

Message from the President and CEO, Don Lindsay



Donald R. Lindsay

President and Chief Executive Officer
Vancouver, B.C., Canada
March 14, 2019

Transparency in all aspects of our performance — social, environmental and economic — is central to Teck's values and an important part of our approach to responsible development. In this report and in our companion 2018 Annual Report, we detail Teck's performance and how we are working to continually improve.

The theme of our 2018 Sustainability and Annual Reports is *Beyond*. It's about how our success hinges on our ability to look beyond the mine gate or office to the essential role we play in addressing the pressing challenges facing our world: climate change, water access and quality, and economic inequality, to name a few. The products of mining are foundational for our modern society, and providing these materials responsibly will contribute to a better world for everyone.

Societal expectations of responsible resource development are increasing, and we are responding. As an industry, we recognize that *how* we mine is just as important as *what* we mine. That's why at Teck we make sustainability a part of everything we do, because we know that responsible mining and mineral development are fundamental to our current and future success.

Financial Performance, Major Projects and Governance

Looking at our financial and operating performance in 2018, we achieved revenues of \$12.6 billion and cash flow from operations of \$4.4 billion, thanks to solid operating results and strong steelmaking coal prices.

Mid-year, we completed commissioning at our Fort Hills oil sands mining and processing operation, a joint venture with

Suncor Energy and Total E&P, with production reaching full capacity by the end of the year. Fort Hills will help to meet global energy demand responsibly. The carbon intensity of its product is lower than approximately half the oil currently refined in the United States, and is among the lowest of Canadian oil sands producers.

In August, we received regulatory approval for our Quebrada Blanca Phase 2 (QB2) project with a unanimous vote from Chilean authorities and, in December, our Board sanctioned the start of construction of QB2.

Located in northern Chile, QB2 will provide significant economic and social benefits for the country and the region, and will help to meet growing global demand for copper.

In September and October, a joint federal-provincial public regulatory hearing was conducted for our Frontier oil sands project in Alberta. Our regulatory submission for Frontier was the most detailed and comprehensive in oil sands history, incorporating extensive environmental and social data, reflecting close to a decade of community engagement. In advance of the hearing, we entered into agreements covering all 14 Indigenous communities in the broader project area — a first for a major oil sands project at this stage.

In October, Dr. Norman B. Keevil, Chairman of the Board of Teck, retired from the role, with Dominic Barton, former Global Managing Partner of McKinsey & Company, stepping into the role of Chair. Over the course of a career that includes more than 50 years with Teck, Dr. Keevil has made enormous contributions to both Teck and the entire mining industry that will continue to benefit our company and communities for generations to come.

Health and Safety Performance

Safety is the first consideration in everything we do, and we are focused on continual improvement in our safety performance. In 2018, our High-Potential Incident Frequency was 28% lower than in 2017, and Total Recordable Injury Frequency remained the same as in 2017. Despite our

Message from the President and CEO, Don Lindsay (continued)

progress, we were deeply saddened by two fatalities that took place this year, one at Fording River Operations and one at Elkview Operations. We have carried out in-depth investigations into the incidents to learn as much as possible and to implement measures to prevent reoccurrences. These fatalities are a powerful reminder that we must remain diligent in our efforts to achieve our vision of everyone going home safe and healthy every day.

Sustainability Performance

Throughout the year, we were able to advance our work in sustainability while at the same time achieving strong operating and financial performance. Across our operations, we have reduced energy use by 2,220 terajoules and greenhouse gas emissions by 289,000 tonnes since 2011. We also improved the diversity of our workforce, with women comprising 31 % of total new hires. We continued to implement water quality improvement measures at our operations in the Elk Valley, and we recycled and reused water at our operations an average of three times.

Our social and environmental performance has been recognized once again by the Dow Jones Sustainability World Index, indicating that our sustainability practices are in the top 10% of the 2,500 largest companies in the S&P Global Broad Market Index for the ninth straight year. We were also named to the Global 100

Most Sustainable Corporations and the Best 50 Corporate Citizens in Canada by Corporate Knights.

Through our work with external partners, we are working to help solve global sustainability challenges. For example, in September, we committed \$2.5 million to support life-saving zinc and oral rehydration salt treatments to save the lives of children in India in partnership with UNICEF. This investment builds upon the \$5 million that Teck committed to UNICEF in 2013 through our Zinc & Health program, a program that has saved thousands of children's lives to date.

Going Beyond

The world around us is constantly evolving. Changing technologies, demographics, societal expectations and other factors are changing our business today and into the future. The most successful companies will be those that can best anticipate and adapt to these emerging trends. With that in mind, we are working to evaluate the most significant risks and opportunities facing us now and over the next two decades, and to set goals that will allow us to evolve our approach and meet these challenges head on. By doing so, we will be in the best possible position to successfully manage risks, turn opportunities into value and continue to provide the materials that build our world for decades to come.

Recognition in 2018

- Dow Jones Sustainability World Index for the 9th straight year



- FTSE4Good Index Series



- Euronext Vigeo World 120 Index



- Bloomberg 2019 Gender Equality Index



- MSCI World ESG Leaders Index



- Corporate Knights Global 100 Most Sustainable Corporations in the World



- Corporate Knights Best 50 for the 12th straight year



- Canada's 2019 Top 100 Employers by Mediacorp



- 2018 CN EcoConnexions Partnership Program — celebrating companies that reduce carbon emissions



- 2018 Global Compact Network Canada Sustainability Reporting Peer Review Award



- 2018 Responsible Business Award for Diversity & Inclusion by Ethical Corporation



A Conversation with Marcia Smith

Senior Vice President, Sustainability and External Affairs

Reporting to the President and CEO, Marcia Smith is responsible for a diverse portfolio at Teck that includes health and safety, sustainability, environment, communities, government relations, corporate affairs, and relationships with Indigenous Peoples. In this Q&A, she offers her insight on some of our most significant risks and opportunities in 2018 and the future of our strategy for sustainability.

Water stewardship is one of your priorities. What is Teck doing to manage water quality and access to water?

Water stewardship is one of the most critical elements of our sustainability program. Reducing the amount of water we use in our operations and protecting water quality reduces our environmental footprint and helps us to maintain community and stakeholder support.

We've set two key targets to help bring further focus to our work in this area. The first is a goal of zero significant water-related incidents company-wide each year. The second goal is to reduce fresh water use by 15% by 2020 at our operations in Chile. The work we do to achieve these targets will help us improve our environmental performance and meet the expectations of our communities of interest around this vital resource. One great example comes from our Quebrada Blanca Phase 2 project, where we will eliminate fresh water use entirely by introducing the first large-scale use of desalinated seawater in the Tarapacá Region of northern Chile, where water is scarce.

As part of our water stewardship efforts, Teck is also dedicating significant resources to implementing the Elk Valley Water Quality Plan. This is something we developed several years ago with input from the public, First Nations, governments, technical experts and other stakeholders to allow for continued sustainable mining in the Elk Valley in British Columbia.

Our research into water quality management reached a major breakthrough in 2018 with the successful development of a new method to remove selenium and nitrate from mine-impacted water, saturated rock fill (SRF). The first SRF facility, built at Teck's Elkview Operations, can treat up to 10 million litres per day using naturally occurring biological processes. SRFs are a made-in-Canada breakthrough for active treatment of mine-affected water that have the potential to help us achieve our water quality objectives faster and more efficiently.



Marcia Smith

Senior Vice President,
Sustainability and External Affairs
Vancouver, B.C., Canada
March 14, 2019

Fort Hills, Teck's oil sands joint venture with Suncor and Total E&P, went into full production in 2018. What does Teck think about going into the oil sands sector as you work to reduce your carbon footprint?

The International Energy Agency forecasts that, in all future energy use scenarios, including in the transition to a low-carbon economy, oil and gas will continue to be an important part of the world's energy mix for the foreseeable future. This is important because making energy safe, reliable and affordable is a key driver for sustaining economic growth, reducing poverty and improving quality of life at home and around the world. And as long as the world needs energy, including from fossil fuels, we want to make sure we are producing it in the most sustainable manner possible.

Teck has a strong track record when it comes to safety, but sadly there were still two fatalities in 2018. What is the organization doing about this?

We were deeply saddened by two fatalities that took place, one at our Fording River Operations and one at our Elkview Operations. These were both tragic, and we extend our deepest sympathies to the families, friends and colleagues of these two individuals.

Teck worked closely with authorities throughout both incidents and extensive investigations were conducted. We shared results within our industry to ensure we learn as much as possible from these incidents so that they never occur again. In 2019, we will continue to focus on reducing serious injuries and eliminating fatalities by ensuring our high-potential risks have effective controls in place and by continually enhancing our culture of safety.

A Conversation with Marcia Smith Senior Vice President, Sustainability and External Affairs (continued)

In light of the recent tailings dam failure in Brazil, what steps does Teck take to ensure that your tailings storage facilities are safe and secure?

At Teck, we take extensive measures to ensure the safety and security of our tailings storage facilities at all of our operations and legacy properties. We have comprehensive systems and procedures in place, including monitoring technology, regular inspections, and reviews by independent experts. We have implemented a leading industry practice by establishing independent tailings review boards, which are in place for all of our major tailings facilities. Nothing is more important to us than the safety of people, communities and the environment, and we are committed to continually reviewing our procedures and facilities to ensure they are best-in-class. We had zero significant incidents at our tailings storage facilities in 2018, and all facilities performed as intended, with their inspections and assorted internal and external reviews conducted as scheduled.

Mining is an area where women, Indigenous Peoples and other groups have historically been under-represented. How did Teck work to advance inclusion and diversity in 2018?

Strengthening diversity throughout our industry — from the boardroom through to the mine site — remains a priority for me personally, and for our entire senior management team. That focus on inclusion and diversity is not only about gender, but also about differences in age, ethnicity, Indigenous origin or heritage, physical attributes, beliefs, language, sexual orientation, education and other personal characteristics.

In 2018, our major focus was on women and Indigenous Peoples in line with our 2020 goal to increase the representation of each group in our workforce. For example, we hosted Gender Intelligence workshops, Respectful Workplace training and cultural awareness training. While we have a long road ahead, I believe we're making good progress and I'm glad to see that many of our industry peers are placing a focus on enhancing their own diversity.

Across all industries, the pace of innovation and technology continued to increase in 2018. How does sustainability relate to technology at Teck?

Reducing our carbon footprint, using less water, and making our operations safer and more productive is good for the environment, good for people and good for communities. And it's ultimately good for business — both for Teck and the entire industry. For example, we're now using sensor technology mounted on shovels at our Highland Valley Copper Operations to better separate ore from waste. This increases the quality of material that goes through our mill and, in turn, reduces the amount of energy and water we use.

But changing the way we mine really starts with our people. Innovation isn't just about implementing new technologies. It's about finding ways to do things better, and everyone — from those on the front lines of the business to senior management — can have an idea on how to do things better. We've been sharing the stories of those people and their ideas through a program we're calling [Ideas at Work](#).

In a short time, we have seen dozens of initiatives from across the company to strengthen safety, enhance environmental performance, improve productivity, build employee pride and help grow our business, and I'm sure there will be more to come.

In the message from the CEO, Don Lindsay talks about new goals for the business moving forward. What will happen to your current sustainability strategy?

We developed our first company-wide sustainability strategy in 2010. Over the years, that strategy has helped strengthen our performance across key areas such as greenhouse gas reductions, water stewardship, and biodiversity. As 2020 approaches, we are working to achieve our current short-term goals.

As we look beyond our current strategy, we see major opportunities on the horizon. We believe the transition to a low-carbon world will increase the demand for metals. And we have an important role to play in a circular economy, where material inputs and waste are reduced, used and reused to drive better environmental and business performance. New technology will be able to significantly reduce the risks and impacts of mining. Key to this, our communities will be partners for development, helping to shape our shared legacy. With these opportunities in mind, we are working to update our sustainability strategy, which is an integral part of how we do business.