



Letter from the CEO

Donald R. Lindsay
President and Chief Executive Officer

To the Shareholders

2020 was unlike any year we've experienced, with a global pandemic that had an unprecedented impact and that required new ways of working and living. Yet through it all, the Teck team rose to the challenge and moved forward together to advance our priorities.

Thanks in no small part to the strong culture of health and safety our people have worked to build over the years, Teck was able to quickly respond to the pandemic. We implemented comprehensive protocols and preventive measures to safeguard our people and transitioned thousands of employees to remote work overnight. We made tough but necessary decisions to ensure safety, including temporarily reducing crew sizes at our operations and suspending construction at our Quebrada Blanca Phase 2 (QB2) project in Chile. These measures allowed us to keep operating, maintain jobs and continue providing essential metals and minerals for the world.

In keeping with our long-standing track record of supporting the communities in which we operate, we focused on helping those who have been hard hit by the pandemic by establishing a \$20 million COVID-19 response fund to support healthcare and community organizations such as food banks in communities where we operate. As well, we looked at how we can contribute to protecting our communities in the long term through the expansion of our Copper & Health Program, which promotes the use of antimicrobial copper coatings in healthcare and public transit settings, with the goal of reducing transmission of infections like COVID-19.

Health and safety is a core value at Teck and our first consideration in everything we do. Our health and safety performance in 2020 was the best on record, with a 32% reduction in High-Potential Incidents from 2019. However, we were deeply saddened by a fatality that took place in January 2021 at our Red Dog Operations. In response to the incident, we are carrying out an in-depth investigation to learn as much as possible and implement measures to prevent a reoccurrence.

In spite of the challenges of 2020, we continued to operate responsibly, advance our business strategy and strengthen Teck for the future. We maintained our focus and progressed our key priorities of advancing copper production growth, enhancing the efficiency of our steelmaking coal logistics chain, implementing our RACE21™ business transformation program, and reducing costs—all while maintaining strong health and safety and sustainability performance.

Advancing Copper Growth

Copper is an essential material for the global transition to a low-carbon future. Renewable energy systems can require up to 10 times more copper compared to traditional energy systems, and a zero-emission electric vehicle needs up to four times as much copper as an internal combustion vehicle.

As such, the low-carbon transition will drive increased copper demand in the near and long term. To support this global transition, we continued in 2020 to advance our strategy of growing copper production and rebalancing our portfolio towards copper. In spite of the challenges posed by COVID-19, we achieved our year-end target of 40% completion of QB2 which, once operating at full capacity, will double Teck's copper production on a consolidated basis and significantly advance our copper growth strategy.

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Improving Steelmaking Coal Logistics and Productivity

We also continued to improve our low-carbon intensity steelmaking coal business in 2020, strengthening our logistics through rail and terminal agreements and upgrades at Neptune Bulk Terminals. When complete this year, the Neptune upgrades will increase terminal-loading capacity, improve our capability to meet our delivery commitments and lower our overall transportation costs. In addition, we structurally reduced our mine operating costs with the closure of our higher-cost Cardinal River Operations, replacing this production through the expansion of our lower-cost Elkview Operations. Collectively, these improvements position us well to meet steelmaking coal demand growth as the rollout of vaccines and fiscal stimulus drive the global economic recovery.

Implementing the RACE21™ Business Transformation

RACE21™ is Teck's business transformation program, which focuses on harnessing innovation and technology to strengthen productivity, health and safety, and sustainability. In 2020, we advanced a broad range of initiatives, including using machine learning to analyze data and provide real-time recommendations to our front-line operators to maximize throughput at our processing plants and automation. This will improve safety and maximize the efficiency of our mobile mining fleets. Moving forward, we will continue to implement and scale up technologies to optimize our operations.

Implementing Cost Reductions

We implemented a company-wide program beginning in 2019 to reduce operating costs and planned capital spending for the third quarter of 2019 and all of 2020, targeting total reductions of approximately \$500 million. As of the end of 2020 we had exceeded this target, achieving a total of approximately \$1.0 billion of reductions from previously planned spending across 2019 and 2020.

Financial Performance

In 2020 we maintained our strong financial position, despite challenging market conditions in the wake of COVID-19. Revenues were \$8.9 billion, and gross profit before depreciation and amortization was \$2.8 billion. We ended the year with \$450 million of cash and \$6.5 billion of liquidity, and our balance sheet remains strong. We also returned \$106 million in cash to shareholders through dividends and completed \$207 million of share buybacks.

Sustainability Performance

2020 was a milestone year for our sustainability efforts, marking the 20th year of our annual Sustainability Report as well as the 10th anniversary of our sustainability strategy. In 2020, we updated our sustainability strategy to meet changing global expectations and to position us for the future. This included setting ambitious, new long-term priorities and goals under eight strategic themes, including a goal to become a carbon-neutral operator by 2050.

We also took major steps toward achieving this goal, entering into renewable energy agreements to supply 50% of the power for our QB2 project and 100% of the power for our Carmen de Andacollo Operations. Together, these agreements will eliminate 1 million tonnes of greenhouse gas emissions annually and demonstrate our commitment to making real progress on our path to decarbonization.

We were recognized for our sustainability efforts in the year, being named the top-ranked mining company on the Dow Jones Sustainability World Index, while also being named to the Global 100 Most Sustainable Corporations list by Corporate Knights. Sustainalytics also ranks Teck first in its Diversified Metals and Mining category, and we are currently listed on the MSCI World ESG Leaders Index, FTSE4Good Index, Bloomberg Gender-Equality Index and Jantzi Social Index.

Our People

In a year that saw unexpected global challenges, our people rose to the occasion and worked to move our company forward together like never before. We worked closely with communities, unions and other stakeholders to ensure we could continue operating safely and responsibly.

Our leadership team also underwent significant change in 2020 with the appointment of three experienced senior executives to help advance our key priorities: Red Conger, Executive Vice President and Chief Operating Officer; Jonathan Price, Senior Vice President and Chief Financial Officer; and Nicholas Hooper, Senior Vice President, Corporate Development. Ron Millos, our former Senior Vice President, Finance and Chief Financial Officer; Dale Andres, our former Senior Vice President, Base Metals; and Andrew Golding, Senior Vice President, Corporate Development, announced their retirements in 2020, as did Vice Presidents Chris Dechert, Scott Wilson, Mark Edwards and Keith Stein in early 2021. I want to thank all these individuals for their many significant contributions to our business over many years.

Forward Together

I am incredibly proud of how much we accomplished during such an unprecedented time. Our team was put to the test and persevered, maintaining a strong focus on health and safety while advancing our key priorities. In 2021, we will continue to strengthen our business, provide value to our shareholders, support the global transition to a low-carbon future and provide the metals and minerals that are essential to our modern world.



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