Climate Change Outlook 2021

Teck's TCFD-Aligned Report

Teck

Our Climate Strategy

Teck's copper growth strategy, coupled with our industry-leading ESG performance, positions us well for changes in demand for mining commodities driven by the transition to a low-carbon world.

Today

Focus on copper growth to transition our portfolio to metals

- Build on our low-carbon head start
  - Among the world's lowest carbon intensities for our copper, refined zinc and lead, and steelmaking coal production[1]
  - 10+ years of experience in setting and achieving GHG reduction targets
- Transition to renewable power = ~1 Million tonnes per year GHG reduction
  - Sourcing 100% renewable energy at Carmen de Andacollo since 2020
  - Sourcing >50% of operational energy at QB2 from renewable sources
- Build QB2, which will double our consolidated copper production by 2023
- Explore options to realize value from our oil sands assets
- Carbon pricing already built into the majority of our business
- Top-ranked mining company on DJSI 2020 World & North American Indices; ranked second for Climate Strategy in our industry group

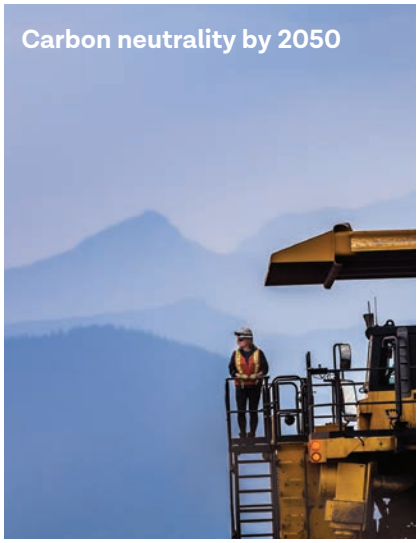
10+ Years

Prudently growing our metals business in areas essential to the transition to a low-carbon world

- Continue to produce the high-quality steelmaking coal required for the low-carbon transition
- Reduce carbon as a proportion of our total business
- Meet our milestone goals for 2030, in support of our carbon neutrality goal:
  - Source 100% of all power needs in Chile from renewable power
  - Reduce the carbon intensity of our operations by 33%
  - Shift to low-emissions mining fleets
  - Work with our customers and transportation providers to reduce downstream emissions

20+ Years

Leading metals producer supplying essential metals for a low-carbon world



(1) Barclays Research, Skarn Associates.

On the cover: Solar facility, Northern Chile, which supplies power to our Quebrada Blanca Operations.

About This Report

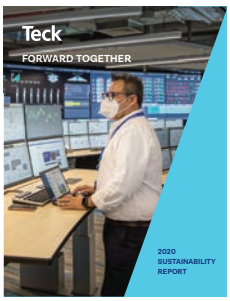
In 2018, building on more than a decade of public reporting on sustainability and climate change issues, we completed our first report aimed at aligning with the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In 2019, we released our second report, providing an updated scenario analysis, which included an additional third scenario. In this year's report, we build on our previous work—having added analysis of a 1.5°C scenario and expanding our discussion on the future of steelmaking coal and its role in supporting low-carbon-intensity steel production—and we continue to incorporate feedback received from external parties.

In This Report

Other Reports

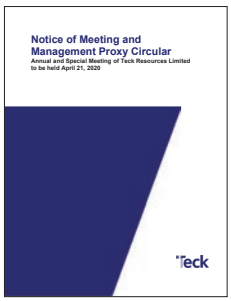
The 2021 Climate Change Outlook is part of Teck's annual reporting suite, available on our website at teck.com, which includes:

Annual Report
Management's discussion and analysis and audited consolidated financial statements



Sustainability Report
Disclosure of our management and performance against material ESG topics

Annual Information Form
Describing our business, including our reserve and resource disclosure, and disclosure on risks that may affect Teck



Management Proxy Circular
Information on business to be conducted at the annual meeting, including details on executive compensation and our corporate governance practices

Who We Are and Where We Operate

Teck is one of Canada's leading mining companies committed to responsible mining and mineral development with business units focused on copper, zinc, steelmaking coal, and energy. Teck sits among the world's lowest carbon intensity producers of copper, zinc and steelmaking coal.

Headquartered in Vancouver, British Columbia, Canada, we own or have interests in 10 operating mines, a large metallurgical complex and several major development projects in the Americas. We have expertise across a wide range of activities related to exploration, development, mining and minerals processing (including smelting and refining), health and safety, environmental protection, materials stewardship, recycling and research.

Teck's strategy is focused on prudent metals growth for the transition to a low-carbon world, where we expect to double our consolidated copper production by 2023 through our QB2 project.

Copper...

is an essential part of people's lives. Today, copper is the material of choice in our modern world as a vital component in everything from power generation and electric vehicles to computers and smartphones. Copper's superior electrical and thermal conductivity is critical in driving energy efficiency and reducing greenhouse gas (GHG) emissions associated with energy consumption. Copper also has natural antimicrobial properties, killing up to 99.9% of harmful bacteria and viruses on high-touch surfaces.

Zinc...

protects steel by improving its durability; zinc also extends the life of infrastructure, supporting decarbonization. The primary uses of zinc are for galvanizing steel to protect against corrosion, for producing brass and bronze, and in die-casting to produce a wide range of metal products. Zinc can also increase crop yields and crop quality. And, as an essential nutrient in human development and disease prevention, zinc saves lives.

Steelmaking coal...

is an essential ingredient in the production of steel. Also called metallurgical or coking coal, it is necessary for building infrastructure such as rail, bridges and schools, and for improving quality of life for people around the world. Steel, and the steelmaking coal used to make it, is also required for everything from clean energy projects using wind or solar power to transportation alternatives such as rapid transit, buses and hybrid vehicles.

Letter from the CEO

Donald R. Lindsay
President and Chief Executive Officer

At Teck, we recognize climate change is an unprecedented global challenge that requires immediate action and strong leadership. For Teck, this means evolving our operations to lessen our impact while aligning our business to support the global effort and remaining agile to adapt to an uncertain future.

As outlined in this report, Teck is taking significant steps to address climate change risks—because we know we must take meaningful action in this decade if we are to limit climate change to 1.5°C. In addition to mitigating our contributions to global carbon emissions, we know that to provide real and sustainable value we need to remain resilient and adapt our approach as our operating environment changes.

A key aspect of our resilience is a forward-facing focus on the metals and minerals required in a low-carbon economy. This includes rebalancing our portfolio towards copper, a key component of renewable energy systems essential to a low-carbon economy. It also includes steelmaking coal and zinc, which are necessary to produce the steel needed for everything from clean energy projects and efficient buildings to transportation alternatives.

We continue to manage evolving risks and opportunities through our climate change strategy, which is focused on producing the metals and minerals essential for a low-carbon future, reducing the carbon footprint of our operations and value chain, supporting broad-based and effective carbon pricing, and enhancing our resiliency to climate risks.

We disclose our approach in this report while applying standards of consistency and transparency to align with the Task Force on Climate-related Financial Disclosures (TCFD).

As part of an update to our broader sustainability strategy in 2020, we set an ambitious, long-term goal to become a carbon-neutral operator by 2050. To realize this vision, we have set an initial road map with corresponding 2025 and 2030 goals, including procuring 50% of our electricity demands in Chile from clean energy by 2025 and 100% by 2030.

These goals build on positive momentum marked by constant efforts to improve our performance. For instance, we have reduced GHG emissions by 414,000 tonnes across our operations since we first set emissions reduction goals in 2011. We have accomplished this by improving energy efficiency and lowering the carbon intensity of our products. We operate responsibly across our business units, and we are among the world's lowest carbon intensity producers for copper, steelmaking coal, zinc and lead.

In 2020, we entered into a long-term agreement to secure 100% renewable power for our Carmen de Andacollo Operations and, starting in 2022, 50% of the energy we source for QB2 will be from renewable sources. Taking advantage of these opportunities will allow us to displace fossil fuel power previously sourced for both operations, eliminating approximately 1 million tonnes of GHG emissions annually.

"A key aspect of our resilience is a forward-facing focus on the metals and minerals required in a low-carbon economy. This includes rebalancing our portfolio towards copper, a key component of renewable energy systems essential to a low-carbon economy."

We are also focused on accelerating the adoption of zero-emissions alternatives for transportation. We have engaged industry partners on zero-emissions mining fleets, purchased electric buses, conducted feasibility studies, and tested electric vehicles for charging strategies and effective vehicle operation ranges. And we continue to support the efforts by the International Council on Mining and Metals' Innovation for Cleaner, Safer Vehicles initiative, which brings together 28 of the world's leading mining companies and equipment manufacturers to develop a road map for scaling up low-GHG mining equipment.

We continue to support broad-based carbon pricing—one of the most effective ways to incentivize real reductions in GHG emissions. The majority of our business is already covered by carbon pricing, and we will continue to manage the potential implications of updated policies on our operations and projects.

We are actively managing the physical risks to our business posed by the impacts of climate change. Particularly at our Red Dog Operations in Alaska, we are seeing the impact of climate change on the arctic environment. We also see increases in extreme weather events with the potential to affect our other operations unless appropriate mitigation measures are in place.

While we take steps to address the impacts of climate change and meet the demands of the low-carbon economy, we will remain flexible so we can respond to the challenges and opportunities in the years ahead. We will continue to build on our strong foundation while adapting our business to meet the risks of climate change. We know we can achieve this through ambitious goals, a shared vision and a commitment to work toward a bright future.

Donald R. Lindsay
President and Chief Executive Officer
Vancouver, B.C., Canada
July 2021

Our Position and Policy on Climate Change and Our Commitments to Climate Action

At Teck, we believe that climate change is a key global risk that is directly influenced by human activity and that requires decisive global action. Failure to act will expose the world to climate change impacts that will be costly for global ecosystems and for society as a whole.

We believe we have a responsibility to help address this global challenge by reducing emissions at our operations and in our value chain, and by sustainably producing the metals, minerals and energy that are essential for building the technologies and infrastructure needed to transition to a low-carbon economy.

Our responsibility also includes managing our climate-related risks and advancing opportunities in our business strategies. Our Board of Directors and senior management are involved in assessing climate-related risks and opportunities to enable Teck to plan for these business and market forces, and to maintain resilience. We recognize that timely and transparent disclosures related to our response to climate change are of importance to Teck and our communities of interest.

As a company committed to climate action, we will:

- **Integrate consideration of climate-related risks and opportunities** into our strategic planning processes
- **Reduce our operational greenhouse gas emissions** in line with limiting global warming to 1.5°C
- **Set emissions reductions targets** that provide transparency as to how we will deliver reductions consistent with limiting global warming to 1.5°C
- **Include the management of climate change** risks and opportunities within executive remuneration
- **Work with our customers and transportation providers** to reduce emissions downstream of our business
- **Adapt to the potential physical impacts** of climate change and increase the resilience of our assets
- **Establish partnerships**—in particular, with Indigenous Peoples—in the regions in which we operate to help increase the resilience of their communities and local ecosystems to the potential physical impacts of climate change
- **Work with governments and other stakeholders** to accelerate the global response to climate change and provide transparent disclosure on our policy positions, along with the positions of the organizations of which we are a member
- **Provide timely and transparent disclosures** on climate-related risks and opportunities

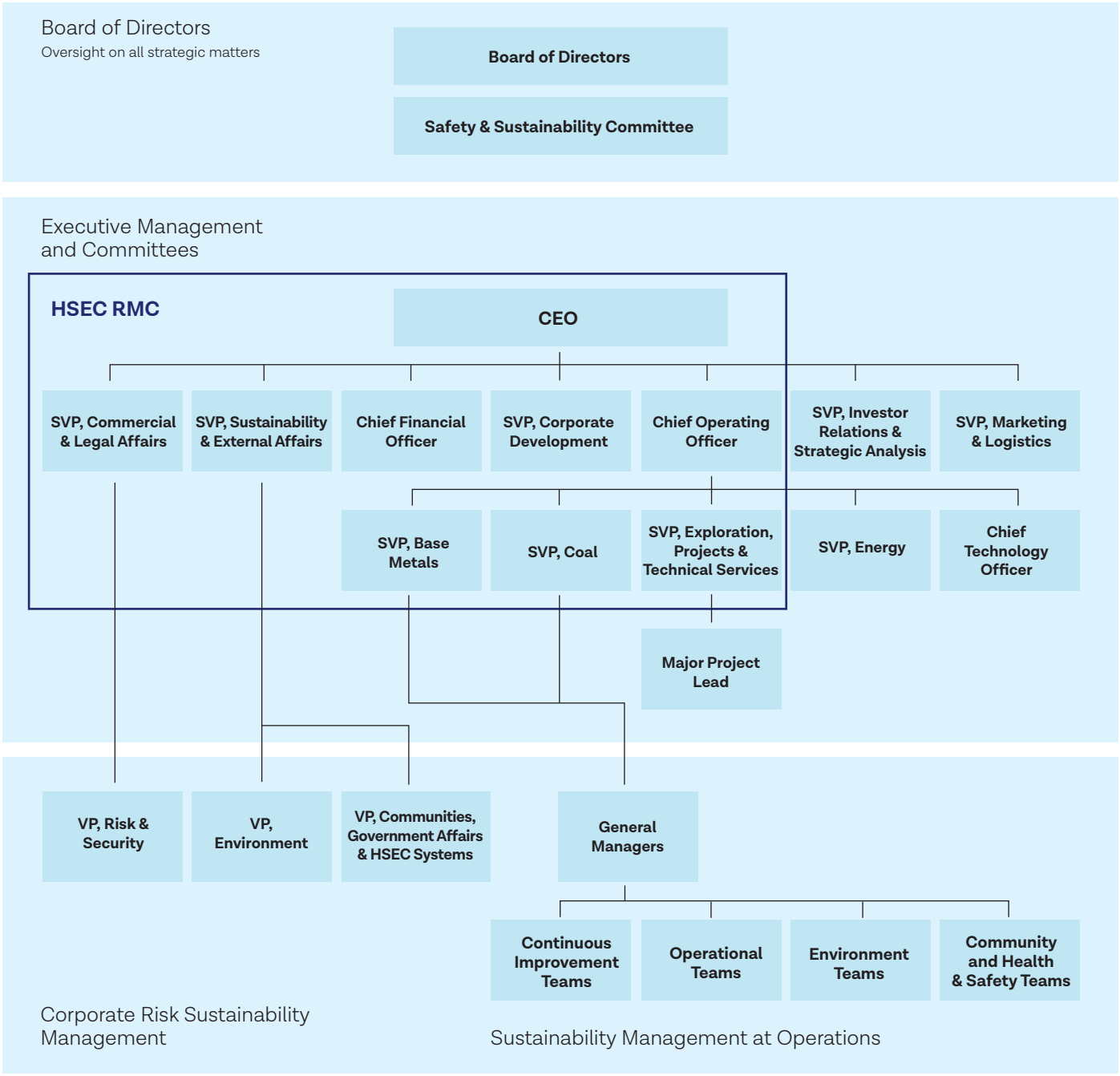
In addition to strong sustainability performance, timely and transparent disclosures are also of importance to Teck and our communities of interest. With respect to disclosures pertaining to climate change, the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board made recommendations in June 2017 for how companies can improve climate-related disclosures.[1] We support the desire for consistency and transparency reflected in the TCFD recommendations, and we signed on as a supporter of the TCFD recommendations.

[1] *Recommendations of the Task Force on Climate-related Disclosures.* Task Force on Climate-related Financial Disclosures. June 2017.

Governance: Board and Executive Leadership in Climate Change

At Teck, we understand that investors, lenders and other users of climate-related financial disclosures are interested in understanding the role that our Board plays in overseeing climate-related risks and issues, as well as management's role in assessing and managing those risks and issues. Climate-related risks and issues receive Board and management attention. We consider climate-related issues and risks in strategic planning across our business units.

Figure 1: Climate Change Governance Structure



Roles and Responsibilities of the Board of Directors

Teck's Board of Directors is responsible for the stewardship of our company and for ensuring that appropriate corporate governance structures and systems are in place. The Board provides ultimate oversight on all strategic matters, including the risks to, and opportunities for, our business that are related to climate change. Since our last report, the Board has approved updates to Teck's Climate Change Goals, our Climate Change Policy and this report. Directors participate in the Board's annual strategy meeting in assessments of Teck's possible growth paths and other strategic matters.

Board members bring experience from a range of sectors, including mining, energy, environment, sustainability, strategic planning, risk management, finance, legal and technology, which equips them to consider potential implications of climate change on Teck's business. Teck's ongoing Director education programs entail, as a matter of routine each year, presentations from outside experts and consultants, briefings from staff and management, and reports on issues relating to Teck—including climate change—to keep the Board abreast of new developments and challenges that Teck may face. Since 2019, a number of continuing education sessions for Directors have involved climate change, including sessions on thriving in a low-carbon world, global megatrends and the future of mining, climate change risk, green steel technology, emerging climate change risks and the government of Canada's Strategic Assessment of Climate Change. Directors are also encouraged to attend, at Teck's expense, industry conferences and director education seminars and courses. Climate change is a recurring topic of discussion in these forums. More detail on Teck's Board of Directors, including their skills, training and expertise, as well as these education sessions, can be found in Teck's 2021 Management Proxy Circular.

In 2002, the Board established a Safety and Sustainability Committee with climate change explicitly identified as one of the committee's key responsibilities. The committee meets and reports to the Board quarterly and has responsibility for reviewing significant climate-related policies, strategy and other information, including, where appropriate, making recommendations for approval to the Board. Committee discussions have included reducing the carbon footprint of our business, understanding the implications of a low-carbon economy for Teck's products, a review of carbon pricing impacts on our business, and understanding the risks and opportunities related to the physical impacts of climate change in the mining sector, including on our operations.

In addition, members of our Board engage with representatives from the investor community, including organizations such as Climate Action 100+ to share views about Teck's climate performance and to articulate our strategy and commitments.

Roles and Responsibilities of Management

Teck's senior management team is responsible for the management of our company, which includes managing the risks and opportunities that climate change presents to the company.

Given the multi-faceted ways in which climate impacts our business—from impacts on commodity demand to operating costs to physical impacts on our operations and on host communities—climate change is considered in varying manners across multiple aspects of our business. Risks and opportunities posed by climate change are discussed among our management team, with recent examples including sessions focused specifically on reviewing the risks and opportunities of climate change for Teck; the review, discussion and endorsement of Teck's updated climate change goals; and the implications of different climate scenarios on commodity demand.

Teck's Health, Safety, Environment and Community Risk Management Committee (HSEC RMC), chaired by the CEO, consists of corporate officers who establish priorities and direction for environmental programs, including those related to climate change, and who monitor climate-related issues and progress against targets. Climate change is a standing item in HSEC RMC agendas. Teck's climate-related policies and strategies are reviewed and approved by this committee and, as appropriate, by Teck's Board.

Compensation

Climate change performance is integrated into our executive compensation. Incentive compensation of the CEO and senior officers is performance-based and includes several sustainability performance indicators. This bonus compensation structure is based on objectives outlined through three components: corporate, business unit and personal. The business unit component for operations has three metrics: production (33.3%), cost (33.3%) and sustainability (33.3%) at each specific operation. In terms of the personal component, individual performance objectives include climate-change-related objectives for executives in key roles. Across the three components, objectives related to sustainability performance, including climate change, among other health, safety and sustainability issues, affect approximately 10%–20% of the bonus as a whole.

Although the management proxy circular does not disclose specific CEO and senior executive objectives for reasons of business confidentiality, it does disclose individual performance achievements in relation to objectives, which reflect some of the climate-change-specific objectives. Recent examples of achievements include:

- Developed a new integrated sustainability strategy, including updates to Teck's sustainability goals in the areas of climate change, water, tailings, people, communities, health and safety, biodiversity and responsible production
- Released the company's second climate disclosure report in line with recommendations from the TCFD
- Led and supported operations in the implementation of the work plan to achieve Teck's sustainability goals—of which climate change is a specific area of focus—in order to reduce risk and enhance our environmental, social and economic performance

In 2021, we reinforced the importance of tying executive remuneration to management of climate change risk by explicitly committing to do so in our Climate Change Policy. Specific goals and objectives for 2022 are currently under development.

Our Climate Change Strategy Framework

Climate change presents risks and opportunities to our business. As discussed further in this report, we identify and evaluate climate-related risks and establish management actions to minimize risks and maximize opportunities. Examples of climate-related risks and opportunities that influence our strategy include:

- As the world transitions to a lower-carbon economy, we may experience divergent demand outcomes for our products. For example, there is increasing pressure on steel producers to develop less carbon-intensive production processes that do not rely on high-quality hard coking coal. This may result in decreased demand for one or more of our principal products and could have a significant adverse effect on our operations, business and financial condition. Conversely, we may experience increased demand or pricing for products like copper and zinc, given their role in supporting a low-carbon economy.
- Our ability to obtain required permits and manage legal and regulatory requirements, as well as our share price and our ability to borrow money or obtain insurance on reasonable terms are increasingly being influenced by climate change considerations. Actions by regulators and investors have the potential to both negatively and positively impact our business.
- Governments continue to take action to address climate change. While government action may result in increased regulations for our operations or those of our customers and/or restrict the development of our projects, which may increase costs and/or limit production, governments may also continue to invest in decarbonization technologies and actions that support the cost-competitive decarbonization of our business.
- Climate change may, among other things, cause or result in sea level increases, changes in precipitation, changes in fresh water levels, increases in extreme weather events, melting permafrost in the Arctic, and resource shortages. Our Red Dog mine is located in the Arctic and could be materially impacted by melting permafrost. In 2020, the mine was impacted by mine sequencing changes required to manage high water levels at the site resulting from the impact of melting permafrost on the receiving environment, which limited the discharge of mine-affected water.

The impacts of climate change on our business will depend on the speed with which climate change occurs, the speed and nature of regulatory responses to climate change, and the response of customers, end users of our products, and lenders and other investors to regulatory pressures and to climate change generally. For more examples of how climate change can impact our business, see Risk Management on page 46.

To manage climate-related risks and opportunities, we use a four-pillar framework to guide our strategy.

Positioning Teck for a Low-Carbon Economy

WE PRODUCE metals and minerals that are required for the transition to a low-carbon economy. Our diversified mix of products and our focus on efficient, low-cost and low-carbon operations will ensure Teck remains competitive throughout the shift to a low-carbon economy.

Reducing the Carbon Footprint of Our Operations and Our Value Chain

WE HAVE SET a long-term target to be carbon neutral by 2050, with a 2030 target of reducing the carbon intensity of our operations by 33% from a 2020 baseline.[2] We are also committed to work with our customers and transportation providers to reduce emissions downstream from our business.

Support for Appropriate Carbon Pricing Policies

WE SUPPORT broad-based, effective carbon pricing, which we believe is the best method of encouraging coordinated global action on climate change. We work with our associations to engage governments on policy solutions that align with limiting climate change to 1.5°C.

Adapting to the Physical Impacts

WE ARE ADAPTING to the physical impacts of climate change and increasing the resilience of our operations by incorporating climate scenarios into project design and mine closure planning.

[2] This goal will be evaluated on an enterprise-wide aggregate basis; not every operation will individually achieve this target. Some operations will exceed this target, while others will deliver lesser reductions. This approach enables Teck to achieve the target in a cost-effective manner.

Positioning Teck for a Low-Carbon Economy

This section presents our third and most recent scenario analysis. While not forecasts, the scenarios in this report illustrate three conceivable futures looking forward to 2040.

Scenario Analysis

Scenario analysis can aid organizations in identifying the potential range of future risks and opportunities to inform corporate strategy and risk management, and the use of publicly available scenarios can assist investors in comparing the climate change plans of different issuers. Here, we briefly describe the three scenarios used in our analysis and their potential impacts on the demand for our products. We then provide further commodity-specific discussions—including our strategy for each commodity—which are informed by our scenario analysis.

Following the 2017 release of the recommendations of the TCFD, we released two TCFD-aligned reports: Climate Action and Portfolio Resilience (2018), and Portfolio Resilience in the Face of Climate Change (2019).

We continue to use International Energy Agency (IEA) data to frame the scenarios we analyze. Use of the IEA's widely available data sets helps enable the comparability of climate-related risk assessments across organizations. The IEA *World Energy Outlook* data benefits from being publicly available, peer-reviewed and generally used and referenced, and it provides data at global, regional and national levels.

In the IEA's most recent *World Energy Outlook,*[3] there was a shift in the scenarios presented, which has impacted the scenarios we present in this report. While the Stated Policies scenario and Sustainable Development scenario remain, the Current Policies scenario (previously used in Teck's 3.5°C scenario) is no longer maintained by the IEA. At the same time, a new scenario was introduced, called the Net-Zero 2050 scenario, which aligns more closely with a 1.5°C scenario.

For the scenarios presented in this report, we begin our analyses with the three IEA scenarios—Stated Policies, Sustainable Development and Net-Zero 2050—and supplement them with more in-depth analyses from third parties, as they provide additional information that is pertinent to our business.

We have chosen to only report our scenario analysis out to 2040, driven by the reliability of data and analysis from third parties out to this period. The reliability of any scenario analysis or forecast decreases as the forecast period increases; looking beyond 2040, there is a much smaller and less robust set of analyses available. That said, we do monitor and analyze forecasts and scenarios out to 2050 and beyond for business planning purposes.

Please see our cautionary statement on page 12 regarding scenario analysis.

According to the Task Force on Climate-related Financial Disclosures (TCFD):

"A scenario describes a path of development leading to a particular outcome. Scenarios are not intended to represent a full description of the future, but rather to highlight central elements of a possible future and to draw attention to the key factors that will drive future developments. It is important to remember that scenarios are hypothetical constructs; they are not forecasts or predictions, nor are they sensitivity analyses."

[3] The *World Energy Outlook 2020* factors in views on the impacts of COVID-19 and subsequent long-term recovery.

Pictured on page 10: SunMine solar energy facility, located on fully reclaimed land at Teck's former Sullivan Mine site, Canada.

Our Scenarios

Transition

This scenario is most consistent with the IEA's Stated Policies Scenario (STEPS) and describes a world in transition as the global community strives, but falls short, in meeting the goals of the Paris Agreement.

Transformation

This scenario is most consistent with the IEA's Sustainable Development Scenario (SDS) and describes a world transformed and on track to limit global warming to 1.7°C by the end of the century.

1.5°C

This scenario is most consistent with the IEA's Net Zero Emissions by 2050 case (NZE2050), and describes a world that takes accelerated action out to 2030 in order to limit global warming to 1.5°C by the end of the century.

Cautionary statement regarding scenario analysis

There are significant challenges in predicting how the path to a low-carbon future may unfold. The use of scenarios can help highlight the breadth of risks and opportunities that climate change will pose. However, our risk and opportunity assessment work is ongoing, and the details and assessments are subject to change over time.

Please refer to the cautionary statement on forward-looking statements found at the conclusion of this report. As with all scenarios, the projections of each scenario should be treated with caution. We expect that actual outcomes will differ substantially from those implied by the scenarios.

There are also limitations on the usefulness of the IEA data. In some cases, our internal proprietary analyses suggest that the demand for our commodities may differ from that discussed in the IEA scenarios. Our use of the IEA scenarios for purposes of this report should not be taken as an indication that our internal forecasts for business planning purposes are consistent with the price or demand outlook for various commodities reflected in the IEA scenarios.

Scenario Analysis

Transition

This scenario is most consistent with the IEA's Stated Policies Scenario (STEPS) and describes a world in transition as the global community strives, but falls short, in meeting the goals of the Paris Agreement.

In this scenario, rising global population, increased urbanization in developing nations and improved living standards drive up energy demand by 19% between 2019 and 2040.

The global energy profile continues to evolve. Electricity is 24% of final energy consumption by 2040, from just under 20% today. Renewables meet 90% of the strong growth in global electricity demand over the next two decades, led by continued high levels of solar photovoltaic (PV) deployment. Oil consumption reaches a plateau in this scenario by the 2030s, but demonstrates no pronounced peak in demand.

Of the three scenarios evaluated, Transition results in the most significant physical impacts from climate change relative to today's climate.

Average global temperature increases above pre-industrial levels by the end of the century

2.7°C

The global population rises from 7.7 billion in 2019 to over 9 billion in 2040

GDP

Global GDP grows between 2% and 3% per year out to 2040

CO_2 Price[1]

$40

USD/tCO_2 by 2030

up to

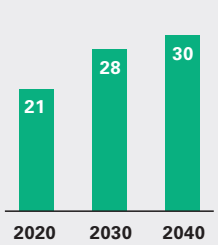
$50

USD/tCO_2 by 2040 in advanced economies

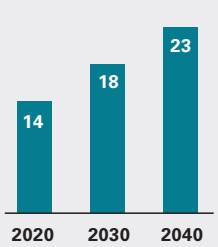
(1) Source: IEA, Internal Analysis

Commodity Demand

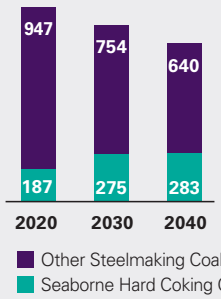
Mined Copper Demand mtpa



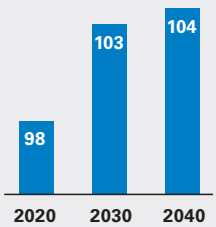
Mined Zinc Demand mtpa



Steelmaking Coal Demand mtpa



Oil Demand mb/d



Scenario Analysis

Transformation

This scenario is most consistent with the IEA's Sustainable Development Scenario (SDS) and describes a world transformed and on track to limit global warming to 1.7°C by the end of the century.

In this scenario, despite rising global population, increased urbanization in developing nations and improved living standards, energy demand decreases by 10% between 2019 and 2040. A number of advanced economies reach net-zero emissions by 2050, and the world is on track for net-zero emissions by 2070.

While the Transition scenario sees growth in renewables, electric vehicles and improved resource efficiency, the 1.7°C scenario is a story of the accelerated adoption of these trends: electricity is 31% of final energy consumption by 2040, renewables meet an increasing portion of global electricity demand, and electric cars account for 40% of total passenger car sales in 2030 (compared with 2.5% in 2019). This allows carbon emissions to peak in 2020 before declining by 50% by 2040.

Climate-related parameters increase in severity relative to today's climate, though at a much slower pace and severity than in the other scenarios.

Average global temperature increases above pre-industrial levels by the end of the century

1.7°C

The global population rises from 7.7 billion in 2019 to over 9 billion in 2040

GDP

Global GDP grows between 2% and 3% per year out to 2040

CO_2 Price[1]

$80

USD/tCO_2 by 2030

up to

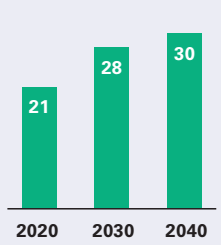
$140

USD/tCO_2 by 2040 in advanced economies

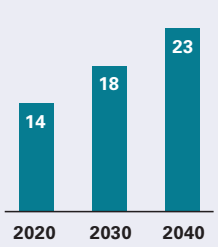
(1) Source: IEA, Internal Analysis

Commodity Demand

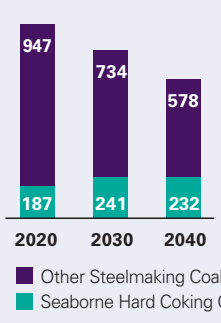
Mined Copper Demand mtpa



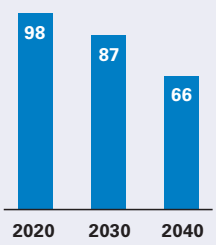
Mined Zinc Demand mtpa



Steelmaking Coal Demand mtpa



Oil Demand mb/d



(1) Comprised of landborne hard coking coal and global semi-soft coking coal.
Sources: IEA, Vivideconomics, Wood Mackenzie, Internal Analysis

Scenario Analysis

1.5°C

This scenario is most consistent with the IEA's Net Zero Emissions by 2050 case (NZE2050), and describes a world that take accelerated action out to 2030 in order to limit global warming to 1.5°C by the end of the century.

Primary energy demand falls by 17% between 2019 and 2030, to a level similar to 2006, even though the global economy is twice as large. Electrification, efficiency gains and behaviour changes are central to achieving this. The share of renewables in global electricity supply rises from 27% in 2019 to 60% in 2030. By 2030, more than half of passenger cars are electric. To meet this demand, global battery manufacturing capacity will need to double every two years. Carbon capture, utilization and storage plays an increasingly critical role in delivering emissions reductions.

This allows carbon emissions to peak in 2020 before declining by 70% by 2040.

Climate-related parameters increase in severity relative to today's climate, though at a much slower pace and severity than in the other scenarios.

Average global temperature increases above pre-industrial levels by the end of the century

1.5°C

The global population rises from 7.7 billion in 2019 to over 9 billion in 2040

GDP

Global GDP grows between 2% and 3% per year out to 2040

CO_2 Price[1]

$130

USD/tCO_2 by 2030

up to

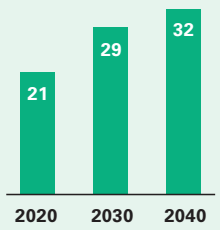
$205

USD/tCO_2 by 2040 in advanced economies

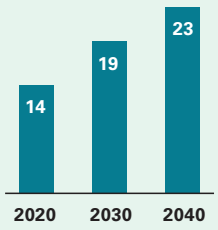
(1) Source: IEA, Internal Analysis

Commodity Demand

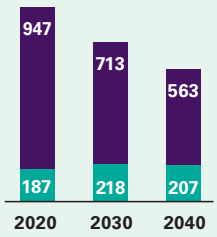
Mined Copper Demand mtpa



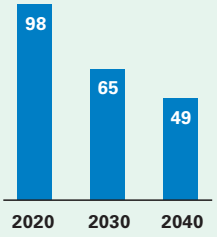
Mined Zinc Demand mtpa



Steelmaking Coal Demand mtpa



Oil Demand mb/d



(1) Comprised of landborne hard coking coal and global semi-soft coking coal.
Sources: IEA, Vivideconomics, Wood Mackenzie, Internal Analysis

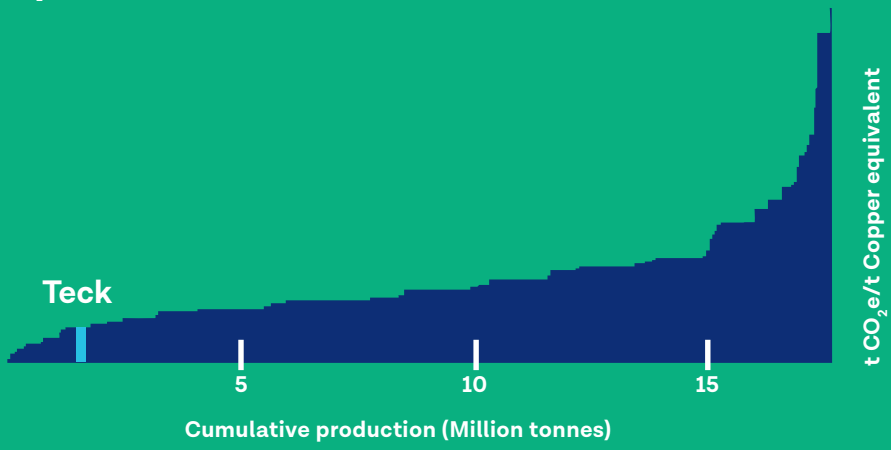
We are poised to double copper production by 2023

Copper

We are a significant copper producer in the Americas, with four operating mines in Canada, Chile and Peru, and copper development projects in North and South America. In 2020, we produced 276,000 tonnes of copper; our copper operations accounted for 27% of our revenue and 44% of our gross profit before depreciation and amortization.

The carbon performance (i.e., Scope 1+2 emissions per tonne of copper equivalent) of Teck's copper assets ranks in the top 10% globally. Our carbon intensity is expected to decrease as we achieve our commitment to source 100% renewable electrical power in Chile.

CO_2 Copper Intensity Curve - Teck Compared to Other Producers (2020)



Source: Skarn Associates Limited

Copper is an integral part of our modern economies. It has various features that make it attractive: it is an excellent thermal and electrical conductor, it is durable and malleable, it is antibacterial and corrosion-resistant, and it is 100% recyclable.

The primary end uses of copper today are:

- Electrical, including power generation and transmission
- Electronics and communications, including internet service
- Construction
- Industrial machinery and equipment
- Consumer and general products
- Transportation, including electric vehicle

Today, these uses result in an annual demand of approximately 30 million tonnes of copper, with 35% of this demand met via the recycling and reuse of copper, and 65% from newly mined copper. It is estimated that two-thirds of the 550 million tonnes of copper mined since 1900 is still in productive use.[4] With respect to a low-carbon economy, copper's superior electrical and thermal conductivity is critical in driving energy efficiency and in reducing GHG emissions associated with energy consumption. Nearly 70% of worldwide copper produced is used for electrical/conductivity applications and communications.

Our copper business includes:

Highland Valley Copper Mine, Canada

- Highland Valley's primary product is copper concentrate; it also produces molybdenum in concentrate
- We hold a 100% interest in the Highland Valley Copper mine
- The mine is an open pit, truck-and-shovel operation
- The processing plant has the capacity to process approximately 145,000 tonnes of ore per day, depending on ore hardness

Antamina Mine, Peru

- Antamina's primary products are copper and zinc concentrates; it also produces molybdenum in concentrate
- We have a 22.5% share interest in Antamina
- The mine is an open pit, truck-and-shovel operation
- The processing plant has the capacity to process approximately 145,000 tonnes per day, depending on ore hardness

[4] International Copper Alliance. https://copperalliance.org/benefits-of-copper/recycling-circular-economy/.

Carmen de Andacollo Mine, Chile

- Carmen de Andacollo's primary products are copper concentrate and copper cathode; it also produces gold
- We have a 90% interest in the Carmen de Andacollo mine; Empresa Nacional de Minería (ENAMI) holds the remaining 10%
- The Carmen de Andacollo mine is an open pit, truck-and-shovel operation
- The processing plant has the capacity to process approximately 55,000 tonnes of ore per day

Quebrada Blanca Operations and Quebrada Blanca Phase 2, Chile

- Quebrada Blanca's current primary product is copper cathode
- Teck holds an indirect 60% interest in Compañía Minera Teck Quebrada Blanca SA (QBSA), which owns Quebrada Blanca Operations and Quebrada Blanca Phase 2 (QB2). Sumitomo Metal Mining Co., Ltd. and Sumitomo Corporation together have a collective 30% indirect interest in QBSA. ENAMI, a Chilean state agency, has a 10% non-funding interest in QBSA.
- Quebrada Blanca mining operations ceased in the fourth quarter of 2018, and mining equipment and personnel have been redeployed to the QB2 project; the operation is now focused on secondary copper extraction from previous leach piles
- The QB2 project is one of the world's largest undeveloped copper resources. QB2 is expected to have low operating costs, an initial mine life of 28 years and significant potential for further growth. Teck approved the QB2 project for full construction in December 2018.
- The QB2 project scope includes the construction of a 143,000-tonne-per-day concentrator and related facilities connected to a new port facility and desalination plant by 165-kilometre-long concentrate and desalinated water pipelines; annual production is expected to be 316,000 tonnes of copper equivalent per year for the first five years of mine life
- First production is expected in the second half of 2022

Copper Development Projects

- Teck and our partners continue to advance the development of five base metals projects—Zafranal in Peru, San Nicolás in Mexico, Galore Creek and Schaft Creek in British Columbia, Canada, and Mesaba in Minnesota, U.S.—collectively referred to as the Project Satellite assets, as well as the NuevaUnión project in Chile

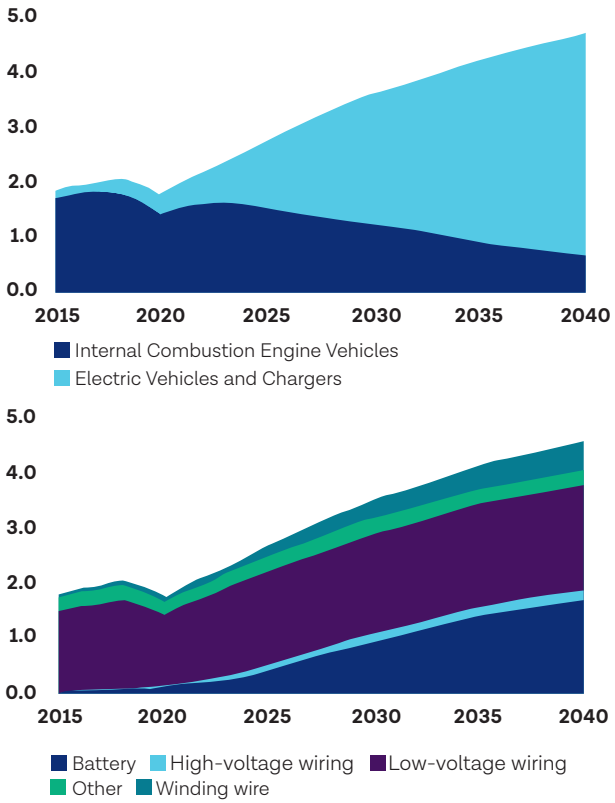
What does a low-carbon economy mean for copper demand?

In all three scenarios, the story is clear for copper: copper demand is set to grow.

Since our last report in 2019, research regarding the role of copper in a low-carbon economy has advanced significantly, with signs continuing to point to increased growth in copper demand as the world transitions towards low-emissions technologies, which is reflected in all three scenarios. Copper demand growth directly tied to decarbonization is driven primarily by trends in low-emissions vehicles, energy storage, improved energy efficiency and renewable energy generation.

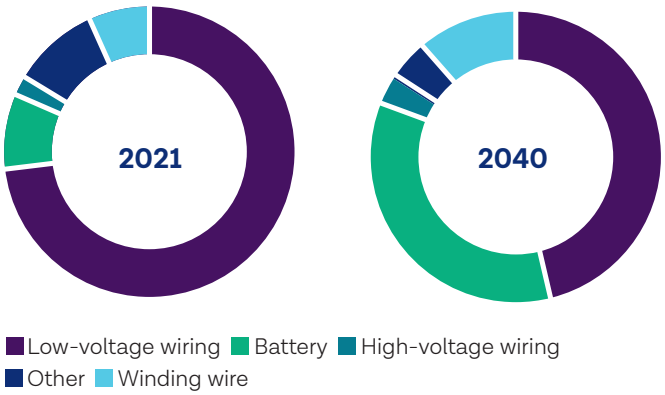
Compared to traditional combustion vehicles, electric vehicles require three to four times more copper. During the COVID-19 pandemic, the production and sales of traditional combustion vehicles have fallen, while sales of battery electric and hybrid electric vehicles have accelerated. A projection by CRU—an independent, expert provider of business intelligence for the global metals and mining industries—suggests that, by the second half of this decade, there will be an inflection point where battery electric vehicle sales gain widespread adoption and increasingly displace the market share of traditional combustion engine vehicles. Additional copper demand is also associated with the infrastructure required for electric vehicle charging. CRU projects that, by 2040, 12.4% of all refined copper will be used in the production of electric vehicles and chargers.

Figure 2: Global copper consumption in light-duty vehicles and electric vehicle chargers, Mt



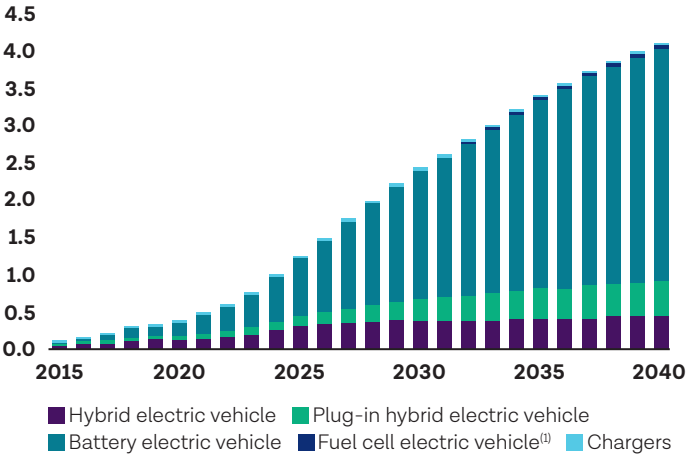
Source: CRU

Figure 3: Copper use in light-duty vehicle sector, %



Source: CRU

Figure 4: Global electric vehicle copper consumption by power train, Mt



Source: CRU
(1) Fuel cell electric vehicles include all fuel cell light-duty vehicles

With respect to energy generation, renewable energy technologies such as solar and wind power generation are more copper-intensive than traditional thermal power. A report published by the World Bank[5] examined the impact of a carbon-constrained future on metal demand and found that "cross-cutting minerals, such as copper…are used across a wide variety of clean energy generation and storage technologies and have stable demand conditions. This is because these minerals do not depend on the deployment of any one specific technology within the clean energy transition."

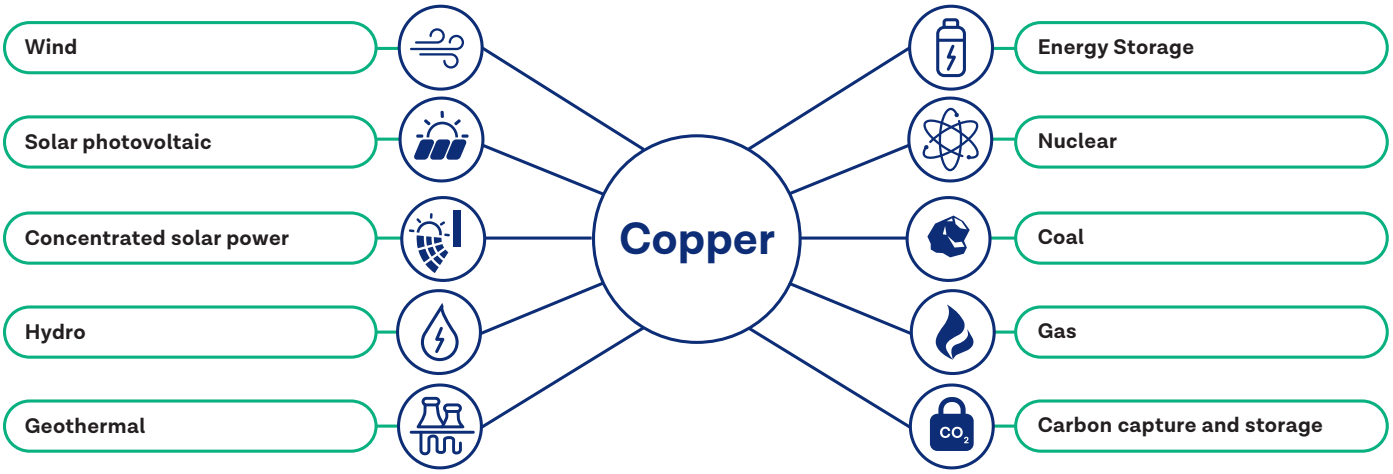
The more aggressive the world is in adopting renewables (i.e., the closer we are to meeting the 1.5°C scenario), the greater the demand for copper, and the sooner this increase in demand will occur. This accelerated increase in copper demand could create conditions under which copper prices are significantly in excess of the top of the cost curve and incentivize investment in new capacity. Given the lead time for this new capacity to come online, such a pricing environment could be prolonged. If this occurs, it will lead to outsized financial returns for incumbent copper producers such as Teck.

[5] *Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition.* The World Bank. 2020.

In addition, depending on the pace with which large-scale renewable energy sources can be developed, more aggressive global action to curb carbon emissions, through carbon pricing or otherwise, may give copper a cost advantage over more carbon-intensive potential substitutes such as aluminium.

If the world does not progress along trajectories more closely reflecting those in the 1.5°C scenario, we anticipate that the impacts of climate change will be greater and this may result in greater risks to our copper assets. One area this risk may present is in our ability to access sufficient volumes of water to meet our needs. One means of mitigating this risk is through our use of desalinated water for our QB2 project.

Figure 5: Energy generation technologies that require copper



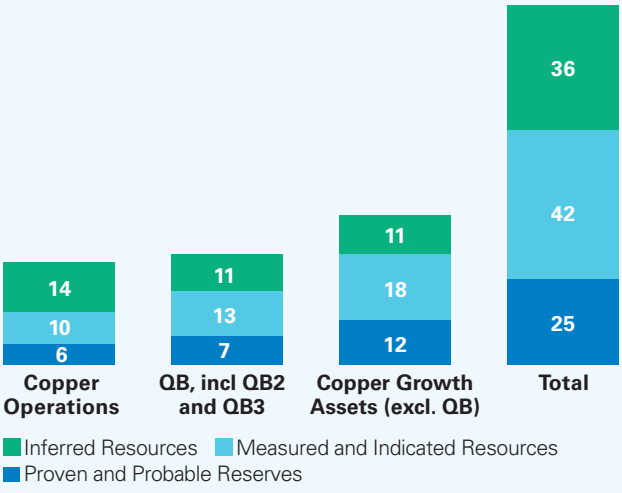
Source: World Bank

Teck's Copper Strategy: Growth

Today, Teck's strategy is focused on growing our metals business, with copper presenting a significant opportunity, given the projected growth in copper demand and our substantial copper assets. As a significant copper producer in the Americas with a strong pipeline of copper projects, we believe we are well positioned to benefit from this potential additional demand. We have significant copper reserves and resources.

In the near term, our most notable growth opportunity is QB2, which will double our consolidated copper production by 2023, and is expected to initially be a top 20 global copper producer. The QB2 project is one of the world's largest (~100 year) undeveloped copper resources with low operating costs and significant potential for further growth. (QB2 only uses ~18% of the 2020 reserve and resource tonnage.)

Teck's Copper Reserves and Resources[1], Mt



(1) Contained metal. Based on Teck's 2020 Annual Information Form (AIF). Contained equivalent copper metal at 100% basis for all projects. See Teck's 2020 AIF for further information, including the grade and quantity, regarding the reserves and resources for these projects and the grade of the other metals used to determine the copper equivalent. Copper equivalent numbers calculated with price assumptions: US$3.50/lb. Cu; US$1.15/lb. Zn; US$6.90/lb. Ni; US$21/lb. Co; US$10/lb. Mo; US$1,400/oz. Au; US$18/oz. Ag; US$1,300/oz. Pd; US$1,200/oz. Pt.

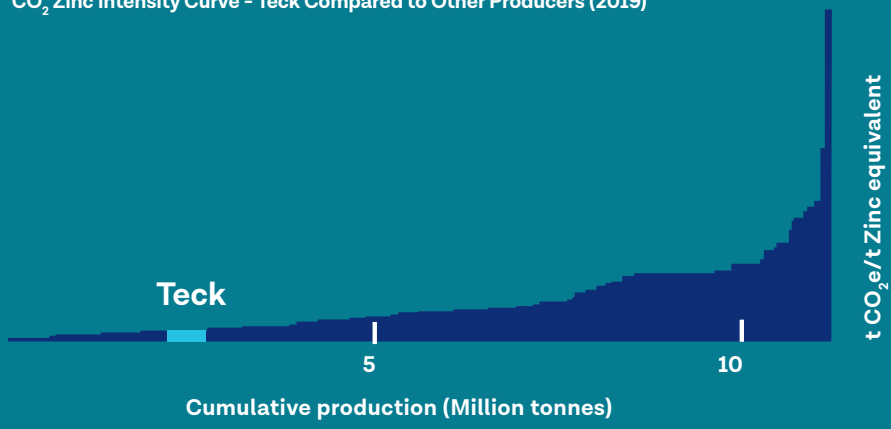
We are the world's largest net zinc miner

Zinc

We are one of the world's largest producers of mined zinc, primarily from our Red Dog Operations in Alaska, and from the Antamina copper mine in northern Peru, which has significant zinc co-product production. Our metallurgical complex in Trail, B.C. is one of the world's largest integrated zinc and lead smelting and refining operations.

In 2020, we produced 587,000 tonnes of zinc in concentrate, while our Trail Operations produced 305,100 tonnes of refined zinc. Our zinc business unit accounted for 30% of revenue and 29% of gross profit before depreciation and amortization. The carbon performance (i.e., Scope 1 + 2 emissions per tonne of zinc equivalent) of Teck's zinc mining assets ranks in the top quartile.

CO_2 Zinc Intensity Curve - Teck Compared to Other Producers (2019)



Source: Skarn Associates Limited

Zinc is essential to our modern world. Its primary end uses are for galvanized steel. Alloys such as brass and zinc die-castings are used in automobiles, electrical components and household fixtures, while zinc oxide is often used for rubber manufacturing and skin protection.

The total annual use of zinc is approximately 16 million tonnes. Worldwide, 70% of the zinc used is from mined ores, while 30% comes from end-of-life, recycled or secondary zinc. The level of recycling is increasing each year.

Our zinc business includes:[6]

Red Dog Mine, United States

- Red Dog is one of the largest high-grade, low-cost zinc mines globally
- Red Dog's primary products are zinc and lead concentrates
- The Red Dog mine is operated by Teck Alaska Incorporated on lands owned by, and leased from, the NANA Regional Corporation
- The mining method employed is conventional open pit drill-and-blast and truck-and-shovel technology; the mineral processing facilities employ conventional grinding and sulphide flotation methods

Trail Operations, Canada

- The metallurgical complex's major products are refined zinc, lead and silver; it also produces a variety of precious and specialty metals, chemicals and fertilizer products
- Teck owns and operates the integrated smelting and refining complex at Trail, British Columbia
- The zinc refinery consists of six major metallurgical plants; depending on the mix of feeds, the facility has an annual capacity of approximately 300,000 to 315,000 tonnes of refined zinc

[6] Though presented in the Copper section, we produce zinc concentrate as a co-product from the Antamina mine in Peru in which we have a 22.5% interest.

What does a low-carbon economy mean for zinc demand?

Similar to the conclusions with copper, zinc demand tied to low-carbon applications is set to grow across all scenarios: the more aggressive the world is in adopting renewables (i.e., the closer we are to meeting the 1.5°C scenario), the greater the demand for zinc.

Zinc has multiple applications in the renewable energy and transportation sectors. One of the major uses of zinc in this context is the use of zinc to galvanize steel that is, in turn, used in low-carbon applications. For example, zinc coatings significantly extend the service life of wind turbines. They also greatly reduce costly maintenance and downtime caused by corrosion, especially in near-shore and offshore environments. Galvanizing also protects the steel transmission towers that are essential in the world's electricity grids, which are expanding to meet the move towards electrification. With the growth in renewable energy and alternative fuels, the longevity and reliability of these technologies are critical factors in their economic viability.

In addition to galvanizing steel, zinc may be an important component in low-carbon technologies on its own, such as in energy storage technologies like batteries. As the world increasingly adopts renewable energy technologies that are intermittent in their generation, energy storage technologies will be important in ensuring stable energy supply. Zinc-based energy storage systems have the potential for tremendous advantages, including high specific energy, recyclability, safety and low-cost attributes. As a result, zinc is used in the manufacturing of a variety of battery chemistries: primary and rechargeable, consumer and industrial. The most familiar of these chemistries are alkaline batteries. Zinc's very high energy potential has also made it a leading candidate in a range of fuel cell and battery designs under development for grid and microgrid storage.

With respect to low-emissions vehicles, zinc will continue to play a key role in electric vehicle adoption. The use of zinc-coated advanced high-strength steels (AHSS) has proven to be a lightweight, crash-resistant, low-cost solution for autobody frames and exterior automotive panels. With less restrictive and lower-cost formability in a material that competes well with aluminum in saving weight, AHSS will aid in restricting the potential for cost escalation of electric vehicles while at the same time providing increased safety.

While a transition to a low-carbon economy is positive for zinc demand, it will also serve to reduce the potential physical impacts on our zinc assets. This is of importance specifically to our Red Dog Operations, which are located in the north, where impacts of climate change are more pronounced. As discussed previously, our Red Dog Operations have already experienced impacts from climate change and have undertaken actions to manage these impacts.

Teck's Zinc Strategy: Maximize Performance of the Zinc Business Unit

Our zinc business unit develops low-cost and low-carbon zinc and other metals, providing cash flows to support our business.

Teck is the largest global net zinc miner, which provides us with significant exposure to a rising zinc price. Red Dog Operations is a long-life asset in the bottom quartile of zinc cost curves, with significant mine life extension potential. We also benefit by the integrated nature of our zinc business, with low-carbon concentrate produced at Red Dog being smelted and refined at our Trail Operations, a world-class facility when it comes to GHG performance.

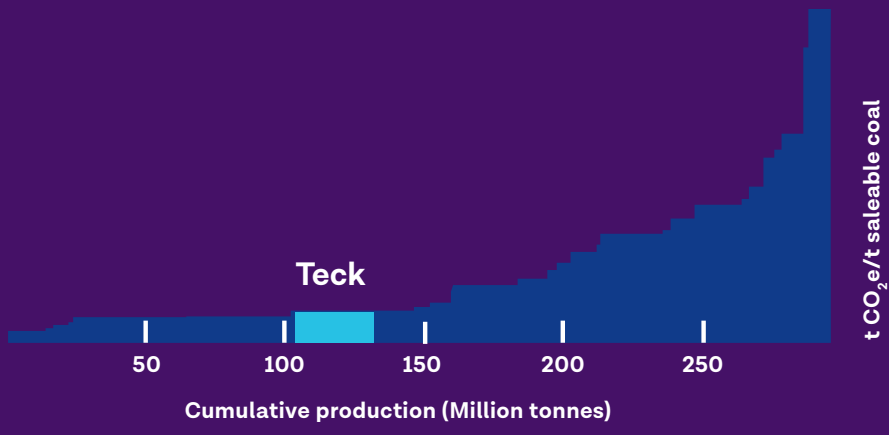
Our strategy is to increase the margins, not volumes, of steelmaking coal

Steelmaking Coal

Teck is the world's second-largest seaborne exporter of steelmaking coal, an essential ingredient in the production of steel, which is necessary for building infrastructure and improving the quality of life for people around the world. Our long-term annual average production capacity is 26 to 27 million tonnes.

In 2020, our steelmaking coal operations in Western Canada produced 21.1 million tonnes of coal, with sales of 21.9 million tonnes, and accounted for 38% of revenue and 35% of gross profit before depreciation and amortization. Our steelmaking coal operations are low-GHG-intensity producers, assisted by access to low-carbon sources of electricity in in B.C., and rank in the second quartile globally. All of our steelmaking coal mines are covered by carbon pricing at $45 per tonne of CO_2e, with carbon pricing projected to increase.

CO_2 Coal Intensity Curve - Teck Compared to Other Producers (2019)



Source: Skarn Associates Limited

Teck is a producer of steelmaking coal, an essential input into the steelmaking process, as opposed to thermal coal, which is used primarily in power generation. Steelmaking coal, sometimes called metallurgical coal, is a vital ingredient in the production of steel.[7]

About Steelmaking Coal

Global steelmaking coal production[1] ~1,130 million tonnes

Export steelmaking coal[1] ~320 million tonnes

Seaborne steelmaking coal[1] ~285 million tonnes

Each tonne of steel produced needs ~0.7 tonnes of steelmaking coal[2]

The average wind turbine requires up to 100 tonnes of steelmaking coal[3]

Our market is seaborne hard coking coal[1] ~190 million tonnes

[1] Source: Wood Mackenzie (Long Term Outlook H2 2020)
[2] Source: World Coal Association. Assumes all of the steel required is produced by blast furnace-basic oxygen furnace route
[3] Source: The Coal Alliance. Assumes all of the steel required is produced by blast furnace-basic oxygen furnace route.

Our steelmaking coal business includes:

Elk Valley Mines, Canada

- Teck is a major producer of steelmaking coal
- Our steelmaking coal business consists of four open pit, truck-and-shovel mines in British Columbia
- Our long-term annual average production capacity is 26 to 27 million tonnes

[7] The use of our steelmaking coal—coking coal—is primarily to create pig iron, which is subsequently used as an input to the production of steel.

What does a low-carbon economy mean for the demand for steel and steelmaking coal?

The future demand for steelmaking coal is predicated on the future of steel demand and the ways in which steel will be produced.

Steel, one of the most widely used materials, with annual crude steel production of approximately 2 billion tonnes, is suitable for the circular economy as it is easily recyclable and hard to substitute in most applications. As a key component of infrastructure development and construction, steel is essential for lifting living standards in developing economies, with 2–3 billion people projected to join the global middle class by 2050.

Steel demand will be driven by increasing economic growth and urbanization as a key component of infrastructure development and construction, particularly in high-growth regions such as India and Southeast Asia. From building wind turbines and energy-efficient buildings to deploying electric vehicles, hybrid buses and rapid transit lines, steel is also essential to build out the infrastructure required to transition to a low-carbon economy.

Steelmaking coal is an essential input to most steelmaking processes. A subtype of steelmaking coal called coking coal is a higher-grade coal that is used to produce an intermediary product—coke—which is then used in the chemical, thermal and mechanical processes that transform iron ore into hot metal (or pig iron). About 700 kilograms of steelmaking coal are required to produce 1 tonne of hot metal. Once produced, hot metal can be processed into steel using either the blast furnace-basic oxygen furnace (BF-BOF) or the electric arc furnace (EAF) process. Today, according to the World Steel Association, about 72% of steel is produced using the BF-BOF process, and 28% is produced using the EAF process.[8]

The supply of steelmaking coal can be sourced from the landborne or seaborne market, or both. Teck supplies its customers via the seaborne steelmaking coal market, which supports customers who have facilities near coasts, where access to seaborne steelmaking coal and other raw materials is more cost-effective than sourcing material from landborne sources.

Decarbonizing Steelmaking

Globally, the steel sector has a 7%–9% share of global GHG emissions, and therefore has a major role to play in global decarbonization. As the steel sector works to decarbonize, in addition to improved efficiency gains in existing steelmaking processes over time, four primary pathways will contribute to reduce GHG emissions in steelmaking by 2050:

- Increased recycling of scrap steel via the electric arc furnace (EAF) steelmaking process
- The application of carbon capture, usage and storage (CCUS) for natural-gas-based direct reduced iron
- The use of carbon-free steel production processes using hydrogen-based direct reduction processes
- The application of CCUS for blast furnaces (BF + CCUS)

We believe that blast furnace + CCUS is the only abatement technology capable of decarbonizing the steelmaking industry at the rate and scale required by 2050 to limit global temperature increases to 1.5°C.

All four of these pathways will be essential in delivering carbon reductions in the steel production process; the degree to which they will each contribute along this journey will differ over time and geography. Across all three climate scenarios, we see decreases in demand for steelmaking coal over the longer term, with higher carbon prices in the transformation and 1.5°C scenarios driving larger decreases, compared to the transition scenario. However, our analysis suggests that demand for seaborne steelmaking coal will remain robust through 2050 across these scenarios, in large part due to steel demand growth in regions that rely on low-cost, high-quality seaborne steelmaking coal—and specifically hard coking coal—imports. Our view is based on the following points.

First, as noted above, we anticipate significant steel demand growth out to 2050.

Second, we anticipate that scrap consumption will increase out to 2050. Scrap recycling currently accounts for ~30% of global crude steel production; as the cornerstone for the circular economy, scrap is the lowest-cost decarbonization lever in the

[8] World Steel Association. https://www.worldsteel.org/about-steel/steel-facts.html.

steel industry. Scrap availability varies by region, and while it is expected to grow up to 50% globally by 2050, its use will be limited to regions with abundant scrap availability and/or low natural gas costs. Scrap use is therefore expected to be limited in new growth regions with limited existing steel-based infrastructure, such as India and Southeast Asia, limiting the use of EAF in these regions in favour of blast furnace steelmaking. To ensure that scrap use supports decarbonization of steel production, the significant increase in electricity demand associated with use of EAF steel production must be met with low-carbon sources of power.

Third, while hydrogen-based steelmaking processes are expected to grow over time, the scale of the supporting renewable infrastructure required and the technological hurdles associated with producing low-cost hydrogen make near-term adoption highly unlikely. It is estimated that the cost of hydrogen would need to decline by more than 65% to US$1–$2 per kilogram in conjunction with a supportive carbon pricing environment to economically incentivize large-scale adoption of hydrogen direct reduced iron technology. This is not expected to occur before 2040. As the cost of hydrogen decreases and the world increasingly adopts low-carbon solutions, demand for hydrogen in other low-carbon applications will likely increase—such as for energy storage to support intermittent generation sources like solar—and may be prioritized over the use of hydrogen for steelmaking. Lastly, while the cost of hydrogen presents a barrier, an equally important limitation is the inadequate availability of high-grade iron ore pellets required to produce steel via hydrogen-based steelmaking processes.

Fourth, we anticipate that CCUS technologies will be applied at many existing blast furnaces. The application of CCUS to existing blast furnaces is the most cost-competitive decarbonization technology, as it leverages the more than US$1 trillion in installed blast furnace assets that would otherwise be stranded. Unlike hydrogen technology, it does not rely on large-scale renewable infrastructure for low-cost hydrogen power. Instead, at an average carbon abatement cost of US$50–$100 per tonne of CO_2, CCUS is well positioned for large-scale adoption. CCUS is already a proven technology in other hard-to-abate industries and has the potential to reduce up to 80% of emissions at existing integrated steelmaking facilities. That said, CCUS success will also be tied to carbon pricing and to further development of large-scale CO_2 transportation to deliver captured CO_2 to sequestration sites.

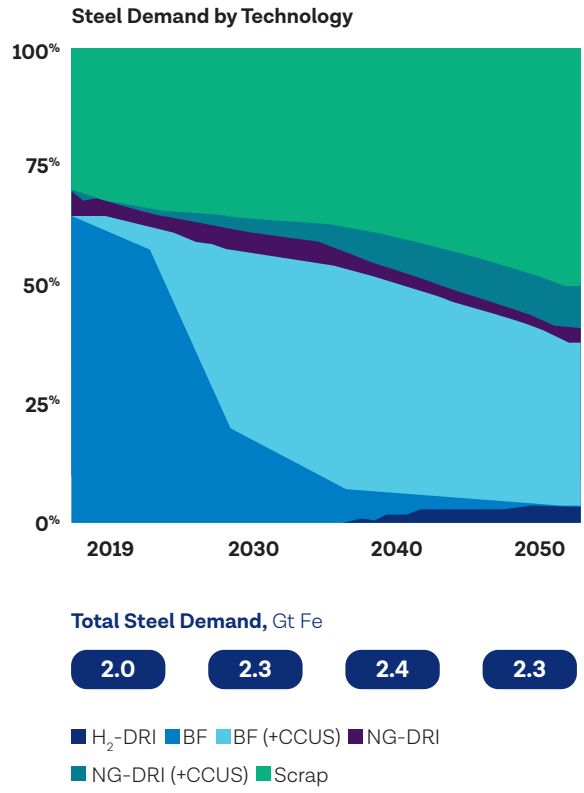
Figure 6: Steelmaking Decarbonization Technologies and Pathways

Scrap
Currently accounts for ~30% of global crude steel production, and while expected to grow, availability will be limited to new growth regions

Natural Gas DRI + CCUS
Effective where there is low-cost and abundant natural gas (Americas, MENA(1) and parts of Asia)

Hydrogen DRI
Expected to increase in regions with steady scrap supply, cheap renewable power and near end-of-life blast furnaces (e.g., Europe)

BF + CCUS
Proven technology with favourable economics that's expected to drive most of the global decarbonization for the next 15-20 years



Source: Global CCS Institute
(1) Middle East and North Africa

Demand for Teck's seaborne high-quality hard coking coal (HCC) is forecast to remain strong.

Our analysis suggests that, as the demand for steel grows and the world decarbonizes, there will be continued robust demand for seaborne steelmaking coal. Our view is that the decarbonization of steel production will require all the technologies discussed above. No single abatement technology in the short or long term will be the solution to reducing emissions in the steelmaking sector. CCUS will play a prominent role in reducing emissions in the steel industry—including Teck's Scope 3 emissions—alongside scrap recycling and the utilization of hydrogen-based steelmaking. In order to limit climate change, action over the next decade is critical. Based on the current technology landscape, the increased use of EAFs for scrap recycling and the application of CCUS to existing blast furnaces offer the most immediate and technologically feasible pathways to achieving emissions reductions.

Teck's Seaborne Steelmaking Coal Is Well Positioned for a Decarbonizing Future

While the magnitude of steelmaking coal demand will ultimately be driven by the pace of decarbonization, Teck's high-quality seaborne steelmaking coal will remain resilient in all climate change scenarios, buoyed by its cost-competitive position. British Columbia has been a world leader in imposing carbon taxation, and we are subject to carbon taxes that are not borne by our major competitors. Should the gap widen between carbon taxes imposed on our operations and those imposed on our competitors, our competitive position may be adversely affected. By 2050, Teck's seaborne hard coking coal has a forecast cost position in the 1st–2nd quartile, reflecting the scarcity of new projects and the high-cost position of inland Chinese hard coking suppliers switching to export. This will support competitive positioning for Teck across all three climate scenarios.

Use of the steelmaking coal we produce results in less carbon emissions per tonne of steel produced when compared to the use of lesser quality coals. The quality of steelmaking coal is an important factor in the energy consumption and emissions performance of the steelmaking process. The high coke strength of our coal helps to ensure stable and efficient blast furnace operations, resulting in lower CO_2 emissions per tonne of steel for our steelmaking customers. As steel producers look to reduce the GHG emissions intensity of their production and potentially begin to face rising carbon prices, Teck's steelmaking coal will be a preferred product. Across all three scenarios, demand for the kind of steelmaking coal Teck produces will remain strong because of the low-carbon advantage it provides to steel producers.

While all three climate-related scenarios suggest that seaborne steelmaking coal will remain an integral resource in a low-carbon future, Teck will continue to monitor climate-related market, technology and policy trends that may influence capital allocation decisions related to our steelmaking coal business.

Last, we are seeing decreased appetite among lenders and insurers to do business with carbon-intensive businesses and, increasingly, equity investors are allocating capital taking into consideration the carbon impacts of their investee entities. Should these trends continue, we may face increased costs of funding, or be unable to procure insurance for our coal assets on commercially reasonable terms or at all. We would expect these impacts to be more severe in a 1.5°C scenario in comparison to the transition and transformation scenarios.

Teck's Steelmaking Coal Strategy: Deliver Low-Cost, Low-Carbon Tonnes

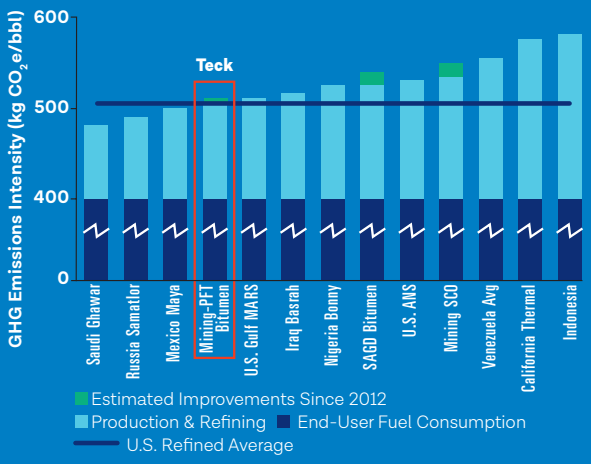
While we are reducing revenue from fossil fuels as a proportion of our total business, we will continue to produce the high-quality steelmaking coal required for the low-carbon transition. Similar to our other business units, the strong financial performance of our steelmaking coal assets will provide strong cash flow to support our business. Teck's steelmaking coal assets provide a foundation of stable operations that deliver low-cost, low-carbon tonnes. With 26 to 27 million tonnes of long-term annual production capacity, our strategy is to increase margins rather than volumes, maximize synergies of having four operating sites in a single region, optimize our supply chain and sustain strong cash flow.

Energy

Teck's energy business unit primarily includes a 21.3% limited partnership interest in Fort Hills, a state-of–the-art operation in Canada's oil sands.

Fort Hills has the potential to deliver free cash flow through periods of commodity price volatility. We are currently focused on working with our partners to return the operation to full production, anticipated to occur in Q4 2021.

The carbon performance of Fort Hills benefits from a process called paraffinic froth treatment (PFT), which produces better-quality bitumen and leaves carbon-intensive asphaltenes in the ground. Fort Hills bitumen needs less diluent blendstock for transportation, compared to other recovery methods in the oil sands. The product does not require upgrading, only refining, helping to achieve a well-to-wheels emissions intensity equivalent to that of the average barrel of crude oil refined in the U.S. An added benefit is that this higher-quality product can be processed by a wider range of refineries. Fort Hills is subject to carbon pricing at CDN$40 per tonne of CO_2e.



Source: Bloomberg, BMO Capital Markets

Our energy business includes:

Fort Hills, Canada

- Fort Hills Energy Limited Partnership owns the Fort Hills mine with Suncor Energy Inc. (54.11% interest), Total E&P Canada Ltd. (24.58%) and Teck (21.31%)
- Suncor, the operator of the project, has a strong record of sustainability performance, including progressive commitments to GHG reductions
- Fort Hills is an open pit, truck-and-shovel operation whose primary product is recoverable bitumen
- With a nameplate production capacity of 194,000 barrels per day, Fort Hills has the potential for significant, low-cost debottlenecking, enabling greater production of high-quality partially decarbonized PFT Bitumen

What does a low-carbon economy mean for oil demand?

Our understanding—as a society and as a company—of climate change and the urgency to address it has deepened since our initial investment in the energy business in 2005. When it comes to oil demand, the transition, transformation and 1.5°C scenarios provide divergent stories; whereas oil demand plateaus and remains flat in the transition scenario, the transformation and 1.5°C scenarios show reducing oil consumption through 2040 and beyond.

The impacts of the COVID-19 pandemic introduce significant uncertainty on the future of oil demand. The IEA view, however, is that while the pandemic may produce lasting changes in consumer behaviour, these are not "game-changers". The basis for this view is that "some countervailing consumer trends serve to push up oil demand." These include:

- The delayed replacement of older, inefficient vehicles;
- Underlying demand for mobility (especially the effect of rising incomes in emerging market and developing economies)
- The efficiency of oil use, and the pace of switching to other technologies, fuels or modes[9]

In the transition scenario, we witness a noticeable shift in demand. Whereas road transportation represented 60% of oil demand growth in the last decade, use in petrochemicals accounts for 60% in the next decade. The sector where behavioural change has the longest-lasting effect is aviation, which accounts for over 7% of total oil consumption today.

In the transformation and 1.5°C scenarios, the adoption of more fuel-efficient vehicles as well as electric and fuel cell vehicles increases sharply. In 2030 in these scenarios, 40% to 50% of all passenger vehicles sold will be electric and fuel cell vehicles, compared to just 2.5% in 2019.

The projections by the IEA suggest that, outside of the transition scenario, the future price environment for oil will be challenging as demand declines. In the transformation and 1.5°C scenarios, we expect other jurisdictions to accelerate the imposition of carbon pricing, which could positively affect the competitive position of Fort Hills.

Lenders and equity investors are increasingly reluctant to invest in oil sands businesses on the grounds of carbon intensity. Should these trends continue, we may face increased costs of funding as a result of our oil sands exposure. Insurers are also reducing their exposure to oil sands assets, which may affect our ability to insure those assets on commercially reasonable terms or at all. We would expect these impacts to be more severe in a 1.5°C scenario, in comparison to the transition and transformation scenarios.

Fort Hills: A Carbon-Competitive Asset

Fort Hills is located in a progressive jurisdiction with a transparent and robust regulatory regime. Alberta's and Canada's policies include an absolute limit on sector emissions along with carbon taxation that drives investment in the development and deployment of emission abatement technology.

Operations like Fort Hills are carbon-competitive with alternative sources in North America and elsewhere in the world. The bitumen extraction technology used by Fort Hills already has a greenhouse gas intensity that is among the lowest of any Canadian oil sands production.

Given Canada's globally leading climate policies and the opportunity for technological advancement, further gains in the carbon-competitiveness of Canadian oil sands production are expected to occur. The intensity of emissions from Canada's oil sands declined 20% from 2009 to 2018[10] and is forecast to decrease further, due to increased production from newer mines and the deployment of emerging technology. IHS Markit predicts that "By 2030, the GHG intensity of oil sands extraction could be 16–23% below 2017 levels—more than one-third less than in 2009."

Teck's Energy Strategy: Realizing Full Shareholder Value

Teck's strategy aims to realize the full value of the energy assets within our overall portfolio.

Teck shares the widely held view that demand for oil will plateau and decline as the world pushes to decarbonize. Additionally, carbon intensity and cost pressures on oil sands operations may increase even further as societal expectations for decarbonization continue to evolve.

That said, oil is still forecast to play an integral role in the global economy for some time to come. Fort Hills is well positioned to consistently deliver the oil that the world will need in a responsible, low-carbon manner with a lower carbon intensity than 50% of the oil currently refined in North America.

Consequently, in the short term, our strategic focus for Fort Hills is on supporting the ramp-up to full production, and on capital efficiency and operational excellence to reduce operating costs while operating safely and sustainably. At full production, Fort Hills is capable of generating strong EBITDA over a range of oil prices.[11] Despite the high initial capital associated with the initial years of an oil sands mining operation, Fort Hills should be competitive with other oil production in North America over its life including in situ, offshore and tight oil, given its lower resource decline rates, sustaining costs and reservoir risks, as well as a high recovery factor. In light of the longer-term risks to the oil sands business generally, Teck's Board of Directors continues to monitor the situation closely, and we are evaluating the fit of our oil sands assets within Teck's portfolio over the longer term.

[9] *World Energy Outlook 2020.* International Energy Agency, 2020. [10] The GHG intensity of Canadian oil sands production. IHS Markit. July 2020.
[11] Teck's share of Fort Hills EBITDA potential is $325–$750 million per annum over the range of $50–$70 US/bbl WCS at $23 to $27 CDN/bbl unit cost and 175,000–190,000 barrels per day production rates.

Reducing the Carbon Footprint of Our Operations

of experience in setting and achieving GHG reduction targets

10+ years

We are committed to reducing our operational greenhouse gas emissions in line with limiting global warming to

1.5°C

We have set a long-term target to be carbon neutral by

2050

Reducing the Carbon Footprint of Our Operations

While our operations are well positioned compared to our competitors in terms of our carbon intensity, we know that we must continue to reduce our emissions in order to maintain our leadership position and to reduce our future cost exposure to increasing carbon taxes and other climate-related risks.

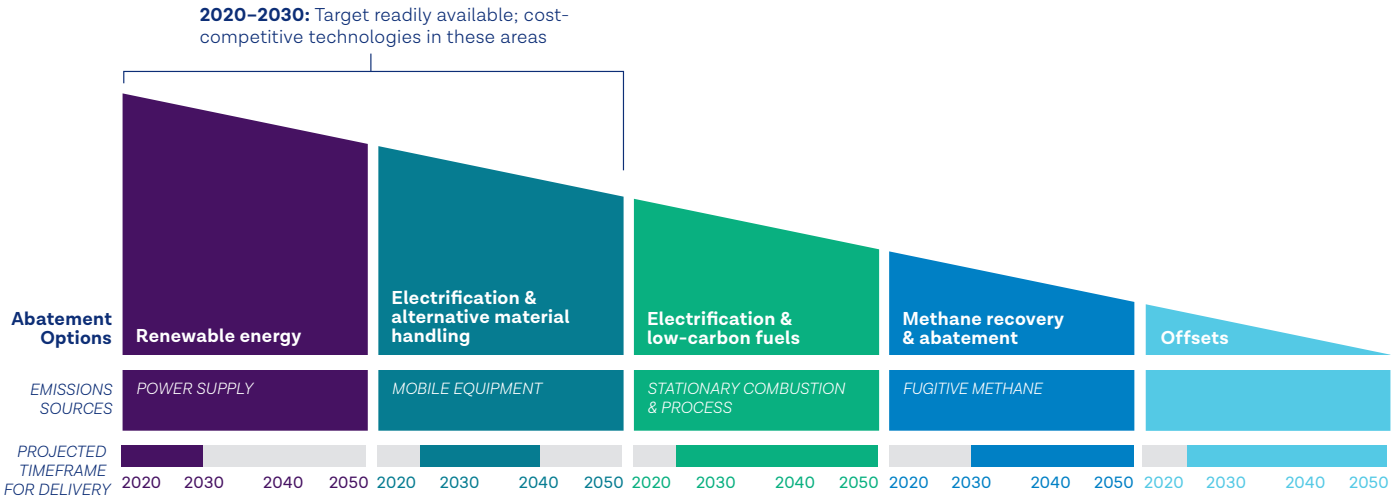
In 2020, we set a target of achieving carbon neutrality across our operations and activities by 2050, supported by shorter-term 2025 and 2030 targets. Our 2030 target of reducing our emissions intensity by 33% below 2020 performance ensures that we are taking the action needed in the next decade to limit climate change to 1.5°C and that we are progressing adequately to meet our 2050 target. Our 2025 and 2030 targets focused on renewable electricity and zero-emissions alternatives for transportation reflect our underlying approach to decarbonizing our assets.

Sustainability Strategy Goals	Status	Summary of Progress in 2020
Strategic Priority: Be a carbon-neutral operator by 2050		
Goal: Reduce the carbon intensity of our operations by 33% by 2030 from a 2020 baseline.[1]	On track	Procured 100% renewable energy at CdA, which will eliminate approximately 200,000 tonnes of GHG emissions annually. Entered into a power purchase agreement to procure over 50% of operational energy at QB2 from renewable sources starting in 2022, avoiding approximately 800,000 tonnes of GHG emissions annually. Initiated the development of a Carbon-Reduction Technology Roadmap, which will be advanced to site-level net-zero plans in 2021 and 2022.
Goal: Procure 50% of our electricity demands in Chile from clean energy by 2025 and 100% by 2030.	On track	
Goal: Accelerate the adoption of zero-emissions alternatives for transportation by displacing the equivalent of 1,000 internal combustion engine (ICE) vehicles by 2025.	On track	Engaged with industry partners, equipment manufacturers and other suppliers on zero-emission mining fleets. Purchased electric pit buses for Elkview Operations. Implementation was delayed due to COVID-19-related manufacturing shutdowns. Conducted scoping and feasibility studies for electric vehicle use at sites and commenced a study on hydrogen production pathways. Tested electric vehicles and other equipment for opportune charging strategies and effective vehicle operating ranges.

[1] This goal will be evaluated on an enterprise-wide aggregate; not every operation will individually achieve this target. Some will achieve more, and some will achieve less. This approach enables Teck to achieve the target in a cost-effective manner.

Pictured on page 34: Solar facility, Northern Chile, which supplies power to our Quebrada Blanca Operations.

Our Pathway to Net-Zero Emissions



Our Approach to Decarbonization

To better understand our approach—including our targets and our plans for decarbonization—it is important to understand the disciplined manner in which we are evaluating and selecting which abatement options to pursue and the pace at which we will implement them. As we evaluate decarbonization technologies, it is common for solutions to be in the earlier stages of maturity and potentially more expensive to purchase. At the same time, for many decarbonization solutions, displacing a higher-cost fossil fuel with low-cost, clean electricity and the lower maintenance requirements for electric motors may translate to lower operating costs. For mature technologies (e.g., haul trucks) where costs have been commoditized, using total cost of ownership (TCO) as an evaluation metric is helpful for comparing decarbonization solutions to incumbent fossil-fuel-driven assets.

Our objective is to deliver significant and cost-competitive emissions reductions. Key to delivering on this objective is to understand i) where the most significant emissions reductions can occur, ii) when abatement technologies are available and commercially competitive and iii) when it is appropriate to turn over our existing equipment. When setting our initial targets, we undertook a technology scan that considered these factors and concluded that renewable electricity and low-emissions alternatives to material movement were the areas to begin with in the coming decade, as reflected in our 2025 and 2030 goals.

Part of our strategy going forward is acting diligently to routinely evaluate existing and emerging abatement opportunities. This approach is critical, as the pace of low-carbon technology maturation continues to accelerate, and as options that were not feasible a few years ago appear on the horizon. Complicating these evaluations is the parallel evolution of other solutions in the mining space, such as autonomous vehicles, which can have knock-on effects as to the equipment we may be able to use.

Achieving our 2030 Targets

With respect to our 2030 goal of reducing our emissions intensity by 33% below 2020 performance, achieving 100% renewable electricity in Chile is projected[12] to deliver more than 50% of the reductions needed to achieve our goal. Not only do these actions contribute significantly to reducing our emissions, but they also deliver cost-competitive power. Relative to the abatement options presented for our other sources of emissions (i.e., emissions from mobile equipment, stationary combustion and fugitive methane), renewable electricity generation technologies are mature, and commercially available and viable in many environments.

[12] This estimate is a projection based on our current portfolio and on announced plans for projects like QB2.

Our primary focus for the remaining emissions required to achieve our 2030 goal is on diesel consumption in our mobile equipment.

Electrifying our mobile equipment

Our approach to emissions reductions options in this space is broad, including consideration of mature technologies that have been developed in industries beyond mining—with consideration given to piloting equipment where use in mining extends the proven capabilities of the technology. In parallel, some solutions that we require are applicable only to mining and may require investment from Teck to accelerate development. To accelerate this innovation in a cost-effective manner, we are evaluating and, in some cases participating in, opportunities to collaborate with other mining companies or equipment manufacturers.

As we move towards low-carbon material movement, low-carbon electricity is likely to play a significant role. One of Teck's advantages is having access to low-cost, low-carbon electricity where, under the appropriate conditions, electrified equipment could potentially deliver lower operating costs than traditional diesel-based solutions. In the early years of equipment electrification, while it is likely that capital costs might be higher than current diesel-based alternatives, projections suggest that electric vehicles will deliver a lower TCO. Furthermore, as electric vehicles reach capital cost parity, the TCO benefits of electrification will only increase. The development and presence of sufficient low-carbon electricity generation and transmission will also be critical to leveraging electrification as a means of decarbonization. Uncertainty remains as to how these cost structures will evolve over time; however, our strategy to decarbonize contemplates the impacts of energy supply chain constraints and costs. More on our efforts in the mobile equipment space can be found in the case study on page 40: Spotlight on Electrification at Teck.

Reducing emissions from stationary sources and fugitive methane

While our focus over this decade is on tackling emissions from our electricity supply and mobile equipment, we will also monitor and, in some cases, work to accelerate innovation on abatement technologies that are able to reduce emissions from stationary combustion and fugitive methane. Fugitive methane is a difficult source of greenhouse gas emissions to address in the coal mining process and there are no obvious commercially feasible control mechanisms currently available. This is an industry-wide issue. We, along with the industry, are investigating ways to mitigate these emissions.

Examples of abatement options that we are evaluating include, but are not limited to, using lower-emission alternatives for stationary combustion processes such as mechanical dewatering technologies that leverage low-emissions electricity to dewater our products prior to shipment instead of natural-gas-based dryers, and emerging technologies such as CCUS. We are also evaluating the role of nature-based solutions in delivering emissions reductions. Should we be unable to achieve emissions reductions at our operations at the pace that we have committed to, or should the right opportunities present, we may also obtain and retire credible and verifiable carbon offsets, which would have an impact on our costs and potentially our competitive position.

We have resources committed to managing our decarbonization journey, and will continue to provide updates on our progress annually in our Sustainability Report and other public materials as appropriate.

Our 2030 Intensity Target in Context

When evaluating the pace at which we must reduce emissions to drive towards a 1.5°C scenario, work by the United Nations contextualizes emissions reductions against 2010 levels. Although our 2030 carbon intensity goal will be measured in relation to our 2020 baseline, when our 2030 target is compared to a 2010 baseline, that equates to a 45% reduction in intensity.

Our current analysis also suggests that this will result in an absolute reduction of more than 20% of our emissions compared to a 2020 baseline and more than 30% when compared to 2019, a more representative baseline of our absolute emissions.

Amplifying and Accelerating Emissions Reductions via Innovation Integration

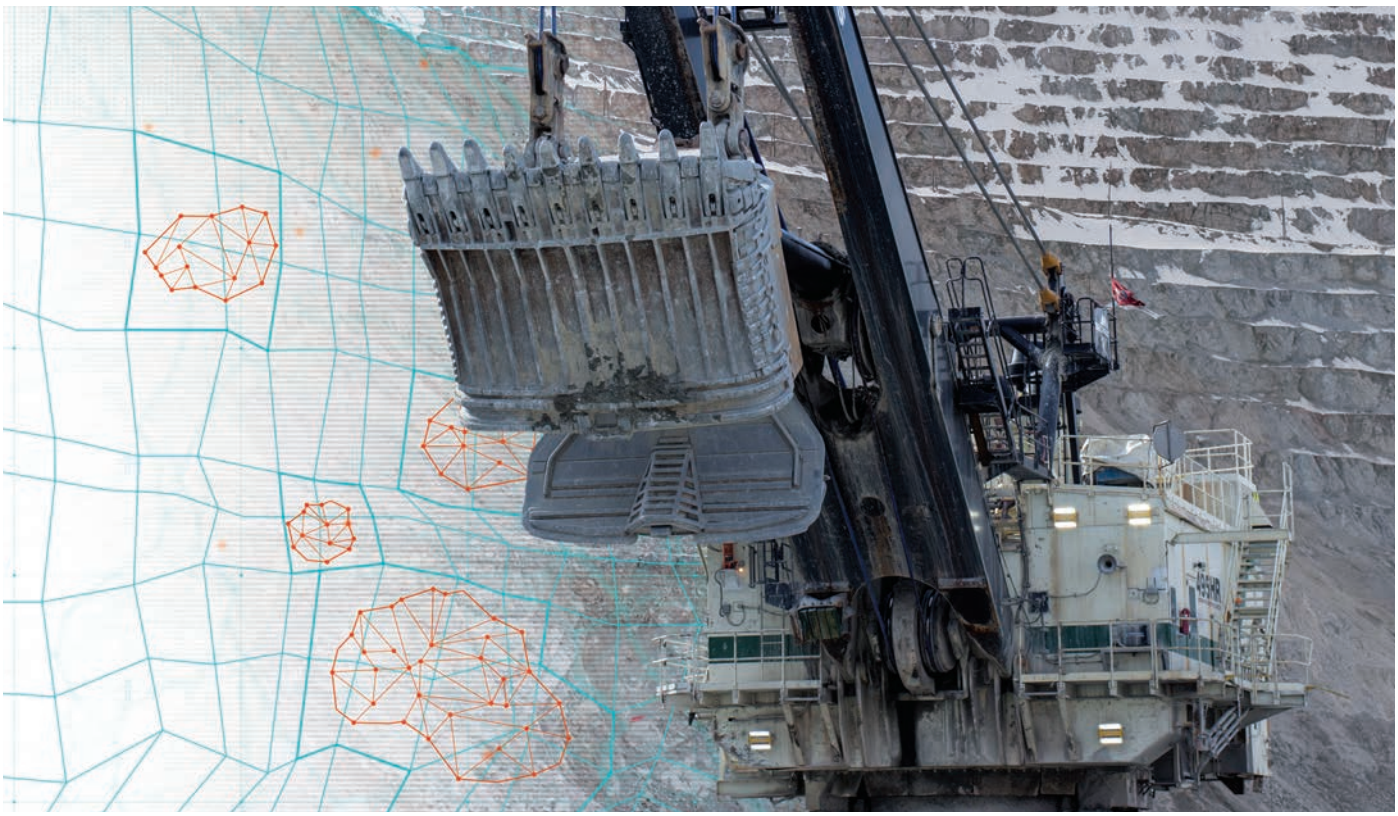
We live in an era where technological advancements are occurring at a pace that is changing our everyday lives on a daily basis. As part of our Technology & Innovation approach at Teck, we are researching, accelerating and, as appropriate, deploying cutting-edge technology to improve the performance of our operations. While not all technologies we evaluate will ultimately become available or successful, this approach ensures that we are identifying solutions that can help us today, as well as those that will support the competitiveness of our operations in the future.

Key to our approach to evaluating technologies is the application of systems thinking, where we consider not only the operational and cost benefits, but the sustainability benefits as well, and understand the interconnections between these various aspects.

One example today is our use of orebody knowledge technologies such as smarter shovels, where sensors and analytics are leading to improved mill productivity, reduced energy use and less water consumption.

A second example of innovation and decarbonization is autonomous vehicles. As autonomy becomes more proven in mining, it may enable the use of different types and sizes of equipment, which in turn will enable different low-emissions alternatives. While fully battery electric ultra-class haul trucks are yet to become commercially available, smaller classes of haul trucks and mining equipment are available. This in turn suggests that one alternative to today's approach could be the use of larger numbers of smaller autonomous haul trucks combined with a loading system that leverages the orebody knowledge technologies discussed above. This approach could result in the adoption of battery electric vehicles at a faster pace while also delivering cost and footprint benefits.

While it is too early to say whether or not this alternative approach to mining will ultimately be fruitful, we believe that this type of thinking and exploration is critical in helping to identify and progress emissions reductions at the magnitude that are required.



Case Study

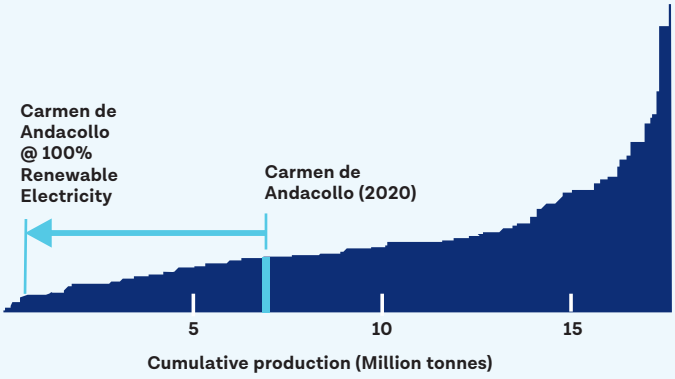
Driving Towards Zero Scope 2 Emissions

We are taking significant action to address the urgency of climate change, including by making progress on decarbonizing our operations in Chile. At our Quebrada Blanca Operations, we are currently sourcing 30% of our total energy needs from solar power, and in 2020, we entered into a long-term power purchase agreement for our Quebrada Blanca Phase 2 project. Once effective, more than 50% of total operating power needs at Quebrada Blanca Phase 2 are expected to be from renewable sources.

We have also entered into a long-term power purchase agreement to provide 100% renewable power for our Carmen de Andacollo Operations in Chile.

The Carmen de Andacollo renewable power arrangement took effect in September 2020 and will run through to the end of 2031. This action will result in significant emissions reductions at Carmen de Andacollo by eliminating nearly 80% of its operating (i.e., Scope 1 and Scope 2) emissions. Compared to the 2019 carbon intensity performance of the copper sector, production at Carmen de Andacollo would move from the second quartile to the 96th percentile.

CO_2 Copper Intensity Curve, t CO_2e/t Copper equivalent



Source: Skarn Associates, 2019

As we work towards our long-term commitment towards carbon neutrality, we will continue to gain expertise in renewables and prioritize technologies that provide other sustainability benefits, such as for local communities.

Case Study

Spotlight on Electrification at Teck

Shifting to electric-powered mining equipment presents an opportunity for the mining industry to reduce mine site carbon emissions.

In 2020, we continued our work with the ICMM's Innovation for Cleaner, Safer Vehicles initiative. This initiative brings together 28 of the world's leading mining companies and equipment manufacturers to develop a road map for scaling up low-GHG mining equipment.

At our own sites, we are advancing several projects to assess the viability of electric mobile equipment. In 2020, at our Highland Valley Copper Operations, we trialled an electric boom truck designed for underground operation.

At our Elk Valley Operations, we continue to implement the electric crew bus pilot project, with promising results; in 2021, we have placed orders for more buses and are investing in electrical upgrades that will provide sufficient capacity for further expansion of the fleet.

Our intention with the electric bus pilots from the outset—in addition to decarbonizing the buses themselves—has been to gain experience with these technologies, experience that could be transferred to how we evaluate and adopt larger and more mining-specific pieces of equipment. This is now translating into piloting technologies in larger classes of vehicles to further understand how they operate under conditions different from the buses, where there is continuous operation over longer periods of time, which will in turn require different battery charging strategies and energy management. More on this pilot can be found in our case study Spotlight on Partnering with Transportation Service Providers, found on page 42.

We've also learned that we can accelerate innovation by working with others facing similar challenges. We're working with industry groups like the International Council on Mining and Metals (ICMM) on an initiative to work collaboratively with original equipment manufacturers (OEMs) to reduce GHG emissions from large mobile mining equipment (e.g., haul trucks). This engagement—including the world's largest mining and metals companies and our key OEMs—brings together the key suppliers and purchasers of mining equipment to tackle one of our most material sources of GHG emissions. In 2021, Teck also became a member of Electric Mobility Canada, a national membership-based not-for-profit organization dedicated exclusively to the advancement of e-mobility.

Working with these partners reflects our commitment to deploying emerging carbon abatement technology at appropriate points in the life cycle of our operation, and also to undertaking research and development of new emission abatement technology. Innovation is part of Teck's history, and we believe it will play an even larger role in our future as we look for newer and better ways to reduce our GHG emissions.

However, the path to decarbonizing equipment is not without challenges. We remain committed to overcoming these barriers through collaboration across our industry, piloting the latest technology and staying agile to take advantage of low-carbon technologies as they emerge.

Supporting Emissions Reductions in the Value Chain

Teck recognizes that, to achieve global GHG reductions that limit climate change to 1.5°C, action will be required not only by Teck, but within our value chain as well.

These expectations also present risks to our value chain partners, including increasing costs to their business from carbon taxes, which they may pass onto companies like Teck, as we experience today through some of our transportation partners. While Teck cannot unilaterally drive reductions within the value chain, as Scope 3 emissions are under the management control of our value chain partners, we recognize that we can help contribute to solutions, and we are committed to working with our customers and transportation providers to reduce emissions downstream of our business.

We are supporting the advancement of carbon capture, utilization and sequestration in the steelmaking process through the Canadian Carbonization Research Association.

We are already seeing the signs of a pathway to material GHG emissions reductions in the steelmaking process, including increased recycling of scrap steel, the use of carbon capture technologies and eventual growth in hydrogen-based steelmaking processes. In recent years, we have also seen a number of steel producers demonstrate leadership by establishing carbon-neutral targets. Teck is fully supportive of these commitments and actions by the steel sector, as these actions are required to contribute to global efforts to limit climate change.

We have also taken action to support the reduction of these emissions in the steel sector. In 2020, Teck became a member of the ResponsibleSteel Initiative. ResponsibleSteel is the steel industry's first global multi-stakeholder standard and certification initiative, with a mission to maximize steel's contribution to a sustainable society. The standard incorporates considerations around the GHG emissions intensity of inputs to the steelmaking process and for the steelmaking process itself. Teck is also actively involved in the Canadian Carbonization Research Association (CCRA), an association whose research includes ways to reduce the carbon footprint of steelmaking, including the application of CCUS in iron production. In addition to supporting initiatives that advance the maturation and adoption of carbon-abatement technologies, Teck also continues to be an advocate for carbon pricing, an essential financial tool that is critical in driving the adoption of abatement technologies.

Similar to steelmaking coal producers, our transportation partners are increasingly active in setting significant GHG reduction commitments and in taking action to reduce emissions. See the case study on page 42 to learn to learn more about initiatives underway to reduce GHG emissions associated with the transportation of our products in the supply chain.

Teck's Scope 3 Emissions

Under the Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard, Scope 3 emissions are quantified and reported against 15 Scope 3 categories. Teck's most material Scope 3 emissions result from the use of steelmaking coal in the process of making iron and steel, categorized under category 11 – Use of Sold Products. Since 2012, we have disclosed our category 11 emissions, which represent more than 90% of our Scope 3 emissions.[13]

Based on estimates, the next largest Scope 3 categories of emissions are the transportation of our products to our customers and the processing of our products.

[13] This calculation is based on an operational-control approach to accounting, meaning that our proportion of Scope 1 and Scope 2 emissions from Fort Hills is considered under category 15 – Investments, and that emissions associated with the use of product sold from Fort Hills are not included under category 11.

Case Study

Spotlight on Partnering with Transportation Service Providers

As we work to decarbonize our operations, an aspect of our strategy is to keep our eyes open for opportunities to get new and innovative electric vehicles into real-world applications.

In some cases, emerging options are more appropriately suited for our value chain partners, but these may also serve as a stepping stone to applications at our operations.

One such opportunity arose in trucking concentrate from our Highland Valley Copper Operations to Ashcroft, B.C., where the concentrate is loaded on rail for further transportation.

Working together with our partner, an electric concentrate truck has been purchased to pilot the suitability of this technology for the specific application. Our initial analysis suggested that it was the most promising application of a battery electric vehicle of this class.

Not only will this pilot help to reduce GHG emissions in our value chain, but if successful, this technology may be applied in equipment at our operations. The pilot will take place throughout 2022, at which time the results will be analyzed to inform future equipment decisions.

 Pictured above: Electric haul truck, similar to that purchased for a pilot project at our Highland Valley Copper Operations.

Support for Appropriate Carbon Pricing Policies

We believe that action must be taken across all areas of society and the economy to combat climate change, and that broad-based, effective carbon pricing can play a vital role in reducing GHG emissions. Teck has partnered with several organizations worldwide to work together on the challenge of climate change. For example, Teck is a signatory to the Paris Pledge for Action, which supports reducing emissions and achieving the objectives of the Paris Agreement. Teck also plays a key leadership role in, and was the first Canadian resource company to join, the Carbon Pricing Leadership Coalition, a partnership of national and sub-national governments, businesses and organizations working towards integrating carbon pricing into the global economy.

With respect to climate change policies and regulations, we engage directly with governments and indirectly through industry associations. Members of Teck's Sustainability and External Affairs group lead our direct engagements with policy-makers on the issue of climate change. This group reviews our engagements to ensure that we take a position consistent with our climate change policy and our commitments to the objectives of the Paris Agreement.

We recognize that stakeholders expect strong governance and transparency as they pertain to the climate lobbying positions of the membership organizations of which Teck is a member (disclosed on our website). The International Council on Mining and Metals, the Mining Association of Canada and the Mining Association of British Columbia are the trade associations that have the greatest engagement on climate action. Teck has been directly involved with all three associations in establishing positions on climate policy. All three associations have Paris-aligned positions; the ICMM and MAC have explicit statements on the matter on their respective websites.

We believe it is important to engage with industry associations to advance research, share best practices and exert a positive influence across the extractive sector and beyond. There can be a wide range of views within the membership of each association and as members, we may not always agree with every position or approach. This is especially the case when the association's membership is large and the mandate is broad, covering a wide range of issues. This diversity of perspectives creates a rich and full debate. When disagreement arises, Teck may provide greater clarity on our own positions and activities with policy-makers, work with the association to understand alternative points of view and to seek common ground for progress, consider our ability to influence policies or perspectives of the organization or, ultimately, consider whether or not to continue participating in the association.

Carbon Costs Impacts and Management at Teck

Today, all of our steelmaking coal, refined zinc and lead, and energy businesses and 43%[14] of our copper business are covered by a carbon price, while many of our competitors do not currently pay carbon costs. In British Columbia, Canada, our Highland Valley Copper and Trail Operations and four Elk Valley steelmaking coal mines are all covered by the B.C. Carbon Tax—which has been described as one of the most comprehensive and progressive carbon tax systems in the world. This tax regime has been in place since 2008 and currently sets a price of CDN $45 per tonne of CO_2. We expect this price to increase.

For 2020, our B.C.-based operations incurred $66.7 million in British Columbia provincial carbon tax. Our Cardinal River Operations in Alberta paid $0.7 million in carbon costs, and our Fort Hills mine incurred approximately $6 million (100% basis) in carbon costs under the Alberta system. As a result of the CleanBC Program for Industry, in 2020 we received back $12.8 million of the $72.8 million we paid under the British Columbia provincial carbon tax in 2019, and we expect to receive a similar portion of our 2020 expenditures back in 2021.

[14] On a 100% production basis, based on 2020 figures.

With carbon pricing already built into the majority of our business, and strong carbon performance, we are better positioned to minimize future carbon cost increases when compared to our peers.

While there is uncertainty in forecasting potential future financial implications of carbon costs, we assume that carbon prices will be increasingly adopted around the globe and will increase over time, and that adoption will be accelerated in a 1.5°C scenario. Where a clear and certain carbon price is present, we incorporate that price and any legislated changes to the price in our assessment of investment opportunities. Where uncertainty exists, we may conduct sensitivity analyses to better understand what our exposures and risks are under different carbon pricing and regulatory scenarios such as those described in this document for the three climate scenarios.

The most notable policy announcement in 2020 was the Government of Canada's announcement to increase the national carbon price to $170/t of CO_2e by 2030. Key uncertainties remain as to how this announcement will ultimately impact Teck, including the manner in which provincial policies will interact with federal policies. One scenario we have evaluated includes the application of the federal price schedule to the provincial carbon pricing policies, as is currently the case in both British Columbia and Alberta. Under this scenario, Teck's operations would incur an additional $216 million in carbon costs from 2021 to 2030, or just over $20 million per year.[15]

Over time, we expect that the more widespread adoption of carbon pricing (e.g., carbon taxes) envisioned under the 1.7°C and 1.5°C scenarios will also contribute to a more level playing field for companies like Teck that already pay carbon taxes, improving our competitive position.

Our Position on Climate Change Policies

Teck has significant experience when it comes to managing the impacts of carbon pricing; we have been managing the impacts of carbon pricing policies since 2008. As a producer that exports virtually all of its output and competes internationally as a price-taker in commodity markets, Teck must bear all carbon costs associated with the production and transportation of our products in jurisdictions where carbon pricing exists, with no ability to pass them on to our customers. Getting carbon pricing right means ensuring that the competitiveness of facilities in emissions-intensive trade-exposed sectors is not impacted unfairly when competing against jurisdictions with no or lower carbon prices. If a lower-carbon mine in one jurisdiction shuts down as a consequence of its higher carbon costs while a higher-carbon mine elsewhere continues to operate to meet global demand, the result may be a net increase in global GHG emissions. This unintended consequence of poorly designed climate policies—carbon leakage—means production and economic benefits, like jobs and tax revenue for governments, may shift from jurisdictions that are taking climate action to those that are not.

We believe there are sound public policy solutions to avoid this challenge—solutions that encourage emissions reductions, ensure competitiveness and guard against carbon leakage. A solution we support is an output-based allocation system, where the amount of carbon tax paid is influenced by the risks of carbon leakage to a specific sector and the carbon performance of a facility relative to its peers. In other words, an operation gets a certain amount of emissions allowances per unit of production, but it has to pay for any emissions over that amount. This helps to level the playing field with competitors in jurisdictions with no or lower carbon prices, and can act as an interim measure that can enable a coordinated global response to GHG reductions while reducing the potential for unintended consequences (i.e., carbon leakage). Just as important, it creates a race to the top among local facilities. The highest-emitting operation in a sector pays the most carbon fees, while lower-emitting operations are rewarded with lower carbon costs. This creates an incentive—in the form of a competitive advantage—to attain lower emissions.

As more jurisdictions adopt carbon pricing as part of a coordinated global response to climate change, the need for such tools will diminish. We continue to advocate for carbon pricing policies that maintain the global competitiveness of trade-exposed industries to prevent carbon leakage.

[15] This scenario does not account for GHG reductions in our operations in line with our targets.

Adapting to the Physical Impacts

In addition to the actions we're taking to reduce the effects of climate change by lowering emissions and advocating for progressive climate action strategies, we are focused on managing the potential physical risks and opportunities that may result from the ongoing changes to our climate.

The severity of the physical impacts of climate change on our operations will differ based on the pace and degree to which the world decarbonizes and on the different impacts dictated by geography. If international action is taken to limit climate change to 1.5°C, the management actions required are more likely to be aligned with our current adaptive management practices. The more the climate changes, the greater the likelihood that more significant and costly interventions will be required. Understanding these risks allows us to proactively plan to manage them, and can help us to reduce risk.

Over the past decade, we have been monitoring the development of climate change risk management practices, during which we have seen continued improvement in the quality and accessibility of climate change data and modelling, the understanding of the interaction between climate change and our assets, and best management practices to increase the resilience of the mining sector.

We continuously manage the risks and opportunities associated with climate variability. Over the last decade, we have collaborated within the mining industry to collectively tackle the issue of climate change; our understanding of the physical impacts of climate change has significantly improved, and we have developed tools to incorporate climate change into existing climate assessments. For Teck, this has resulted in improved climate modelling and a more robust approach to climate-related risk identification and management.

The ICMM has been a leader in bringing together our industry members to share best practices on managing climate risks. ICMM continues to support practice improvement and makes learnings publicly available through reports, including *Adapting to a Changing Climate: Building resilience in the mining and metals industry*.[16]

We are taking into account the increased frequency of extreme weather events and working to incorporate climate change scenarios and vulnerability assessments into project design and evaluation, as well as at our existing operations. As the field of climate analysis evolves, this work is becoming increasingly complex. At our operations, we regularly incorporate impacts from climate variability and climate change into our water modelling, and we assess potential vulnerabilities and future risks to inform water management practices. As part of the environmental assessment of our development and expansion projects, we include the physical impacts of climate change in our water assessment and modelling to evaluate risks and opportunities, and to inform our mitigation planning.

In 2020, we implemented climate adaptation measures at several of our operations.

- **Upstream from our Red Dog Operations,** increased permafrost thaw has led to a rise in naturally occurring total dissolved solids (TDS) in the creeks draining the Red Dog and Ikalukrok watersheds, which has limited our ability to discharge mine-affected water from our tailings facility; we have implemented projects to improve site water storage and treatment to ensure every litre that is released can be safely discharged
- **At Highland Valley Copper,** we continue to execute our spring runoff water management strategy to protect key infrastructure, and we completed climate change analyses to contribute to long-term adaptation plans for the mine
- **At our Fording River Operations,** we continue to advance a flood mitigation project in response to erosion caused by high water levels in 2013
- **At our operations in Chile,** we advanced projects to reduce our fresh water consumption in response to potential water availability constraints due to future climate conditions

The Mining Association of Canada worked with Golder Associates and Lorax Environmental Services in 2019 to develop standardized guidance for managing the physical impacts of climate change within the mining industry. Teck was heavily involved in this process, working to ensure that the guidance delivered was robust in the areas of risk management with clear direction for practitioners. This work will also serve to support the updated climate change protocol under the Mining Association of Canada's Towards Sustainable Mining (TSM) program. TSM focuses on asset level management practices, and one of the core updates to the protocol includes criteria around asset-level for climate adaptation management. Once implemented, asset performance against climate change adaptation performance will be available publicly on the Mining Association of Canada's website.

[16] https://www.icmm.com/climate-adaptation

Risk Management

Teck has a number of processes in place to identify and assess climate-related risks, including our enterprise Risk Management Framework which provides a consistent approach to identify, assess and manage material risks and opportunities. Our processes commonly include assessments of the potential size and scope of climate-related risks. Governance aspects of risk management are discussed earlier in this report.

Identification and management of climate-related risks and opportunities

Teck draws on input from subject matter experts to identify, quantify, forecast and manage exposure to climate-related risks. Risks and opportunities are prioritized based on their likelihood of impacting our business and the potential severity of impact. This includes financial, regulatory/legal, health, safety, environment, community and reputational impacts. These categorizations are standardized for risk assessment processes across Teck, allowing for comparability to other non-climate-change-related risks, and integration with standard risk management processes in Teck.

To ensure that the organization has robust knowledge as it pertains to climate change risks, at the corporate level, the management of climate-related issues is led or supported by the department managed by Teck's Senior Vice President, Sustainability and External Affairs, who reports directly to the CEO. This department is responsible for developing and either facilitating or executing both the assessment and management of climate-related risks and opportunities; individual and department compensation can be tied to these management practices. Accountabilities for these actions are embedded within the job descriptions and performance evaluations of members of the Sustainability and External Affairs department, including the Vice President, Environment; the Vice President, Communities, Government Affairs and HSEC Systems; the Director, Water; and the Manager, Sustainability and Climate Change—all of whom have subject matter expertise on climate-change-related issues.

The risks and impacts associated with our business are multi-faceted and require effective collaboration among departments, business units and external stakeholders. Our process for integrating risk management throughout the business includes identifying, evaluating and addressing economic, social and environmental risks and opportunities on a regular basis. Responsibility for managing risks is dependent upon the area of impact of the applicable risk; when not managed corporately, this may be managed by our business units, with support from corporate subject matter experts as appropriate. In these cases, accountability will depend on the risk and on the aspect of our business for which it has applicability. For example, the impacts on commodity demand from a societal transition to lower-carbon materials are monitored by our marketing and corporate development groups, who monitor long-term supply and demand trends for the commodities we produce. Our use of scenario analysis, as discussed in this report, is one tool we use to inform our corporate strategy and manage transition-related climate risks.

In addition to the functional, routine, day-to-day management of risk, we also have a cyclical process to undertake a comprehensive review of sustainability-related risks and opportunities for the organization. Every five years, we update our Sustainability Strategy and the associated goals. This process is comprehensive, engaging a wide range of internal and external stakeholders, including site-based employees, senior management and our Board. A key part of this process entails mapping out existing, emerging and forecast sustainability-related risks to our business. From our original assessment in 2010 to our most recent assessment undertaken over 2019 and 2020, climate change continues to be identified as a material risk to our business. The result of our review in 2019 and 2020 included Teck's commitment to carbon neutrality, a goal that will serve to aid Teck in minimizing future risks, such as increasing carbon prices.

Globally, governance practices related to climate issues are evolving. Moving forward, Teck will continue to identify and assess opportunities to strengthen our practices in this area.

Climate Risk and Mining

Teck considers all relevant categories of climate-related risks, as outlined by the TCFD. Below are examples of how climate-related risks and opportunities may impact a company like Teck.

Current regulation As an emissions-intensive, trade-exposed industry, climate-change-related regulations focused on mitigation (e.g., carbon pricing) have a direct impact on our business. Currently, all of our steelmaking coal, refined zinc and lead, and energy businesses and 43% of our copper business are covered by a carbon price. Carbon pricing policies in Canada alone cost Teck nearly $70 million per year, while various other regulations (e.g., low-carbon fuel requirements, renewable portfolio standards) also have financial and operational impacts.

Emerging regulation As an emissions-intensive, trade-exposed industry, climate-change-related regulations focused on mitigation (e.g., carbon pricing) have a direct impact on our business. Emerging and potential regulations may introduce or escalate regulatory risks.

As an example, the Government of Canada is currently developing the Clean Fuel Standard. This policy is intended to reduce the carbon intensity and overall GHG emissions associated with the supply of fossil fuels within Canada. It is anticipated that this regulation will increase the overall cost of fuels, which will impact operational costs.

Technology Technological advances have the ability to impact operational competitiveness as well as product demand. For example, the increased adoption of renewable energy technologies and electric vehicles will play a role on our path to achieving carbon neutrality. Adoption of these technologies has the potential to hinder or improve our competitiveness (i.e., increase or reduce our costs). Renewable energy technologies and electric vehicles will also likely require increased battery demand for energy storage. As energy storage technologies evolve with this focus, this could impact the demand for Teck products such as cadmium, lead and zinc, which have significant application in batteries today.

Legal Over the last five years, there has been a growing focus by various groups, including proposals brought forth in British Columbia, to assign liability for climate-related impacts to companies that produce fossil fuels. While the legal theories underlying these potential claims are largely untested, as a producer of steelmaking coal and energy, such actions could expose Teck to legal liability.

Market As the world transitions to a low-carbon economy, there will naturally be shifts in demand for certain commodities; demand for those required for low-carbon technologies may increase, while others may decrease, as demonstrated in our scenario analysis.

For example, with respect to positioning Teck for the low-carbon economy, we are tracking societal changes that may impact demand for our products (e.g., adoption of electric vehicles). The tracking of these trends will ensure that Teck continues to position our portfolio to thrive in a low-carbon economy. Executing on our Quebrada Blanca Phase 2 (QB2) copper project to significantly grow our copper production reflects how we are positioning ourselves for a low-carbon economy.

In addition, climate-related concerns may make lenders and other providers of capital less likely to invest in carbon-intensive businesses such as steelmaking coal and oil sands producers. This could increase our cost of capital and limit our access to financing. Similar concerns could make it difficult for us to procure insurance for our steelmaking coal and energy assets.

Reputation Poor performance with respect to managing the risks and opportunities of climate change could result in reputational impairment. This could lead to public and regulatory opposition to Teck projects or operations, or lead to a potential increase in the cost of capital and perceived risk among the investor community.

Acute physical Climate change may, among other things, cause or result in sea level increases, changes in precipitation, changes in fresh water levels, increases in extreme weather events, and resource shortages. While our operations are located well above sea level, an increase in sea level could affect our ocean transportation and shipping facilities. Extreme weather events have the potential to disrupt operations at our mines and to impact our transportation infrastructure, such as affecting the length of our shipping season at our Red Dog mine.

For example, with respect to physical risk, we are adapting to the physical impacts of climate change and increasing the resilience of our operations by incorporating climate scenarios into project design and mine closure planning.

Chronic physical Climate change may, among other things, cause or result in sea level increases, changes in precipitation, changes in fresh water levels or water quality, changes in permafrost, increases in extreme weather events, and resource shortages. While our operations are located well above sea level, an increase in sea level could affect our ocean transportation and shipping facilities. Extreme weather events have the potential to disrupt operations at our mines and to impact our transportation infrastructure, such as affecting the length of our shipping season or the physical stability of infrastructure at our Red Dog mine.

Metrics and Targets

Teck follows The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) when quantifying GHG emissions for our operations. Details pertaining to our quantification methodologies can be found in our CDP response, posted on our website.

Emissions (kilotonnes CO_2e)[1],[2],[3],[4],[5]

	2020	2019	2018	2017	2016	2015
Direct Emissions (Scope 1)	**2,582**	2,946	2,869	2,954	2,817	2,800
Indirect Emissions (Scope 2)	**213**	289	339	284	372	339
Total Emissions (Scope 1 + Scope 2)	**2,795**	3,235	3,208	3,238	3,189	3,140
Scope 3 Category 11 - Use of sold products (steelmaking coal)	**64,000**	73,000	76,000	78,438	79,053	76,000

(1) Scope 1 (Direct) Greenhouse Gas Emissions: Emissions that occur from energy sources that are owned or controlled by the company.
(2) Scope 2 (Indirect) Greenhouse Gas Emissions: Emissions that occur from the generation of purchased electricity consumed by the company. Scope 2 emissions physically occur at the facility where electricity is generated.
(3) Scope 3 emissions are other emissions that arise from sources owned or controlled by other entities within our value chain.
(4) Teck's quantification methodology for our Scope 1 and Scope 2 emissions is aligned with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard
(5) Emissions are stated on a CO_2e basis, which is inclusive of CO_2, CH_4, N_2O, PFCs, SF_6 and NF_3 as appropriate.

Emissions by Business Unit (kilotonnes CO_2e)[1],[2],[3],[4]

		2020	2019	2018	2017	2016	2015
Steelmaking Coal	Direct Emissions (Scope 1)	**1,745**	2,078	2,084	2,069	1,918	1,816
	Indirect Emissions (Scope 2)	**28**	43	43	47	55	51
	Total Emissions (Scope 1 + Scope 2)	**1,773**	2,121	2,127	2,116	1,972	1,867
Copper	Direct Emissions (Scope 1)	**238**	261	279	292	298	395
	Indirect Emissions (Scope 2)	**184**	238	286	229	309	267
	Total Emissions (Scope 1 + Scope 2)	**421**	499	565	521	606	662
Zinc	Direct Emissions (Scope 1)	**600**	606	506	593	601	588
	Indirect Emissions (Scope 2)	**2**	8	10	9	9	22
	Total Emissions (Scope 1 + Scope 2)	**601**	614	516	602	610	610

(1) Scope 1 (Direct) Greenhouse Gas Emissions: Emissions that occur from energy sources that are owned or controlled by the company.
(2) Scope 2 (Indirect) Greenhouse Gas Emissions: Emissions that occur from the generation of purchased electricity consumed by the company. Scope 2 emissions physically occur at the facility where electricity is generated.
(3) Teck's quantification methodology for our Scope 1 and Scope 2 emissions is aligned with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.
(4) Emissions are stated on a CO_2e basis, which is inclusive of CO_2, CH_4, N_2O, PFCs, SF_6 and NF_3 as appropriate.

Emissions by Country (kilotonnes CO_2e)[(1),(2),(3),(4)]

		2020	2019	2018	2017	2016	2015
Canada	Direct Emissions (Scope 1)	**2,339**	2,706	2,600	2,653	2,518	2,422
	Indirect Emissions (Scope 2)	**41**	57	57	58	69	76
	Total Emissions (Scope 1 + Scope 2)	**2,380**	2,763	2,657	2,711	2,586	2,498
USA	Direct Emissions (Scope 1)	**171**	171	170	181	178	177
	Indirect Emissions (Scope 2)	**–**	5	7	7	6	6
	Total Emissions (Scope 1 + Scope 2)	**171**	176	178	188	184	183
Chile	Direct Emissions (Scope 1)	**72**	70	98	120	121	201
	Indirect Emissions (Scope 2)	**172**	226	275	220	297	258
	Total Emissions (Scope 1 + Scope 2)	**244**	296	373	340	418	459

(1) Scope 1 (Direct) Greenhouse Gas Emissions: Emissions that occur from energy sources that are owned or controlled by the company.
(2) Scope 2 (Indirect) Greenhouse Gas Emissions: Emissions that occur from the generation of purchased electricity consumed by the company. Scope 2 emissions physically occur at the facility where electricity is generated.
(3) Teck's quantification methodology for our Scope 1 and Scope 2 emissions is aligned with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.
(4) Emissions are stated on a CO_2e basis, which is inclusive of CO_2, CH_4, N_2O, PFCs, SF_6 and NF_3 as appropriate.

Scope 1 and Scope 2 GHG Emissions by Fuel Type[(1),(2),(3),(4),(5)]

Fuel Type (kt CO_2e)	2020	2019	2018	2017	2016	2015
Diesel	**1,081**	1,253	1,272	1,179	1,095	1,147
Gasoline	**19**	21	21	19	18	18
Coal	**274**	285	233	359	324	298
Natural Gas	**376**	428	398	395	390	363
Coke and Petroleum Coke	**48**	45	40	47	51	64
Other	**85**	84	78	97	97	147
Fugitive Emissions	**701**	829	827	858	842	763
Electricity	**213**	289	339	284	372	340
Total	**2,795**	**3,235**	**3,208**	**3,238**	**3,189**	**3,140**

(1) Scope 1 (Direct) GHG emissions are those that occur from energy sources that are owned or controlled by the company.
(2) Scope 2 (Indirect) GHG emissions are those that occur from the generation of purchased electricity consumed by the company, and physically occur at the facility where electricity is generated. For electricity emissions in Canada, the emission factors use 2010 as a base year and are based on the most recent version of the Canadian National Inventory Report.
(3) Fugitive emissions from our coal operations (i.e., estimated methane release) are captured as direct emissions. For fugitive emissions, the emission factors use 2010 as a base year and are based on the most recent version of the Canadian National Inventory Report.
(4) Emissions are stated on a CO_2e basis, which is inclusive of CO_2, CH_4, N_2O, PFCs, SF_6 and NF_3 as appropriate.
(5) As a result of rounding, figures for individual fuel types may not add up to the stated total.

GHG Emission Reduction Projects

	2020	2019	2018	2017	2016	2015
Cumulative reductions in GHG emissions since 2011 (kt)	**414**	297	289	281	217	200

Steelmaking Coal Production Intensity

Type	2020	2019	2018	2017	2016	2015
Carbon[1] Intensity (tonne of carbon emitted per tonne of product)	**0.08**	0.08	0.08	0.08	0.07	0.07

(1) Emissions are stated on a CO_2e basis, which is inclusive of CO_2, CH_4, N_2O, PFCs, SF_6 and NF_3 as appropriate.

Copper Production Intensity

Type	2020	2019	2018	2017	2016	2015
Carbon[1] Intensity (tonne of carbon emitted per tonne of product)	**2.24**	2.58	2.95	2.71	2.66	2.45

(1) Emissions are stated on a CO_2e basis, which is inclusive of CO_2, CH_4, N_2O, PFCs, SF_6 and NF_3 as appropriate.

Zinc and Lead Production Intensity

Type	2020	2019	2018	2017	2016	2015
Carbon[1] Intensity (tonne of carbon emitted per tonne of product)	**0.62**	0.6	0.48	0.56	0.53	0.55

(1) Emissions are stated on a CO_2e basis, which is inclusive of CO_2, CH_4, N_2O, PFCs, SF_6 and NF_3 as appropriate.

Carbon Intensity on a Copper Equivalent[1] Production Basis

Type	2020	2019	2018	2017	2016
Carbon[2] Intensity (tonne of carbon emitted per tonne of copper equivalent)	**2.6**	2.4	2.4	2.7	2.9

(1) Only the primary commodities we report on — i.e., steelmaking coal, copper and zinc — from Teck-operated mines are included within the equivalency calculation. Lead has been excluded. Carbon equivalency was calculated by using a three-year commodity price average, using prices reported in our previous annual reports
(2) Carbon intensity includes Scope 1 and Scope 2 emissions and is stated on a CO_2e basis, which is inclusive of CO_2, CH_4, N_2O, PFCs, SF_6 and NF_3 as appropriate

Cautionary Statement on Forward-Looking Statements

This report contains certain forward-looking information and forward-looking statements as defined in applicable securities laws (collectively referred to as "forward-looking statements"). All statements other than statements of historical fact are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Teck to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some forward-looking statements may be identified by words like "expect", "anticipate", "plan", "estimate", "potential", "may", "will", "should", "believe", "focus" and similar expressions. Forward-looking statements in this document include, but are not limited to, statements, expectations and assumptions relating to: our climate strategy and goals, including but not limited to our long-term goal to become a carbon-neutral operator by 2050, and our 2025 and 2030 goals, as well as the effectiveness of the plans and steps to achieve those goals; our commitments to climate action and our climate change strategy framework, and the expectation that those will help achieve our climate strategy and goals; expectation that we will increase the resilience of our operations by incorporating climate scenarios into project design and mine closure planning; expectation that increases in copper demand will lead to outsized financial returns for Teck; effectiveness of our risk mitigation actions; Red Dog Operations being a long-life asset with significant mine life extension potential; the results of our analysis that demand for seaborne steelmaking coal will remain robust through 2050, and the reasons for that view; Teck's high-quality seaborne steelmaking coal remaining resilient in all climate change scenarios, buoyed by its cost-competitive position, and its forecast cost position; our expectation that our steelmaking coal assets and other business units will provide strong cash flow to support our business; annual production capacity and steelmaking coal strategy; expectation that For Hills has the potential to deliver free cash flow through periods of commodity price volatility; timing of full production at Fort Hills; the expectation that Fort Hills has the potential for significant, low-cost debottlenecking and its competitiveness with other oil production in North America; further gains in the carbon-competitiveness of Canadian oil sands production are expected to occur; reducing our greenhouse gas emissions in line with limiting global warming to 1.5°C; expectations of reducing emissions downstream of our business; our expectation to that we will double our consolidated copper production by 2023 through our QB2 project; all other expectations and projects regarding our QB2 project, including but not limited to, operating costs, mine life, annual production and timing of first production, expectation of significant potential for further growth, and expected use of renewal sources of power at QB2; our carbon intensity decreasing as we achieve our commitment to source 100% renewable electrical power in Chile; projected carbon costs and implications for Teck and our commodities in respect of the climate-related scenarios described in this document.

The forward-looking statements in this report are based on current estimates, projections, beliefs, estimates and assumptions, although it is inherently difficult to predict the consequences of climate change and impact it may have on Teck. Assumptions in this report include, but are not limited to, those described elsewhere in this report as well as assumptions concerning: the development and performance of technology; future climate scenarios; the development and continued operations of our assets; and the development of our QB2 project. Further assumptions relating to the forward-looking statements in this document, including but not limited to those regarding our QB2 project and our expectations for development or extension of our other assets, can be found in Teck's 2020 Annual Information Form and its subsequent quarterly reports and Management's Discussion and Analysis available under Teck's profile at www.sedar.com and www.sec.gov.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, experience or achievements of Teck to be materially different from those expressed or implied by the forward-looking statements. Risks and uncertainties that could influence actual results include, but are not limited to: actual climate-change consequences, including any increases in temperature; changes in laws and governmental regulations or enforcement thereof; risks relating to the development and use of new technology or lack of appropriate technologies needed to advance our and others' climate goals; risks associated with permitting and development of our properties; operational problems; regulatory action; costs of compliance with environmental and other laws and regulation; alternatives to our commodity products displacing our products; natural disasters and adverse weather conditions; changes in commodity prices; general business and economic conditions, and the future operation and financial performance of the company generally.

Certain of these risks, uncertainties, assumptions and other additional risk factors are described in more detail in Teck's 2020 Annual Information Form and its subsequent Management's Discussion and Analysis and other documents available at www.sedar.com and in public filings with the United States Securities and Exchange Commission at www.sec.gov. The forward-looking statements in this document speak only as of the date of this report. Teck does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

The scientific and technical information regarding the QB2 project and Teck's other material properties was prepared under the supervision of Rodrigo Marinho, P Geo, who is an employee of Teck Mr. Marinho is a qualified person, as defined under National Instrument 43-101.

For More Information

More information on our approach to climate change, our projects to reduce our emissions, and our annual GHG emissions reporting is available at: www.teck.com/responsibility

If you have any questions about this report, email us at sustainability@teck.com or contact:

Fraser Phillips
Senior Vice President, Investor Relations and Strategic Analysis
Email: Fraser.Phillips@teck.com

Scott Maloney
Vice President, Environment
Email: Scott.Maloney@teck.com

Chris Adachi
Manager, Sustainability & Climate Change
Email: Chris.Adachi@teck.com