

Supply Chain Management



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Supply chain disruptions related to climate change caused significant impacts in 2021 and are expected to increase going forward. Companies across industries can expect cyclical supply chain disruptions with varying durations, with the most severe events resulting in major financial costs.⁴⁴ Globally, companies are exploring ways to make their supply chains more resilient, to mitigate risk, and to secure better access to supplies and markets.

The value chain of the mining industry has high exposure to geophysical shocks, heat stress and natural disasters such as flooding, and therefore needs to explore ways to mitigate such risks and build resilience.⁴⁴ Teck is actively investigating the potential impacts of various climate change scenarios and making plans to mitigate impacts and to ensure business continuity.

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's Expectations for Suppliers and Contractors.

GRI Indicators and Topic Boundary

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

This topic is considered 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](#).

⁴⁴ Risk, resilience, and rebalancing in global value chains. McKinsey Global Institute. 2020.

2020 Highlights

29%

of total
procurement
spend was on
local suppliers

4%

of total procurement
spend was on
Indigenous suppliers

Our Performance in Supply Chain Management in 2021

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 our 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-Bribery and Corruption Compliance Policy and Interpretation Guide](#), our [Code of Sustainable Conduct](#), our [Indigenous Peoples Policy](#) and our [Human Rights Policy](#).

The qualification of all suppliers involves examining whether 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 for Suppliers and Contractors.

Evaluating and Measuring Supply Chain Risk Management Performance

Ongoing monitoring and assessment is conducted for all of our critical suppliers. In 2021, 991 suppliers provided information and supporting documentation of alignment with our Expectations for Suppliers and Contractors through a comprehensive questionnaire within Teck's supplier database. If higher risk is identified, Teck's Risk Group may initiate a manual review and vetting process of a supplier to determine whether the supplier meets our standards as a condition to supplying products and services to Teck. Results of the review determine whether work with the supplier will or not proceed. In 2021, 26 of these detailed reviews were conducted. There were no material social, environmental or economic impacts identified, and no suppliers or service providers were terminated.

We measure the supply management performance of our critical suppliers by setting and tracking Performance Metrics 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 92
2. Company-wide procurement from Indigenous suppliers: page 101
3. Contractor health and safety: page 61

Case Study: Minding the (Risk) Gaps: An Interview with Teck's Risk Leadership

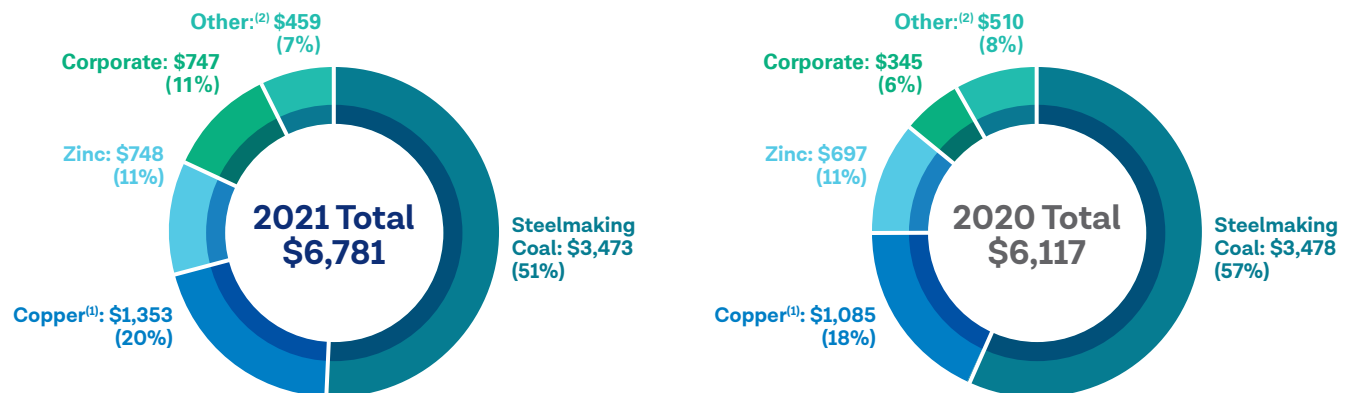
Anne Chalmers, Teck's Vice President of Risk and Security and Chair of the Materials Stewardship Committee, has been with Teck for more than 35 years. During this time she has shepherded Teck's Risk program from its roots as a small and mighty program to its current state as a global web of influence and

oversight, touching all regions in which Teck operates and all aspects of the work we do. We sat down with Anne to talk about the evolution of the Risk program and what out-of-the-box practices she and her team employ today. Read the full story at teck.com/news/stories.

Suppliers and Critical Suppliers

In 2021, we purchased goods and services from 3,878 suppliers, with an overall global spend of approximately \$6.8 billion, as shown in Figure 26.

Figure 26: Supply Chain Spend by Business Unit (millions)



(1) Does not include Quebrada Blanca Phase 2 project spend, as our reporting only includes operational spend.
 (2) Includes our energy business unit.

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 revenue. 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 2021, critical suppliers represented approximately 40% of our total procurement spend, as shown in Table 42. Within critical suppliers, there are two types: those managed on-site and those managed at a corporate level. Our top critical supplier in 2021 was Canadian Pacific Railway, as in 2020; other critical suppliers included Neptune Bulk Terminals, Komatsu and Caterpillar and their respective dealers, Suncor, Imperial Oil and Westshore Terminals.

Table 42: 2021 Spend on Critical Suppliers

Business Area	Total (millions)	Critical (millions)	% of Total That Are Critical
Steelmaking Coal	\$ 3,473	\$ 2,095	60%
Copper ⁽¹⁾	\$ 1,353	\$ 388	29%
Zinc	\$ 748	\$ 209	28%
Corporate	\$ 747	\$ -	-
Other ⁽²⁾	\$ 459	\$ 28	6%
Total	\$ 6,781	\$ 2,721	40%

(1) Does not include Quebrada Blanca Phase 2 project spend, as our reporting only includes operational spend.

(2) Includes our energy business unit.