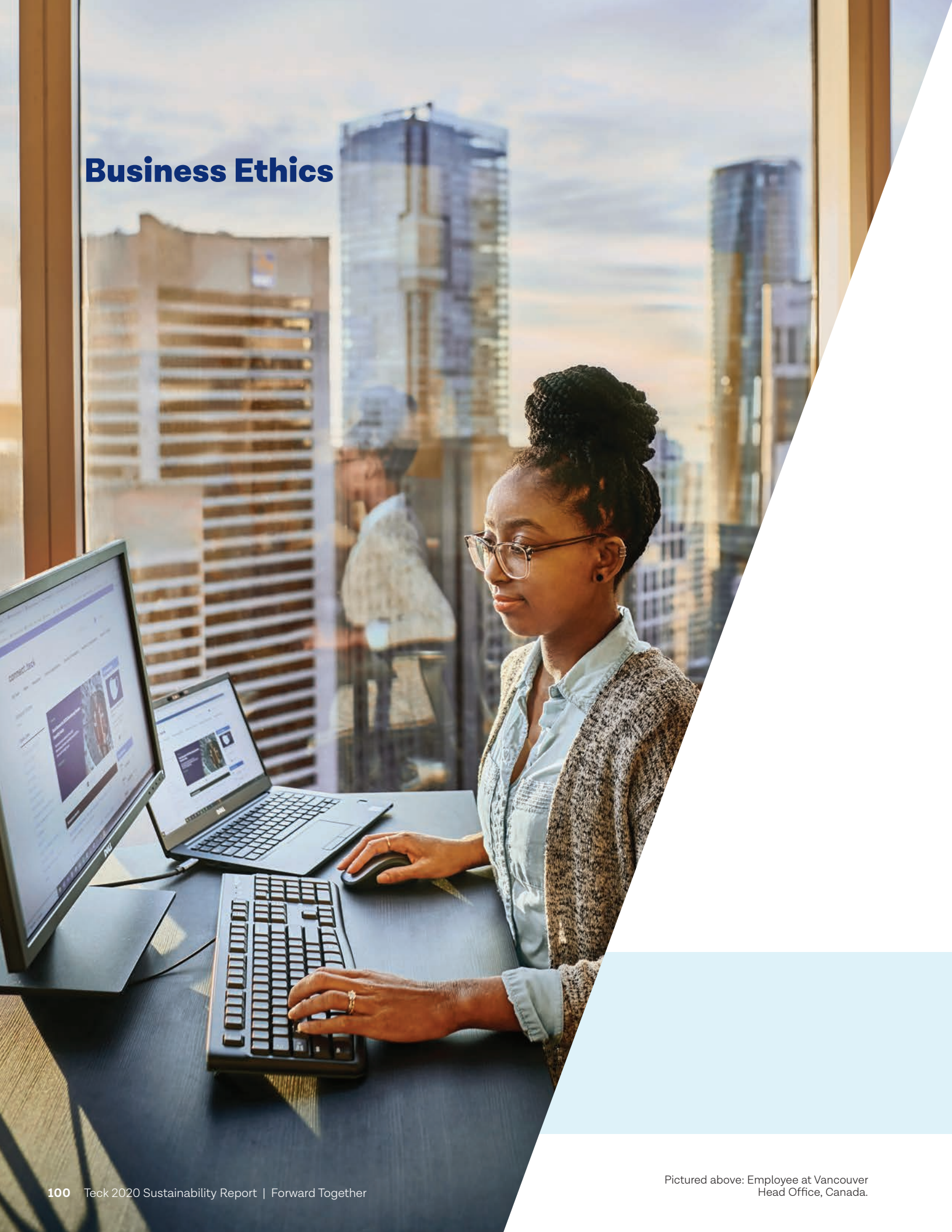


# Business Ethics



## Business Ethics

The COVID-19 pandemic further emphasized the importance of transparency and accountability during challenging and unpredictable situations. There is also increasing public pressure for, and regulation requiring, greater transparency around anti-corruption, lobbying and tax transparency.

As an industry that operates in a wide range of jurisdictions, business ethics and anti-corruption are a major focus for the mining industry. Maintaining open and transparent communications with governments and regulatory parties is essential to mitigating risk and responding to future regulatory changes, and to forming good and transparent relationships with government entities, agents and intermediaries. This is reflected in the International Council on Mining and Metals (ICMM) Principles: to implement and maintain ethical business practices that seek to prevent bribery and corruption.

Teck operates primarily in Canada, the United States, Peru and Chile, which are characterized by relatively stable political and economic conditions and robust legal systems. We focus on being a collaborative, solutions-based partner, and regularly engage with governments on regulatory and public policy initiatives that are primarily focused on maintaining and enhancing the competitiveness of our industry as well as its sustainability. In 2020, our public policy engagement focused on advocacy for actions to address climate change, innovation, socio-economic initiatives, conservation and environmental management, and Indigenous Peoples, among other topics.

### GRI Indicators and Topic Boundary

102-12, 102-13, 102-17, 201-4, 203-2, 205-103, 205-1, 205-2, 406-103, 415-103, 415-1

This topic is considered most material by our shareholders, employees, contractors and suppliers, local communities and regulators in the context of all Teck sites and contractor selection/management.

### How Does Teck Manage This Topic?

Information about how we manage business ethics, including relevant policies, management practices and systems, is available for [download on our website](#).

## 2020 Highlights

Worked with federal and provincial governments directly and through associations to include mining/smeltering on the lists of essential services, which **enabled ongoing operations and local economic activity with enhanced health & safety measures** in place through the COVID-19 pandemic.

Published **fourth annual Economic Contribution Report**, providing transparency on our payments to governments and economic contributions where we operate.

## Our Performance in Business Ethics in 2020

### Our Commitments

Our [Code of Sustainable Conduct](#) requires employees and contractors to comply with applicable laws and regulations and with all Teck policies and standards. We are committed to upholding high moral and ethical principles, as affirmed in our [Code of Ethics](#). Our approach to taxation is aligned with our Code of Ethics and our approach to business and sustainability. We are, in all tax matters, compliant, transparent, cooperative and ethical, as outlined in our [Tax Policy](#), which was updated in 2020.

As outlined in our Political Donations Policy, Teck does not make use of corporate resources, including funds, goods, property and/or services, for the purpose of contributing to a political party, a campaign for elected office, a nomination process for a political party, a local political constituency and/or to any individual candidate seeking election at any level of government.

These policies provide clear guidance around how we should conduct our business, and they set standards on topics such as bribery and corruption, sponsorships and donations, conflicts of interest, confidentiality, and data privacy and third-party due diligence. While Teck's business practices must consider the local customs of the communities in which we operate, our business practices are fundamentally based on honesty, integrity and respect.

Teck's activities are subject to a number of laws within the jurisdictions in which we operate. When engaging public officials, the laws, regulations and rules of the country in which the engagement by a Teck employee occurs will apply. In addition, the applicable laws, regulations and rules of the country in which the Teck employee resides may, based on statute or treaty requirement, carry over to foreign jurisdictions.

### Doing What's Right Program

Our employees have a duty to report any violations, or potential violations, of our Code of Ethics through our *Doing What's Right* program, which includes a whistleblower hotline and web portal that are managed by a third party. The hotline is available in all relevant languages in the countries where we operate. We do not tolerate any form of retaliation against employees raising concerns.

Through this program, we received 40 reports of alleged violations of our Code of Ethics in 2020. The areas for which we received the greatest number of reports were in relation to employee relations (30%), safety issues and sanitation (22%) and discrimination (17%). Of these 40 cases, 26 were closed following investigation or were closed on the basis that no investigation was necessary. The remaining 14 cases are still under investigation. No criminal cases regarding bribery were brought against Teck or any of its affiliates in 2020, 2019 or 2018.

## Anti-Corruption

All operations and business activities are assessed for risks related to corruption, and internal audits are conducted on a periodic basis to assess compliance with our [Anti-Corruption Policy and Manual](#). No new significant risks associated with corruption were identified through these assessments.

The Internal Audit department reports to the Audit Committee on a quarterly basis on any cases of fraud identified, other than those reported through the whistle-blower hotline. Zero such instances of fraud were reported to the Audit Committee during 2020, and we had no involvement in any investigations regarding alleged breaches of competition laws.

Teck's Anti-Corruption Policy supplements the Code of Ethics and reinforces Teck's commitment to anti-corruption, which is an integral part of employees' performance appraisals. While select employees are required to certify that they have read and understood these policies and standards and that nonconformity would lead to disciplinary action, they also undergo anti-corruption training at least every two years. We have criteria in place to determine which employees are required to complete anti-corruption training based on location, engagement with government and a number of other factors. Based on this criteria, 2,132 employees were required to participate in anti-corruption training in 2020, and over 85% of those employees have completed the training. Table 38 provides more information about training on anti-corruption policies and procedures.

**Table 38: Number of Employees Who Have Received Training in Anti-Corruption During the 2020 Training Cycle**

Country	Number of Employees
Canada	1,032
United States	82
Chile	644
Other Locations (China, Australia, Ireland, Mexico, Namibia, Peru, Turkey and Japan)	63
<b>Total</b>	<b>1,821</b>

## Public Policy Initiatives

We focus on being a collaborative partner with governments in the jurisdictions where we work, and we regularly engage in public policy initiatives that support the competitiveness and sustainability of our industry. In 2020, we engaged with governments on several public policy and regulatory initiatives of relevance to Teck.

Teck communicates its anti-corruption policies and procedures to all members of its governance body.<sup>28</sup> The CEO, who is a governance body member, receives anti-corruption training in his role as an employee of Teck, and all Board members are expected to complete the Code of Ethics Acknowledgement.

Teck expects its supply chain partners to also adhere to the same fundamental principles, including those relating to legal compliance, fairness and honesty, anti-corruption, and human rights which are outlined in [Teck's Expectations for Suppliers and Contractors](#). All of Teck's supply chain partners are provided with Teck's Expectations for Suppliers and Contractors. In 2020, 22% of our supply chain partners were further qualified to perform work on Teck's sites and provided written acknowledgement of their adherence to these principles. Teck's Anti-Corruption Policy and Manual resides on the Teck corporate website for members of the public, investors, joint venture partners and others, to review.

We also implement a third-party due diligence program under Teck's Anti-Corruption Policy. Consultants, agents or intermediaries who have contact with, or do business with, a government official on behalf of Teck must undergo sufficient due diligence to enable us to conclude with reasonable assurance that the service providers understand and will fully abide by applicable anti-corruption laws and our policy. Under our risk analysis, service providers who have contact with, or have the potential to have contact with, government officials on Teck's behalf will be included in Teck's due diligence program. In 2020, no potential or existing suppliers were flagged as having anti-corruption and/or anti-bribery risks that disqualified them from conducting business with Teck.

## Environmental Initiatives

**Supporting effective climate change policies:** Teck continued advocating to governments across Canada for policies that support the transition to a lower-carbon economy while ensuring the competitiveness of Canadian emissions-intensive, trade-exposed (EITE) sectors. We engaged the

<sup>28</sup> 'Governance body members' is interpreted as the Board of Directors at Teck.

Government of Canada, the B.C. Government and the Alberta Government in support of climate action policies that are designed to address, not imperil, the competitiveness challenges that come from a global trade environment that has uneven climate change policies. Included in this support has been our role on the B.C. Climate Solutions Council, our contributions to designing the federal Clean Fuel Standard and the B.C. Low Carbon Industrial Strategy, and our assessment of the paths of the Governments of Canada and B.C. to net-zero greenhouse gas emissions by 2050.

#### **Advancing the development of Canada's Coal Mining**

**Effluent Regulations:** Teck remained actively engaged in the review process for the draft regulations through 2020. For Teck, the final design of these regulations is critical for long-term planning for our steelmaking coal operations in

Western Canada. We will continue to participate in the review and dialogue process with the Government of Canada in 2021 to help ensure the regulations are well-designed and science based.

#### **Progressing biodiversity and wildlife management**

**initiatives:** Teck is committed to supporting biodiversity and wildlife in the areas where we operate. As part of this commitment, we supported actions by the Government of Canada and the B.C. Government and the Alberta Government on developing effective ways to assist with the protection and recovery of local wildlife populations and securing additional land for their habitat. We also supported guidance materials in relation to the Canadian federal *Migratory Birds Convention Act* that are intended to benefit bird species across Canada.

### **Case Study: Helping Citizen Scientists protect B.C.'s Natural Heritage through our BC Parks Foundation Partnership**

In 2018, Teck partnered with the BC Parks Foundation to harness the enthusiasm of residents and visitors for B.C.'s natural beauty in helping to catalogue the biodiversity of the province's outdoor spaces. The BC Parks Foundation began the BC Parks iNaturalist project with Teck's support, and in partnership with BC Parks and researchers from Simon Fraser University and the University of Victoria. The project aimed to take on the challenge of cataloguing the variety of plants and

animals that call B.C. home. The pilot utilized iNaturalist, a mobile app that allowed park visitors to collect observations using mobile phones or cameras. They could then upload their observations to the app or website. To date, there have been more than one million observations submitted, with almost 23,000 citizen scientists using the iNaturalist app. Read the full case study on [our website](#).

### **Socio-Economic Initiatives**

#### **Collaborating with governments on COVID-19 response:**

Teck engaged governments in Canada to ensure that mining and mineral development were officially listed as essential services and functions so that operations could continue, even in periods of lockdown, to protect the health and safety of our people and communities. Teck also worked with industry associations on advocating for COVID-19 response measures, such as tax and tax-related changes, to help people and businesses manage impacts of the pandemic.

**Advocating for cost-competitiveness:** Teck continued to engage the Government of Canada, the B.C. Government and the Alberta Government to address cost-competitiveness issues relating to carbon taxation, rising costs in electricity, transportation costs, the ongoing administrative inefficiencies around the provincial sales tax, and other federal and provincial tax and regulatory measures.

**Ensuring the competitiveness of Canada's ports:** Teck is a leading commodity exporter from Canada's Pacific coast ports, and our export competitiveness depends on port infrastructure and service levels that are reliable, cost-effective and efficient. As such, we continued to communicate our concerns to the Government of Canada about the relatively uncompetitive business environment relating to Canadian port infrastructure.

#### **Enhancing trade relations with key export markets:**

We continued to work with the Government of Canada in enhancing relationships with key export destinations, primarily in Asia. This included advocating for addressing tariff and non-tariff barriers, as well as advancing the Canada-India Comprehensive Economic Partnership Agreement.

#### **Reviewing potential for amendments to U.S. mining legislation:**

Teck continued to review where potential changes could be made to federal U.S. mining legislation affecting how mineral rights are secured on federal lands and how these lands could be used for activities ancillary to mining, including community and recreational activities.

#### **Preserving cultural heritage of areas of operation:**

In Chile, Teck worked closely with the Chilean National Monuments Council and the Chilean Archaeology Society to safeguard mummified human remains found during excavations at our Quebrada Blanca Phase 2 project (QB2). The works included a comprehensive documentation of the recovery, highlighting the use of precision 3D photogrammetry, which is a technique that obtains geometric records of the entire dig process and preserves its information for future scientific studies of the findings, as well as for the socialization of this important cultural heritage.

## Case Study: Rescue of Archeological Findings in the Tarapacà Region, Chile

During construction at the QB2 port area, 60 kilometres south of the city of Iquique, Chile, our teams discovered mummified human remains dating back to the Early Formative period, between 1100 BC and 400 BC. Upon discovering the remains, Teck, in collaboration with relevant experts and authorities, undertook a comprehensive documentation of the recovery. We utilized precision 3D photogrammetry to ensure we

obtained geometric records of the entire dig process, and carefully removed the artifacts for safe storage. Following analysis and study, the artifacts will be deposited in a museum institution approved by Chile's National Monuments Council. These efforts will help us to support future scientific studies and to enhance and preserve the locality's cultural heritage. Read the full case study at [teck.com/news/stories](https://teck.com/news/stories).

### Innovation Initiatives

**Working with governments to foster more innovation in mining:** Teck actively pursued government initiatives to advance innovation in our operating jurisdictions, including continuing to work with Canada's Digital Technology Supercluster (under the federal Innovation Supercluster Initiative) as a Founding Member and engaging the B.C. Government on the development of the Mining Innovation Roadmap.

### Inclusion and Diversity Initiatives

**Advancing reconciliation objectives with Indigenous Peoples:** In Canada, Teck continued advancing reconciliation objectives through our participation in the BC Assembly of First Nations–Business Council of BC Champions Table, through ongoing work with Reconciliation Canada, and through active engagement and support for various government legislative reviews and initiatives. This includes Indigenous components, such as the federal *United Nations Declaration on the Rights of Indigenous Peoples Act*, which relates to establishing a new legal framework for advancing reconciliation.

**Advancing Inclusion and Diversity in Chile:** Teck participated in two international forums held in Chile in 2020: the Asia-Pacific Economic Cooperation's Policy Partnership on Women and the Economy, hosted by the Malaysian Government, and the Energy and Mining Sector Dialogue between Europe and Latin America organized by UN Women. Teck was also the first mining company in Chile to join the Pride Connection Network promoted by Fundación Iguales, an organization that promotes gender-inclusive workspaces and the attraction of LGBTQ2S+ talent.

### Contributions to Industry Associations

We believe it is important to engage with industry associations to advance research, share best practices, and contribute to improving the regulatory systems and industry performance 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 the policies or perspectives of the organization or, ultimately, consider whether to continue participating in the association.

Our three largest contributions in 2020 were to the International Council on Mining and Metals (\$0.6 million), the World Economic Forum (\$0.6 million), and the Mining Association of Canada (\$0.6 million). For a full list of associations to which Teck pays annual membership fees of \$50,000 or more, visit [Memberships and Partnerships on our website](#).

## Commitment to Transparency

Teck publicly reports on payments to governments in the countries where we operate, as required under the Canadian *Extractive Sector Transparency Measures Act* (ESTMA). These payments include taxes, royalties and other payment types, by country and on a project-by-project basis, in relation to the commercial development of oil, gas and minerals. See our ESTMA disclosure on the [Annual Public Filings Archive page](#) on our website.

We also publish an annual voluntary Economic Contribution Report to complement and enhance our ESTMA disclosure. This report demonstrates our overall value generation in the areas where we operate through wages and benefits, payments to contractors and suppliers, community investment, payments to governments and other payments. See the [Economic Contributions page](#) on our website for more information.

We engage in and support the work being done to fight financial corruption by supporting relevant international frameworks such as the Extractive Industries Transparency Initiative (EITI). We participate in the EITI through our ICMM membership.

## Payments Received from Governments

In certain jurisdictions, part of our statutory obligations related to lobbying is to publicly report funding we receive and applied for from any government around the world. In 2020, Teck received \$2,332,994 CDN from two government programs in Canada: the CleanBC Industry Fund (\$2,062,994) and the Student Work Placement Program (\$270,000). The CleanBC Industry Fund helps leverage investments to lower greenhouse gas emissions and improve industrial operations, while the Student Work Placement Program supports post-secondary students across Canada with paid work experience related to their field of study.

In 2020, Teck did not receive nor apply for any direct financial assistance relating specifically to COVID-19 from governments — such as the Canada Emergency Wage Subsidy — in jurisdictions in which we operate. However, Teck utilized some COVID-19 tax deferral and temporary tax suspension programs universally put in place for industry. Additionally, in Chile, our contractors used a subsidy program established in the COVID-19 *Employment Protection Law* that allows employers to suspend contracts with their workers and provide access to unemployment insurance funds. This law benefited Teck by reducing contract suspension costs with our suppliers and facilitating restart activities. We do not have a cost estimate of this benefit for Teck.