



Value Chain Management

In 2022, ongoing logistics disruptions, production delays, imbalances in supply and demand, and labour shortages have continued to impact businesses.⁵¹ Government and industry leaders are seeking to build supply chain resilience by boosting domestic manufacturing and sourcing capabilities to reduce dependence on foreign suppliers.⁵² Both foreign and domestic value chains also face demands for greater transparency, stronger materials stewardship and environmentally friendly products.⁵³

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 value chain management, our objective is to ensure that we minimize potential impacts on people and on the environment, and manage business and reputation risks while capitalizing on opportunities. For example, in 2022 we announced several partnerships with suppliers such as Oldendorff Carriers and Caterpillar to advance our net-zero strategy, and 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, and with 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

GRI 2-6, 2-23, 2-24, 2-25, 3-3, 204, 204-1, 308, 308-1, 308-2, 414-1, 414-2

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

How Does Teck Manage This Topic?

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

⁵¹ 2022 Global Supply Chains: Four Trends that will Shape the Future. Forbes. 2022. ⁵² Six Key Trends Impacting Global Supply Chains in 2022. KPMG. 2022.

⁵³ Reshaping Traditional Value Chains. Deloitte. 2022.

2022 Highlights

48%

of total procurement spend was on local suppliers

4%

of total procurement spend was on Indigenous suppliers

Our Performance in Value Chain Management in 2022

Our Targets and Commitments Teck's Code of Ethics and Anti-Bribery and 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-bribery and 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.

For information about value chain impacts, commitments and expectations related to specific sustainability topics, please see relevant chapters (e.g., Climate Change page 16, Health and Safety page 40, Responsible Production page 24).

Supply Chain: Evaluating and Measuring Risk Management Performance

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 and Bribery 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](#).

Ongoing monitoring and assessment are conducted for all of our critical suppliers. In 2022, 1,073 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 2022, 67 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 67
2. Company-wide procurement from Indigenous suppliers: page 74
3. Contractor health and safety: page 43

Supply Chain: Evaluating and Measuring Risk Management Performance (continued)

Suppliers and Critical Suppliers

In 2022, we purchased goods and services from 4,667 suppliers, with an overall global spend of approximately \$7.9 billion, as shown in Figure 29.

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 2022, critical suppliers represented approximately 42.8% of our total procurement spend, as shown in Table 43. Within critical suppliers, there are two types: those managed on-site and those managed at a corporate level. Our top critical supplier in 2022 was Canadian Pacific Railway, as in 2021; other critical suppliers included Suncor, Komatsu and its dealers, Imperial Oil, Caterpillar and its dealers, Neptune Bulk Terminals, Oldendorff Carriers and Canadian National Railway.

Figure 29: Supply Chain Spend by Business Unit (millions)⁽¹⁾

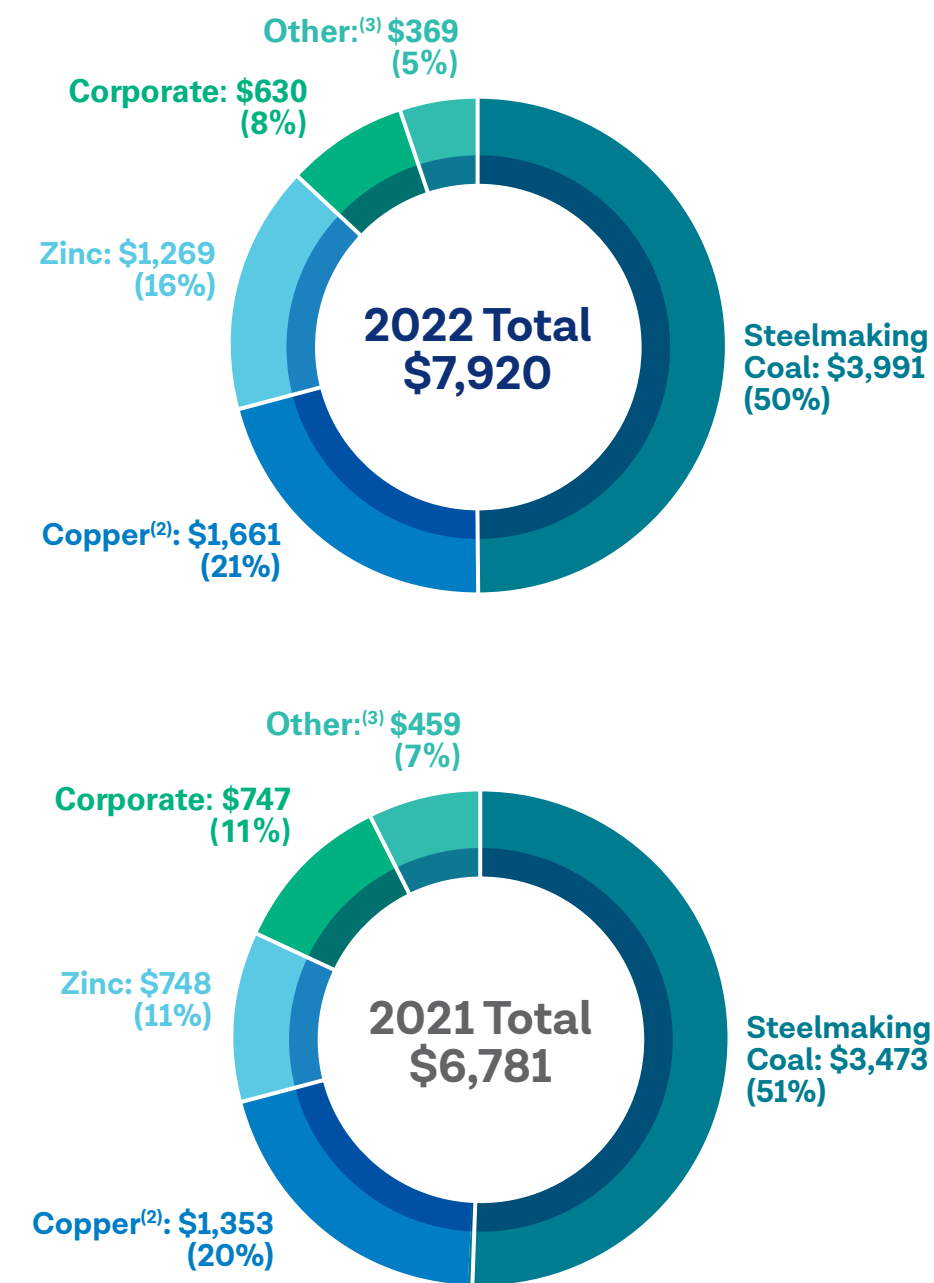


Table 43: 2022 Spend on Critical Suppliers

Business Area	Total (millions)	Critical (millions)	% of Total That Are Critical
Steelmaking Coal	\$ 3,991	\$ 2,555	32.3%
Copper ⁽²⁾	\$ 1,661	\$ 418	5.3%
Zinc	\$ 1,269	\$ 382	4.8%
Corporate	\$ 630	\$ 8	0.1%
Other ⁽³⁾	\$ 369	\$ 25	0.3%
Total	\$ 7,920	\$ 3,388	42.8%

(1) The values are the total amounts paid to suppliers/contractors which include taxes payable where applicable.

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

(3) Includes our energy business unit.

Customer Relationships

Teck has customers in over 25 countries around the world. Information on where our products are shipped can be found in our [2022 Annual Information Form](#).

We seek to develop active relationships with our customers, ensuring responsible use of our products through engagement via our Materials Stewardship Team. Additionally, we share our own responsible sourcing, operations and production activities downstream to our

customers. Historically, these have been through direct communications and relationship management, including responding to formal customer inquiries related to Teck's responsible production certifications, commitments and performance data. In 2022, we completed a pilot program to develop a blockchain system to allow a germanium customer to receive on-demand product, origin and sustainability data.

Other Business Relationships

A number of our projects and operations are developed and operated through joint venture or shared ownership arrangements with third parties. These joint arrangements include, among others, Quebrada Blanca, Antamina, NuevaUnión, Zafranal, Galore Creek, Schaft Creek, Elkview and Greenhills. Details on our ownership interests in joint ventures can be found in our [2022 Annual Information Form](#).

Teck works with numerous local, national and international organizations and programs, outlined in [Our Approach to Business Ethics](#). Information on our material contracts with value chain partners can be found in our [2022 Annual Information Form](#).