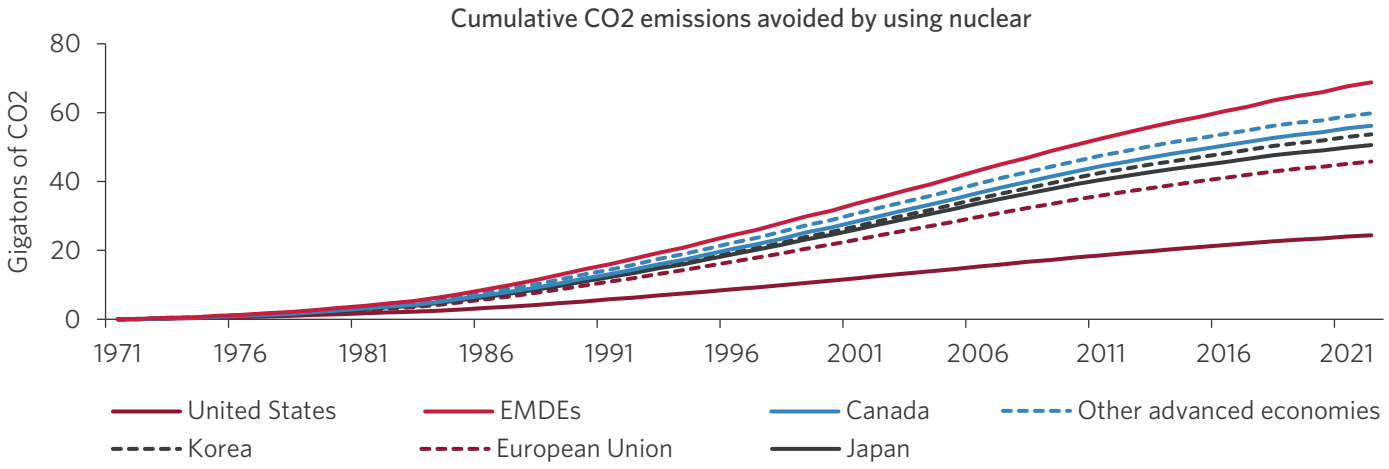


Source : IEA (2025), Share of energy demand growth by source, 2024, IEA, Paris
https://www.iea.org/data-and-statistics/charts/share-of-energy-demand-growth-by-source-2024.

In contrast, nuclear energy provides stable and continuous power, unaffected by factors like the weather. Combining the reliable base load of nuclear power with other sources like wind and solar helps ensure a continuous source of electricity. Countries around the world can benefit from this combination of power sources to diversify their energy mix, achieve greater energy security in a world with heightened geopolitical volatility, and reach emissions reduction targets.

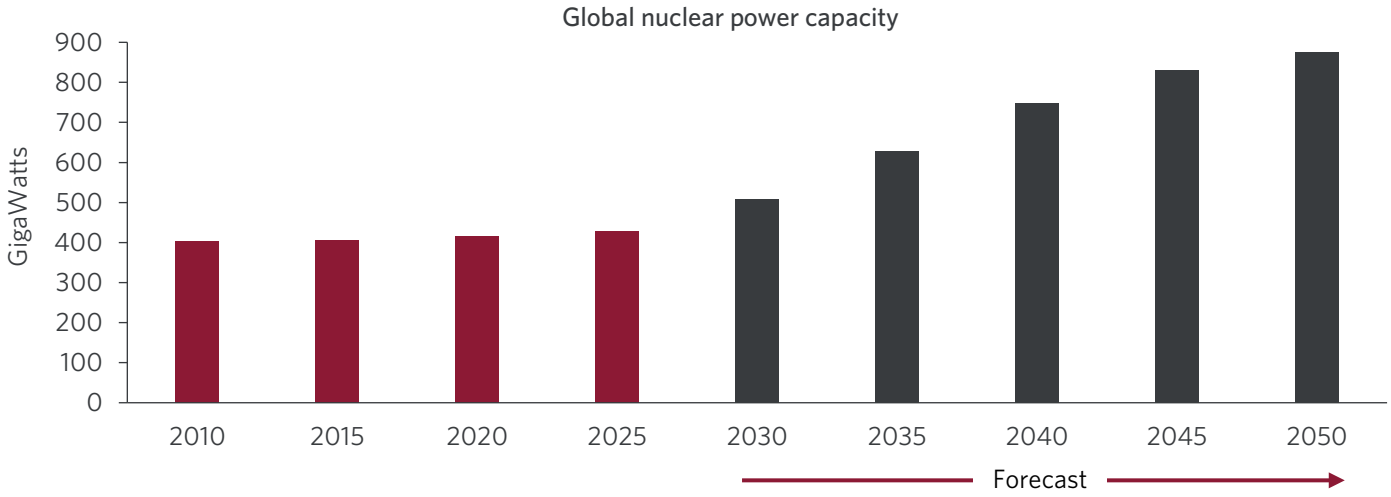
Supporting the global energy transition

Nuclear energy is frequently cited as a key part of the energy transition. In its 2022 report Nuclear Power and Secure Energy Transitions, the International Energy Agency (IEA) explains nuclear energy plays a "significant role in a secure pathway to net zero", and projects capacity to nearly double by 2050[3]. Several Intergovernmental Panel on Climate Change (IPCC) scenarios also call for a similar or greater amount of nuclear energy capacity growth by 2050. As of 2022, nuclear power has displaced nearly 70 Gt of emissions globally, and can continue to be a key driver of further emissions reductions moving forward.



Source: IEA, July 2023 (using latest available data, as of May 2025), CO2 emissions avoided by nuclear by country or region, 1971-2022, IEA, Paris
https://www.iea.org/data-and-statistics/charts/co2-emissions-avoided-by-nuclear-by-country-or-region-1971-2022.
EMDEs = emerging market and developing economies including China. Avoided emissions are calculated starting from 1971.

More recently, in December 2023 at the 28th Conference of the Parties (COP28), more than 20 countries (including Canada) signed a declaration to triple nuclear energy capacity by 2050 by mobilizing investment, ensuring strong oversight and safety standards, and supporting the development and construction of necessary infrastructure[4]. Domestically, we have seen policy support accelerate through the inclusion of nuclear energy in Canada's Green Bond Framework, and more recently, a roadmap for increased investment in the Canadian nuclear industry, released by Natural Resources Canada in March 2025.



Source: IEA (2025), Nuclear power capacity by region in the Announced Pledges Scenario, 2010-2050, IEA, Paris https://www.iea.org/data-and-statistics/charts/nuclear-power-capacity-by-region-in-the-announced-pledges-scenario-2010-2050. For illustrative purposes only.

Nuclear is overcoming key challenges

Despite the various benefits outlined above, there are still challenges associated with nuclear energy from both an implementation and maintenance perspective. Capital outlays for nuclear projects are significantly higher than alternative energy sources, and construction timelines are longer than other power generation infrastructure, increasing the risk of delays and cost overruns. Since 2000, the average build time for a new nuclear reactor has been 7 years, while the average wind and solar project is typically constructed in less than 4 years.

Additionally, concerns around accidents and waste management remain a challenge, both operationally and optically. However, these risks are declining – nuclear power plants have been operating for approximately 60 years across 36 countries, resulting in over 18,500 cumulative reactor years around the globe, with very few safety incidents. This does not mean that oversight, innovation, and risk management should be ignored, but rather underscores the improvements that have been made in recent decades[5].

Policy support and investment are critical to continue to work through and address these challenges, and both appear to be accelerating in multiple jurisdictions. Continued investments and research into small modular reactors (SMRs) have the potential to materially reduce costs and time to build, helping to unleash further demand , and new efforts around waste disposal and safety are being undertaken globally, with several countries taking action to build deep geological repositories for spent fuel. In March 2025, Canada's Nuclear Waste Management Organization (NWMO) released their 2025-2029 Implementation Plan outlining site planning, transportation, intellectual capital development, and other considerations for nuclear waste within Ontario.[6]

The importance of regulatory oversight to manage all of these considerations cannot be understated, and should seek to set out uncompromising safety standards and supportive development frameworks to drive new investment. In Canada, the Canadian Nuclear Safety Commission oversees several aspects of the industry, including production and maintenance, transport and disposal of waste, and consultations with indigenous communities and other stakeholders.

The investment opportunity

At CIBC Asset Management, we are continuously evaluating the impact of structural trends and their potential impacts to your investments. As the nuclear energy industry evolves, there are potential implications and opportunities for companies across several sectors, including utilities, materials, and industrials.

Mining, enrichment, and delivery of uranium will be critical services as demand increases, with additional opportunities around infrastructure buildout, power plant construction, and waste management. We believe Canada is in a unique position to benefit from these trends, as the second biggest producer of uranium globally. Higher demand for nuclear energy domestically and internationally should benefit local communities by creating jobs, contributing to GDP growth, accelerating emissions reductions, and bolstering domestic energy security.

The CIBC Sustainable Investment Strategies were designed to be carbon conscious while delivering transition impact for values-based investors. Given the structural factors outlined above, we believe that nuclear energy will play an increasingly significant role in supporting the energy transition due to its potential to decarbonize the global energy mix at scale. As a result, in June 2025, CIBC Asset Management removed the exclusions on Nuclear Energy within the CIBC Sustainable Investment Strategies. We believe this change aligns with the funds' objective to support the energy transition.

About CIBC Asset Management

At CIBC Asset Management, we believe that every customized investment solution begins with research and rigour. We specialize in a variety of investment solutions such as equities, fixed income, currency management, liability-driven investments, asset allocation, and responsible investments.

Across a spectrum of investment solutions, we commit to robust research. Dedicated sector and regional analysts focus on industry research and security-specific idea generation. Our investment professionals leverage deep and diverse expertise by sharing proprietary research across asset-class teams. By sharing insight across asset class teams, we maximize opportunities to add value to our client portfolios.

[1] https://iea.blob.core.windows.net/assets/b6a6fc8c-c62e-411d-a15c-bf211ccc06f3/ThePathtoaNewEraforNuclearEnergy.pdf

[2] https://www.iea.org/data-and-statistics/charts/share-of-renewable-electricity-generation-by-technology-2000-2030

[3] https://www.iea.org/reports/nuclear-power-and-secure-energy-transitions

[4] https://natural-resources.canada.ca/energy-sources/cop28-declaration-triple-nuclear-energy-2023

[5] https://world-nuclear.org/information-library/safety-and-security/safety-of-plants/safety-of-nuclear-power-reactors

[6] https://www.nwmo.ca/-/media/Reports-MASTER/Corporate-reports/Implementation-plan-2025-29.ashx?rev=d30114f5501c4b0594d317e1f2bd489c&sc_lang=en