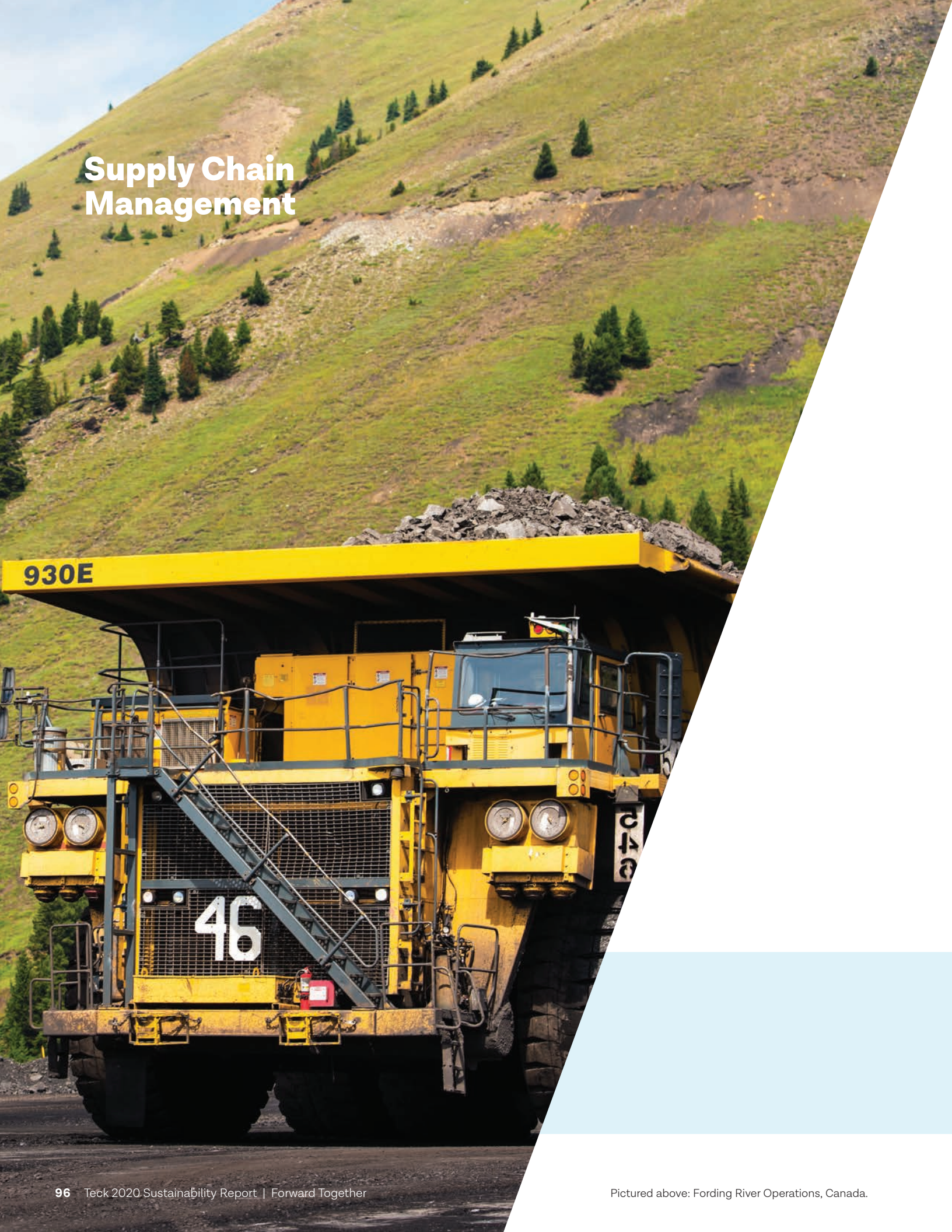


# Supply Chain Management



# Supply Chain Management

Many organizations have experienced some form of supply chain disruption during the COVID-19 pandemic, exposing supply chain vulnerabilities.<sup>26</sup> Additionally, issues such as climate change will affect trade by disrupting supply chains, creating a knock-on effect for all parties.<sup>27</sup> Such world events, along with the convergence of new technologies, call for more resilient and agile supply chain processes to mitigate risks and realize opportunities. This means that supplier readiness to adapt to an ever-changing environment can expose companies to new risks or opportunities. Supply chain disruption due to COVID-19 was not material to Teck in 2020. To ensure business continuity and to create social value, companies must ensure that their suppliers follow the same expectations for responsible business as those in place for their own operations.

Teck procures goods and services such as mobile equipment, machinery, fuel and lubricants, explosives, and a range of other products and services that support large-scale mining and refining operations. Through responsible supply chain management, our objective is to ensure that we minimize our potential impacts on people and on the environment, and that we manage business and reputation risks while capitalizing on opportunities. For example, we make efforts to source supplies and services from local sources

where possible, including from Indigenous Peoples.

As our operations and the majority of our business activities are in lower-risk jurisdictions that have strong legal frameworks, we expect and have a good level of confidence that our suppliers' and contractors' business conduct is aligned with robust human rights, environmental and labour legislation and regulations. For suppliers in jurisdictions with higher risk, additional vetting is conducted to ensure compliance with Teck expectations.

## GRI Indicators and Topic Boundary

102-9, 308-103, 308-1, 308-2, 414-1, 414-2

This topic is considered most material by our employees, government regulators, investors and society in the context of all Teck sites.

## How Does Teck Manage This Topic?

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

<sup>26</sup> COVID-19 Impacts on Supply Chains, Sustainability and Climate Change. Deloitte. 2020. <sup>27</sup> The Global Risks Report 2020. World Economic Forum. 2020.



## 2020 Highlights

**24%** of total procurement spend was on local suppliers

**3%** of total procurement spend was on Indigenous suppliers

## Our Performance in Supply Chain Management in 2020

**Our Targets and Commitments** Teck's Code of Ethics and Anti-Corruption Policy affirm Teck's commitment to uphold high moral and ethical principles and specifies the basic norms of behaviour for employees and others conducting business on its behalf. Teck expects suppliers to adhere to the same fundamental principles, including those relating to legal compliance, fairness and honesty, anti-corruption and human rights. Teck's Code of Sustainable Conduct affirms that protecting the environment, the safety and health of our people, and our relationships with local communities are core values of Teck. We expect suppliers to apply the same or more stringent standards in a manner that is appropriate and proportional to the nature and scale of their activities, the goods that they supply and the services that they perform.

### Supplier Expectations and Qualifications

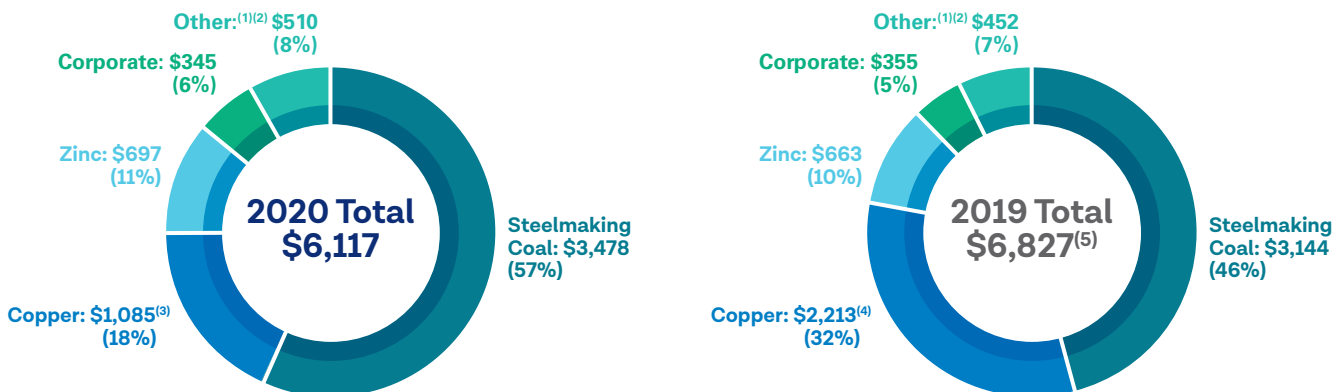
All suppliers are required to follow our [Expectations for Suppliers and Contractors](#), which builds on our [Code of Ethics](#), our [Anti-Corruption Policy](#), our [Code of Sustainable Conduct](#), our [Indigenous Peoples Policy](#) and our [Human Rights Policy](#).

The qualification of all suppliers involves obtaining and monitoring evidence that a supplier meets or exceeds our minimum standards as a condition to supplying products and services to Teck. This screens out the suppliers who are unable or unwilling to meet our requirements as outlined in our Expectations.

## Suppliers and Critical Suppliers

In 2020, we purchased goods and services from 3,801 suppliers, with an overall global spend of approximately \$6.1 billion, as shown in Figure 23.

**Figure 23: Supply Chain Spend by Business Unit** (millions)



(1) Includes our energy business unit and our Frontier project.

(2) As of February 2020, we have withdrawn the Frontier project from the regulatory review process. However, procurement and contracting work took place in 2020.

(3) Does not include Quebrada Blanca phase 2 project spend as a result of changes to reporting parameters. Our reporting now includes only operational spend.

(4) Includes Quebrada Blanca phase 2 project spend.

(5) The change in the total in 2019 is a result of consolidation of suppliers.

Critical suppliers are suppliers of goods or services that, in the event of an interruption in the supply chain, can have a significant impact on Teck's production, costs and/or revenues. Suppliers may also be considered critical due to the nature of their products and the potential risk and impact on health, safety, the environment and the communities in which we operate.

Critical suppliers include inbound suppliers of mobile equipment, fuels, tires, ammonium nitrate, process equipment, consumables such as grinding media, and

suppliers of related parts and services, and outbound suppliers of rail, marine, trucking, bulk terminal and related distribution services. In 2020, critical suppliers represented approximately 47% of our total procurement spend, as shown in Table 37. Within critical suppliers, there are two types: those managed on-site and those managed at a corporate level. Our top critical supplier in 2020 was Canadian Pacific Railway as in 2019; other critical suppliers included Neptune Bulk Terminals, Caterpillar and Komatsu and their respective dealers, Westshore Terminals, Suncor and Imperial Oil.

**Table 37: 2020 Spend on Critical Suppliers**

Business Area	Total (millions)	Critical (millions)	% of Total That Are Critical
Steelmaking Coal	\$ 3,478	\$ 2,233	64%
Copper	\$ 1,085 <sup>(3)</sup>	\$ 457 <sup>(3)</sup>	42%
Zinc	\$ 697	\$ 193	28%
Corporate	\$ 345	-	-
Other <sup>(1)(2)</sup>	\$ 510	-	-
<b>Total</b>	<b>\$ 6,117</b>	<b>\$ 2,885</b>	<b>47%</b>

(1) Includes our energy business unit and our Frontier project.

(2) As of February 2020, we have withdrawn the Frontier project from the regulatory review process. However, procurement and contracting work took place in 2020.

(3) Does not include Quebrada Blanca phase 2 project spend as a result of changes to reporting parameters. Our reporting now includes only operational spend.

While the COVID-19 pandemic tested our ability to source some supplies, the supply chain impact was not material.

Teck's COVID-19 committee enacted the crisis management protocols for pandemic to ensure the safety of our employees, contractors and communities — while ensuring the continued function of our critical business operations.

## Evaluating and Measuring Supply Chain Risk Management Performance

Ongoing monitoring and assessment is conducted for all of our critical suppliers, including review of the sustainability practices, policies and procedures of our largest suppliers and joint venture partners. In 2020, 845 suppliers completed annual surveys as part of our supplier registration process. We also conducted 27 deep-dive assessments on our critical suppliers based on information provided during the on-site contractor registration process in 2020. There were no red flags identified in these reviews.

We measure the supply management performance of our critical suppliers by setting and tracking key performance indicators in contracts. For example, all contracts with critical suppliers have safety performance indicators and

some have environmental indicators related to reducing or minimizing impacts based on the nature of the product or service provided. In addition to measuring supplier-specific performance indicators, we measure and report on:

1. Company-wide procurement from local suppliers: page 76
2. Company-wide procurement from Indigenous suppliers: page 67
3. Contractor health and safety: page 57