Teck

Our Approach to Climate Change


Solar Panels, Northern Chile. 2018.

Which Teck sites does this document apply to?

This document summarizes our approach to managing climate change. This document applies to Teck-controlled sites and projects, inclusive of contractor activities. This does not include operations in which Teck has/had an ownership interest but is not the principal operator.

Climate Change performance information: See our **Annual Sustainability Report**, available for download on our website. See our **Climate Change Outlook Report 2021**, and our and our **CDP Climate Change Response Report** for further disclosure.

Background

At Teck, we believe that climate change is a key global risk, that it is directly influenced by human activity and that it requires decisive global action. The impacts of climate change are being experienced globally, and the magnitude of global action will determine the severity of future 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 by sustainably producing the metals and minerals that are essential for building the technologies and infrastructure needed to transition to a low-carbon economy.

Governance and Accountability

Accountability and Resourcing

Climate-related risks and issues receive Board and management attention, and we consider climate-related issues and risks in strategic planning across our business units. Teck's Board of Directors provides oversight on all strategic matters, including the risks and opportunities related to climate change. The Board has established a Safety and Sustainability Committee (SSC). Through the SSC, the Board reviews and monitors environmental performance, and includes consideration of climate-related issues in corporate-level strategies and capital investment decisions. The SSC meets and reports to the company's Board of Directors quarterly.

The Board collectively reviews matters related to climate change and has participated in education sessions specific to climate change, including topics such as thriving in a low-carbon world, global megatrends and the future of mining, climate change risk, green steel technology, emerging climate change risks, adapting to the physical impacts of climate change, economic recovery, scarcity and decarbonization, and the Government of Canada's strategic assessment of climate change.

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.

The following senior leaders at the corporate level are directly involved in implementing climate change management practices and activities:

- The Senior Vice President (SVP), Sustainability and External Affairs reports directly to the President and Chief Executive Officer (CEO) and is responsible for sustainability, health and safety, environment, community, and Indigenous affairs, including climate action
- The Vice President, Environment reports directly to our SVP, Sustainability and External Affairs, and oversees compliance with environmental standards for projects, operations and our legacy properties, and regularly reviews environmental performance risks and strategic issues, including climate change
- The Vice President, Decarbonization and Chief of Staff reports directly to the President and CEO and oversees Teck's decarbonization strategy, including the identification, evaluation and advancement of Teck's greenhouse gas (GHG) reduction activities.

Elk Valley, Canada. 2017.

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 and evaluating our decarbonization progress against Teck's announced climate change goals. Given the multi-faceted ways in which climate change 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 the review of risks and opportunities of climate change for Teck; the review and discussion of Teck's updated climate change goals and decarbonization activities; and the implications of different climate scenarios on commodity demand.

Quarterly, Teck holds a climate change-focused meeting that is attended by the President and CEO, direct reports, and other relevant corporate officers. These sessions, which are devoted solely to climate change, and discuss climate-related risks and opportunities as well as progress against our corporate climate change commitments.

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

Climate-related risks and opportunities, which are identified using risk management tools internal to Teck, and rely on both internal and external expertise on climate change. These risks and opportunities are then prioritized based on their likelihood and severity of impact on our business and are considered in our overall strategic planning.

For detailed information on Teck's sustainability governance structure, see Our Approach to Business and Sustainability.

Compensation

Our compensation program for employees is linked to health and safety and to sustainability performance through individual, business unit and company-wide objectives. Climate change performance is also integrated into our executive compensation long- and short-term incentive plans. For more information, see the Compensation section in Our Approach to Business and Sustainability.

Capital Allocation and Climate Change

We are committed to reducing greenhouse gas emissions at our operations and throughout our value chain, and we will do this by integrating our decarbonization goals into how we allocate capital investment. To help meet our greenhouse gas emissions reduction goals and other strategic priorities, we have enhanced our approach to capital allocation to consider non-financial factors when determining allocation of funds to capital expenditures.

Policies and Standards

Our Code of Sustainable Conduct outlines our commitment to sustainable development; efficient and responsible use of energy, water and other resources; waste management; and responsible material use. It also describes our commitment to promote the efficient use of energy and material resources in all aspects of our business, and outlines our support of sustainable development and our willingness to accept our obligation to constantly improve our methods of extracting the world's resources to the benefit of our stakeholders.

Teck's sustainability-related standards (Sustainability Standards) outline the framework for the identification and effective management of sustainability risks and opportunities, including those related to climate action, and define a process for continual improvement.

Our Climate Change Policy describes our commitment to taking climate action, including reducing our own emissions, adapting to physical impacts and advocating for global action to limit global warming to 1.5°C. Our Sustainability Standards stipulate that all of Teck's major capital projects will include the identification and evaluation of opportunities for improving energy efficiency. Our energy and carbon accounting practices follow the

rigorous Greenhouse Gas Protocol standards from the World Resources Institute, and from the World Business Council for Sustainable Development for calculating emissions. Our strategy for managing the risks and opportunities associated with climate change is outlined in our TCFD- aligned Climate Change Outlook 2021 report, which includes scenario analysis, as well as in our sustainability strategy.

Memberships, Partnerships and External Commitments

We work with various local, national and international organizations and programs to support climate action:

- International Council on Mining and Metals (ICMM): A global industry association that represents leading international mining and metals companies who are required to implement the ICMM Principles, the Position Statements and the Performance Expectations, which include criteria related to climate change.
- Mining Association of Canada (MAC)—Towards Sustainable Mining (TSM): A Canadian industry association that promotes the development of the country's mining and mineral processing industry, works with governments on policies applicable to the sector, and promotes the value that mining brings to the economy and daily life of Canadians while operating responsibly using the Towards Sustainable Mining Protocols, including the Climate Change Protocol.
- The Copper Mark: A multi-metals assurance framework developed by the International Copper Association to promote responsible practices and to demonstrate the transition minerals industry's contribution to the United Nations Sustainable Development Goals. The Copper Mark criteria includes criteria related to greenhouse gas emissions and energy consumption.
- International Organization for Standardization (ISO) 14001: An international standard that specifies the requirements for an environmental management system that organizations use to manage environmental responsibilities in a systematic way to enhance environmental performance.
- International Organization for Standardization (ISO) 50001: An international standard that specifies the requirements for an energy management system that organizations use to practically manage and improve energy use, and to address impacts and conserve resources in a systematic way.
- Task Force on Climate-related Financial Disclosures (TCFD): Provides a set of reporting guidelines for voluntary, climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders; Teck has been a formal supporter of TCFD since 2018, and our Climate Change Outlook 2021 report is aligned to TCFD recommendations
- Paris Pledge for Action: Teck is a signatory to the Paris Pledge for Action in support of reducing emissions and achieving the objectives of the Paris Agreement
- Carbon Pricing Leadership Coalition: A partnership of national and sub-national governments, businesses and organizations working toward integrating carbon pricing into the global economy
- Council for Clean Capitalism: A group of forward-thinking companies working together to ensure sufficient financing and transparency to smooth our transition to a low-carbon economy
- B.C. Climate Solutions Council: This council—which includes members from Indigenous communities, environmental organizations, industry, academia, labour and local government—provides strategic advice to the British Columbia government on climate action and clean economic growth
- CDP: We annually report our global GHG emissions data to the CDP, an independent not-for-profit organization working to drive GHG emissions reduction by businesses and cities

Teck's Climate Change Strategy Framework

Our strategy to contribute to global climate action, to adapt to a low-carbon economy and to continue to responsibly produce the materials essential for society is built around four pillars as shown in Figure 1:

Figure 1: Teck's Four-Pillar Climate Action Framework

Our products and climate change

- Producing metals and minerals required for the transition to a low-carbon economy
- Rebalancing portfolio towards copper
- Efficient, low-cost and low-carbon operations will keep Teck competitive

Decarbonization

Long-term ambitions:

- Net-zero scope 1 and 2 emissions by 2050
- Reduce carbon intensity of operations by 33% by 2030
- Net-zero scope 2 emissions by 2025
- Net-zero scope 3 emissions by 2050

Climate resiliency

- We support broad-based, effective carbon pricing
- Best method to encourage global action on climate change
- Work with associations/ government on policy solutions to limit climate change to 1.5°C

Climate advocacy and governance

- Increase reilience of operations
- Incorporate climate scenarios into project design and mine closure planning

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

Our Climate Change Outlook 2021 report provides analyses of three International Energy Agency scenarios: Stated Policies, Sustainable Development and Net-Zero 2050, including the potential impacts of each scenario on demand for our products.

Our Targets and Commitments

Our sustainability strategy outlines our goals in relation to continuously improving our energy use and emissions at our operations.

Strategic Priority 1:

- Achieve net-zero Scope 1 and Scope 2 emissions across our operations by 2050

Goals:

- Reduce the carbon intensity of our operations by 33% by 2030
- Achieve net-zero Scope 2 emissions by 2025
- Accelerate the adoption of zero-emissions alternatives for transportation by displacing the equivalent of 1,000 internal combustion engine (ICE) vehicles by 2025

Strategic Priority 2:

- Ambition to achieve net-zero Scope 3 emissions by 2050

Goals:

- Support partners in advancing GHG reduction solutions capable of reducing the global carbon intensity of steelmaking by 30% by 2030
- Partner with our customers and transportation providers to establish low-emissions supply chain corridors for the transportation of our steelmaking coal, and support a 40% reduction in shipping emission intensity by 2030 for shipping we contract

When our emissions reduction targets were determined in 2020, Teck set a linear, shorter-term milestone to reduce the carbon intensity of our operations by 33% by 2030. Our linear target aligns with a net-zero by 2050 trajectory. Teck's carbon intensity is also already lower than several other peers, largely due to the fact that many of our operations access low-carbon sources of electricity. For example, for our B.C. operations, 98% of grid electricity is renewable and almost entirely generated from hydroelectricity. Teck believes that its low-carbon advantage will support its work towards the long-term commitment to achieve net-zero GHG emissions by 2050.

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.

For more information on our sustainability strategy goals, see the Sustainability Strategy section of our website.

Reducing the Carbon Footprint of Our Operations and Our Value Chain

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.

For Teck, four major sources of emissions present opportunities for decarbonization: power supply, mobile equipment, stationary combustion and process emissions, and fugitive methane emissions. To decarbonize these emission sources and ultimately achieve our goal of net-zero, we are prioritizing activities to deliver cost-competitive reductions, setting ourselves on the path to tackle our most material sources of emissions first. We are actively evaluating existing solutions and monitoring emerging technologies to determine the current and future viability of the various options. This includes a range of abatement options, including renewable energy use, fleet electrification, carbon capture, carbon offsets and more.

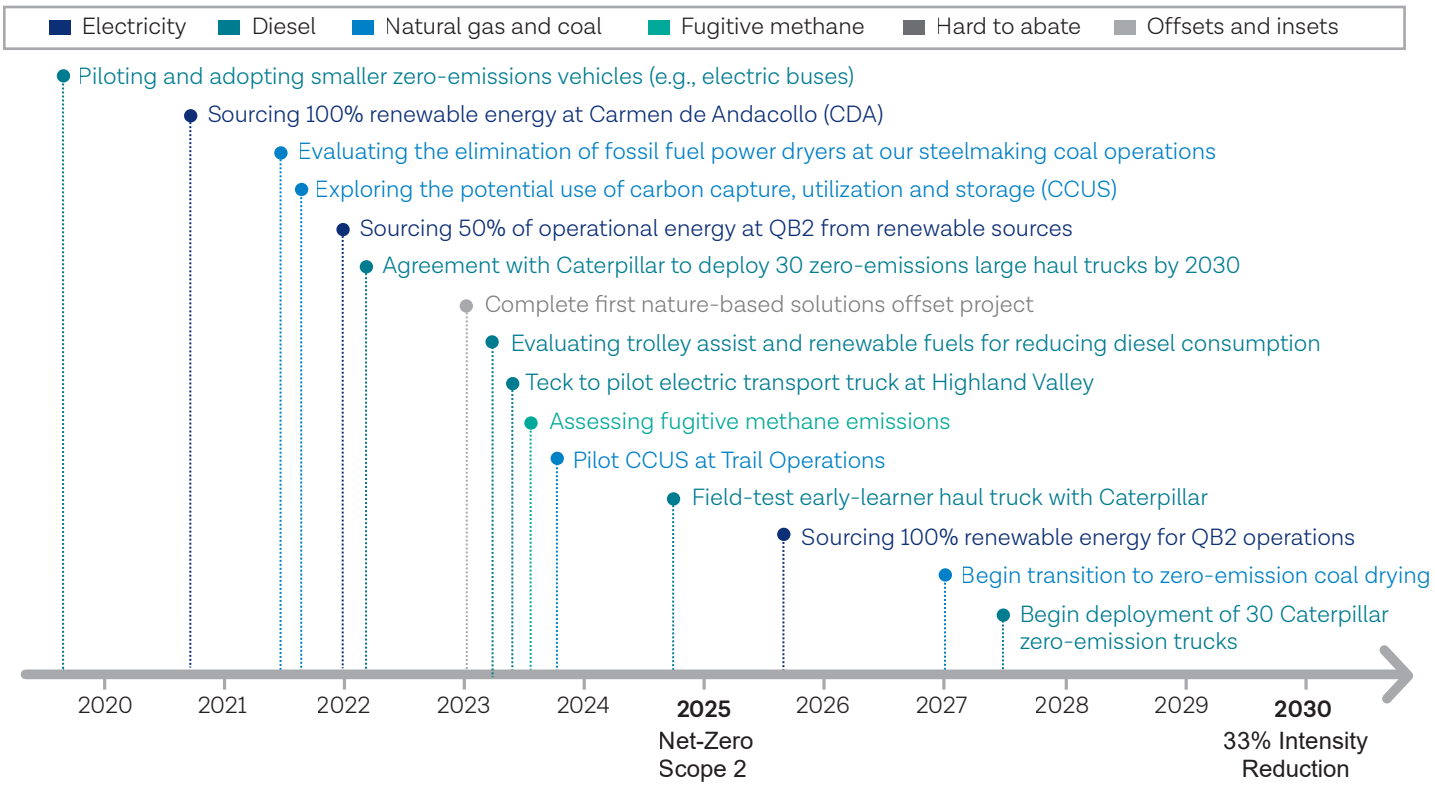
Support for Appropriate Carbon Pricing Policies

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. This includes engagement with governments on carbon pricing in regions where we operate. We engage directly and through industry associations and review the positions and practices of the major industry associations of which we are a member to determine the degree to which they are aligned with our Climate Change Guiding Principles as described in our Industry Associations Review. For more information on our recent actions in support of appropriate carbon pricing, see the Climate Change chapter of our annual Sustainability Report.

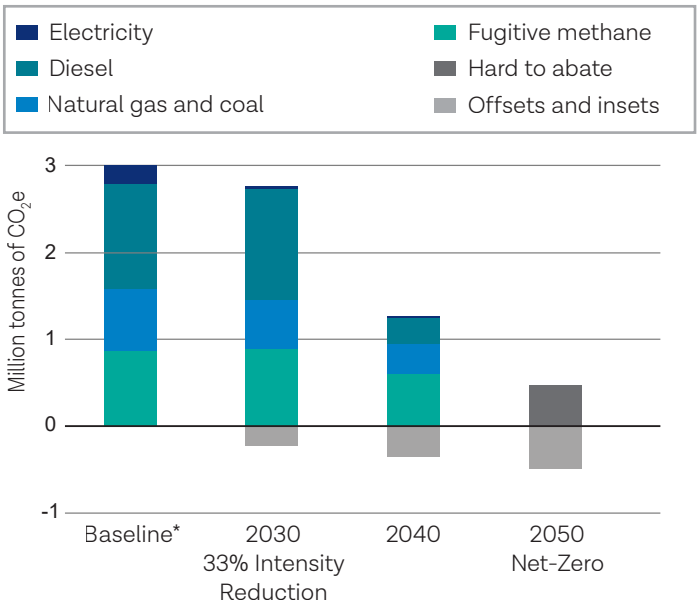
Adapting to Physical Impacts

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.

Figure 2: Our Pathway to Net-Zero by 2050*



*See Cautionary Note on Forward Looking Statements regarding uncertainties associated with future decarbonization actions.



*Baseline reflects average emissions from 2016 to 2019. For absolute emissions, this is an appropriate representation of historical performance.

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.

We work closely with industry partners to support industry-wide standards for climate adaptation. This includes partnering with the ICMM, which has been a leader in sharing best practices. ICMM supports improvement and makes learnings publicly available through reports. In addition, we work closely with the MAC to develop standardized guidance for managing the physical impacts of climate change within the mining industry, which supports the updated climate change protocol under MAC's Towards Sustainable Mining program.

Engaging Workers and Communities

At Teck, we recognize that climate change is a key global risk that will impact not only our own organization, but also our value chain partners and our communities. In order to best address the global challenge of climate change, we are committed to engaging with communities near our operations to better understand and support their resilience to potential climate change impacts. On page 6 of our TCFD-aligned Climate Change Outlook 2021 report, we articulate our commitment to establish such local partnerships. We have made several community investments to support recovery efforts during extreme weather events such as wildfires and floods by partnering with local and Indigenous governments, emergency providers and community stakeholders, and we are working to enhance our approach to community resilience and adaptation.

Transparency on Climate Disclosure

We recognize that timely and transparent disclosure related to our response to climate change are of importance to Teck and our communities of interest. We report on our performance against indicators and goals related to climate action on an annual basis in our Sustainability Report.

Our Climate Change Outlook 2021 report looks at how Teck is positioned for a low-carbon economy by analyzing potential business risks and opportunities under three different climate change scenarios. These scenarios provide information on how Teck is analyzing and preparing for the risks and opportunities that may emerge as the global community combats climate change and moves to a lower-carbon future. This report builds on our 2018 and 2019 Portfolio Resilience in the Face of Climate Change reports, and aligns with recommendations from the TCFD, which we support. We also report our emissions data annually to the CDP and we engage with Climate Action 100+ and other investor organizations. 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, available on our website.

Assurance Related to Climate Change

Teck takes an effective, efficient, risk-focused and integrated approach to assurance activities, which ensures internal controls are appropriately designed and operating effectively. These assurance activities include:

- Risk assessments and control verification at sites and in business units
- Sustainability internal audits and mid-term effectiveness reviews conducted at sites by Teck's Sustainability Assurance team
- Corporate annual internal audits conducted by Teck's Assurance and Advisory team
- External assurance by independent auditors for relevant regulatory and voluntary membership requirements

Following each of these processes, applicable management teams use the results to inform future actions and Teck's five-year planning process.

Assurance Related to Climate Change

Type	Organization	Items Reviewed
Internal	Teck (risk-based sustainability audits)	• Adherence to regulatory and permit requirements • Effectiveness of controls based on risk profile • Sustainability Standards
Internal	ISO 14001 internal audits	• Components of the environmental management system at each certified site
Internal	ISO 50001 internal audit	• Components of the energy management system at certified site
External	International Council on Mining and Metals: Sustainability Report Assurance and Performance Expectations	• Total GHG emissions—direct (Scope 1) • Total GHG emissions—indirect (Scope 2) • Total GHG emissions—indirect (Scope 3 value chain emissions) • Principle 6: Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change (Performance Expectation 6.5)
External	Mining Association of Canada: Towards Sustainable Mining assurance	• TSM Climate Change Protocol
External	The Copper Mark	• Issue area 15—Greenhouse Gas Emissions • Issue area 16—Energy Consumption
External	GHG Regulatory Assurance (B.C.)	• Verification of GHG data reported and quantification of methodologies
External	ISO 14001 external audits	• Components of the environmental management system at each site
External	ISO 50001 external audits	• Components of the energy management system at selected sites