Refiners Responsible Silver Compliance Report

The LBMA Responsible Silver Guidance has been established for Good Delivery Refiners to adopt high standards of due diligence in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, to comply with high standards of anti-money laundering and to combat terrorist financing practice.

This report summarizes how Good Delivery Refiners have complied with the requirements of the LBMA Responsible Silver Guidance.

PART A: Refiner’s Details

Refiner’s name: Teck Metals Ltd
Location: Trail British Columbia Canada
Reporting year-end: 2019
Date of Report: January 15, 2020
Compliance Officer responsible for this report: Richard Deane, Manager Commercial Services and Public Affairs Teck Metals Trail Email Richard.Deane@teck.com Phone +1.250.364.4118
Signature: 

Teck’s evaluation
The following lists the minimum requirements that must be satisfied by Refiners in accordance with the LBMA Responsible Silver Guidance to demonstrate compliance.

PART B Summary of activities undertaken to demonstrate compliance

Step 1: Establish strong company management systems

Has the Refiner adopted a company policy regarding due diligence for supply chains of Silver?

Teck is compliant and has adopted a Teck Responsible Mineral Sourcing Policy first issued in July 2018 as the Teck Responsible Silver Sourcing Silver Policy. In 2019 it was broadened to include all mineral sourcing regardless of silver content, and approval of the policy moved to the VP Corporate Risk and Security. It is located publically at https://www.teck.com/products/other-metals/.

Has the Refiner set up an internal management structure to support supply chain due diligence?

Teck Metals has set up a compliant internal management structure. Teck Metals has assigned a Compliance Officer who is accountable for processes related to Supply Chain due diligence for Silver. The Teck Resources Corporate Risk and Security Group is responsible for polices related
to supply chain due diligence. The Teck Responsible Silver Management System defines the responsibility for each specific roles that support the Silver supply chain.

Has the Refiner established a strong internal system of due diligence, controls and transparency over Silver supply chain, including traceability and identification of other supply chain actors?

Teck’s internal due diligence system is compliant and all sources are required to define the mine source and country location of mineral origin. Teck applies defined levels of risk screening for each mineral source /counterparty. Teck also considers the country /area transportation paths travelled by each feed source.

Has the Refiner strengthened company engagement with Silver supplying counterparties, and where possible, assisted Silver supplying counterparties in building due diligence capabilities?

Teck is compliant and has enhanced communication with supply counterparties, promoted Teck’s Responsible Silver/Mineral sourcing Policy, and emphasized the need for enhanced transparency in supply source including the requirement for know your counterparty KYC documentation. Revised and new contracts for feed sources place a contractual requirement for policy compliance. Teck has struggled to secure full cooperation with a small number of supply sources that have concluded their sources are excluded under the definitions in the LBMA Silver guidance document. Teck has elected to promote the requirement for Responsible Sourcing to all Silver sources regardless of source class.

Has the Refiner established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management?

Teck Responsible Silver Sourcing Management System is compliant and involves individuals from many divisions of Teck Metals and Teck Resources. There are a number of broad based Teck policies communicated which require both formal training and sign-off annually. For example Teck’s Code of Conduct. In the case of the Responsible Silver/Mineral Sourcing Policy, a narrower number of employees are involved in decision making roles related to feed sourcing. Communication and Training is tailored to communicate to the level of employee participation providing specific guidelines that outline the types of risks that may be encountered. Teck maintains a formal ethics policy and provides a program called ‘Doing What’s Right’ that allows any employee or external stakeholder to anonymously voice concerns over the silver supply chain or any newly identified risk.

Step 2: Identify and assess risks in the supply chain

Does the Refiner have a process to identify risks in the supply chain?

Teck has a compliant supply chain risk process to identify and classify all silver supplying counterparties according to the Conflict Affected and High-Risk Area (CAHRA) Status of the Country of Origin, Country of Transport and the status of the Extractive Transparency Reporting Initiative EiTi compliance of the country and the supply entity Trader/Mine.
Does the Refiner assess risks in light of the standards of their due diligence system?

Teck is compliant with the risk assessment of its due diligence system and low risk deviations from the LBMA Guidance have been identified, and while not affecting the risk ranking decisions for suppliers in 2019, Teck will work to improve conformance to specific LMBA Guidance elements. Teck has selected a number of publically available risk ranking tools to represent each risk criteria defined in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals Conflict and defined in the Teck Responsible Mineral Sourcing Policy. Sources with higher CAHRA statuses are deemed to have a Red Flag and are subjected to enhanced due diligence to further understand potential risks.

Does the Refiner report risk assessment to the designated manager?

Teck is compliant with reporting risk assessments. Annually the Responsible Silver Compliance Officer reviews the Silver Source Risk assessment with the Senior Management Team responsible for the program including the Teck Vice President Risk and Security who oversees the implementation of the program. Teck did not have any high-risk suppliers that required approval or re-assessment in 2019.

Step 3: Design and implement a management system to respond to identified risks

Does the Refiner report findings to designated Senior Management?

Teck is compliant and reviews the status of its Responsible Silver Program and potential supply chain risks with a Senior Management team throughout the year including holding an annual review meeting. Where appropriate, potential risks are communicated to the Teck Vice President Risk and Security throughout the year during program update meetings.

Has the Refiner devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk?

Teck has developed a compliant risk management strategy which includes identification and evaluation of identified risks. Where source countries show of have potential Red Flags, Teck continues further investigation into the source areas and companies. Further steps in 2019 included a site visit by Teck personnel and engaging third-party investigation services. All risk investigations have resulted in the decision to approve trade with all counterparties. No existing area or counterparty requires a formal Mitigation of Risk Action plan.

Where a management strategy of risk mitigation is undertaken, it should include measureable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.

Teck has not identified any high-risk counterparties that required a risk mitigation strategy in 2019. Teck does maintain a formal Corporate Risk and Security group that monitors changes in global geopolitical movements and actively reviews risk on an immediate and ongoing basis. The Silver Risk Assessment is reviewed annually or more often in the case of new feed opportunities or as emerging risks warrant.
Step 4: Arrange for an independent third-party audit of the supply chain due diligence

Teck is compliant and has retained the services of a LBMA authorized Third party Audit firm to provide a reasonable assurance statement regarding the claims of this report and assurance of the associated Silver Country Annex Report.

Step 5: Report on supply chain due diligence

Teck is provides this Refiners Responsible Silver Compliance Report annually to report on Silver Supply chain due diligence. It is located publicly at https://www.teck.com/products/othermetals/.

PART C MANAGEMENT CONCLUSION

Teck Metals overall conclusion

Is the Refiner in compliance with the requirements of the LBMA Responsible Silver Guidance for the reporting period?

Teck Metals is compliant with the requirements of the LBMA Responsible Silver Guidance for the reporting period Jan to Dec 31 2019. In 2019, Teck has substantially advanced work in the area of counterparty promotion of Responsible Sourcing, risk assessment using independent public indicators and a Level 2 risk investigation of higher risk countries/areas. This work had a mitigation component which is consistent with the requirements of the standard. Low risk deviations from the LBMA Guidance have been identified, and while not affecting the risk ranking decisions for suppliers in 2019, Teck will work to improve conformance to specific LBMA Guidance elements.

Teck is committed to ensuring it meets its social responsibilities and regulatory requirements, and will continue to review and update its internal controls on an ongoing basis. This includes continuing the implementation of ongoing program improvement initiatives and industry best practices.

PART D: OTHER REPORT COMMENTS

If users of this report wish to provide any feedback to Teck with respect to this report, they can contact the Teck Compliance Coordinator at E-mail: anti.corruption@teck.com, or Director, Zinc & Lead Concentrate Marketing - Concentrates at marketing.sales@teck.com