

Our Approach to Climate Change

Which Teck sites does this document apply to?

This document summarizes our approach to managing climate change. This document applies to all Teck sites and projects. This does not include operations in which Teck has/had an ownership interest but is not the principal operator.

Climate Change performance information: See our Annual Sustainability Report available for download on our [website](#). Also see our **2019 Portfolio Resilience in the Face of Climate Change Report**, and our **2020 Carbon Disclosure Project (CDP) Report** for further disclosure.



Solar panels at North of Chile, 2018.

Governance and Accountability

Background

At Teck, we believe that climate change is a key global risk, that it is directly influenced by human activity and that it requires decisive global action. Failure to act will expose the world to climate change impacts that will be costly for global ecosystems and for society as a whole. We believe we have a responsibility to help address this global challenge by reducing emissions at our operations and by sustainably producing the metals, minerals and energy that are essential for building the technologies and infrastructure needed to transition to a low-carbon economy.

Accountability and Resourcing

We understand that investors, lenders and other users of climate-related financial disclosures are interested in understanding the role an organization's board plays in overseeing climate-related issues, as well as management's role in assessing and managing those issues. We work to ensure that climate-related issues receive appropriate Board and management attention—our Board and senior management consider climate-related issues and risks in strategic planning across our business units. Teck's climate-related disclosures are reviewed using similar governance processes and disclosure procedures as those used for financial disclosures.

Teck's Board of Directors provides oversight on all strategic matters, including the risks and opportunities related to climate change. The Board has established the Safety and Sustainability Committee, chaired by a member of the Board. Through the SSC, the Board reviews and monitors

environmental performance, and includes consideration of climate-related issues in corporate-level strategies and capital investment decisions. The Committee meets and reports to the company's Board of Directors quarterly. The Board as a whole reviews matters related to climate change, including education sessions and information specific to climate change in 2018 and 2020.

The Health, Safety, Environment and Community (HSEC) Risk Management Committee, chaired by our CEO, consists of corporate officers and senior managers who establish priorities and direction for environmental programs, and who monitor results. During both Safety and Sustainability Committee and HSEC Risk Management Committee meetings, specific issues related to climate change and energy management may be raised as individual items.

Climate-related risks and opportunities are identified using risk management tools internal to Teck, and rely on both internal and external expertise on climate change. These risks and opportunities are then prioritized based on their likelihood and severity of impact on our business, and are considered in our overall strategic planning.

The following senior leaders are involved in implementing the management of energy and greenhouse gas (GHG) emissions:

- The Senior Vice President, Sustainability and External Affairs reports directly to our CEO and is responsible for sustainability, health and safety, environment and community affairs, including our climate action strategy
- The Vice President, Environment oversees compliance with environmental standards for projects, operations and our legacy properties, and regularly reviews environmental performance risks and strategic issues, including our climate action strategy



Elk Valley, Canada, 2017.

- The Vice President, Communities, Government Affairs and HSEC Systems and the Head, Government Affairs are involved in engaging provincial and federal governments on climate policy
- The Manager of Sustainability & Climate Change coordinates the risk and opportunity management for climate-related risks and the implementation of our climate action strategy and energy and GHG reduction goals

Policies and Standards

Our strategy for managing the risks and opportunities associated with climate change is outlined in our [Portfolio Resilience in the Face of Climate Change report](#), which includes scenario analysis, as well as in our sustainability strategy. Our [Code of Sustainable Conduct](#) describes our commitment to promote the efficient use of energy and material resources in all aspects of our business, and outlines our support of sustainable development and willingness to accept our obligation to constantly improve our methods of extracting the world's resources to the benefit of our stakeholders. Our HSEC Management Standards stipulate that all of Teck's major capital projects will include the identification and evaluation of opportunities for improving energy efficiency. Our energy and carbon accounting practices follow the rigorous [GHG Protocol](#) standards from the World Resources Institute and the World Business Council for Sustainable Development for calculating emissions.

Memberships, Partnerships and External Commitments

We work with various local, national and international organizations and programs to support climate action:

- [Carbon Disclosure Project \(CDP\)](#): We annually report our global GHG emissions data to the CDP, an independent not-for-profit organization working to drive GHG emissions reduction by businesses and cities
- [Task Force on Climate-related Financial Disclosures \(TCFD\)](#): provides a set of reporting guidelines for voluntary, climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. Teck has been a formal supporter of TCFD since 2018, and our [Portfolio Resilience in the Face of Climate Change report](#)

aligns with TCFD Guidelines. See more in the section below.

- [The Paris Pledge for Action](#): Teck is a signatory to the Paris Pledge for Action in support of reducing emissions and achieving the objectives of the Paris Agreement
- [Carbon Pricing Leadership Coalition](#): A partnership of national and sub-national governments, businesses and organizations working toward integrating carbon pricing into the global economy
- [Council for Clean Capitalism](#): A group of forward-thinking companies working together to ensure sufficient financing and transparency to smooth our transition to a low-carbon economy
- [Canada's Oil Sands Innovation Alliance \(COSIA\)](#): An alliance of oil sands producers focused on accelerating improvement in environmental performance in Canada's oil sands through collaborative action and innovation
- [BC Climate Solutions Council](#): This council—which includes members from Indigenous communities, environmental organizations, industry, academia, labour and local government—provides strategic advice to the British Columbia government on climate action and clean economic growth.

Approach to Managing Climate Change-Related Risks and Opportunities

Our strategy to contribute to global climate action, to adapt to a low-carbon economy and to continue to responsibly produce the materials essential for society is built around four pillars:

1. Positioning Teck for the low-carbon economy
2. Reducing the carbon footprint of our operations
3. Support for appropriate carbon pricing policies
4. Adapting to physical impacts

Positioning Teck for the Low-Carbon Economy

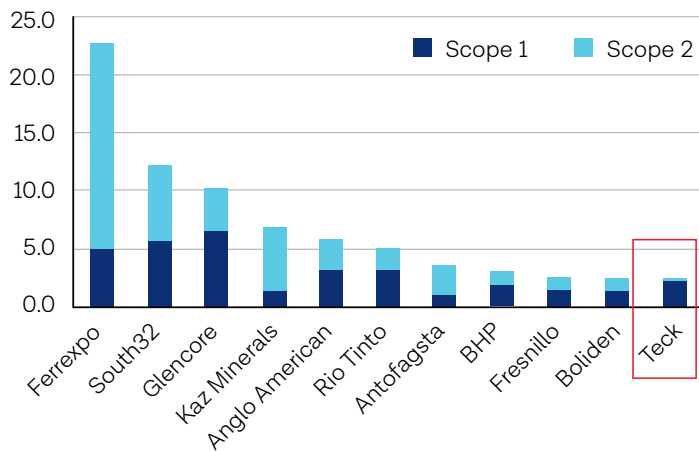
Companies that succeed in the low-carbon economy will be those who produce the commodities that support societal decarbonization in a manner that is responsible and environmentally sensitive.

As the world transitions to a lower-carbon economy, there may be shifts in demand for certain commodities; demand for those required for low-carbon technologies may increase, while others may decrease. Our diversified mix of products all have a role to play in the low-carbon economy of the future. The minerals, metals and energy we produce—including steelmaking coal, copper and zinc—are some of the basic building blocks of low-carbon technology and infrastructure.

Our diversified mix of products enables us to respond to changing market dynamics. This increases our ability to weather potential carbon-related costs and shifts in demand while remaining competitive. Teck takes climate change issues into consideration in our strategic planning processes that shape our overall portfolio mix.

Teck’s operating assets are also carbon competitive in their production processes. Carbon intensity is a measure of the GHG emissions generated during production of a given unit of a commodity, e.g., the amount of carbon dioxide (CO₂) generated per tonne of copper or steelmaking coal produced. Given the breadth of different commodities produced by diversified resource companies, GHG emissions performance may also be reported on a copper equivalent basis, where all products are converted to a copper equivalent to allow for comparability across companies. As shown in the graphic below, based on a 2017 report by Barclays, our peers in this category ranged from 2.52 to 22.90 tCO_{2e}/t Cu eq.

Scope 1+2 emissions per copper equivalent ranking (tCO_{2e}/t CuEq)



Source: Barclays Research; Teck. Note that the most recent peer data available is from 2017, and that our relative position may have changed since then.

Teck’s low-carbon advantage stems in large part because many of our operations access low-carbon sources of electricity. For example, for our B.C. operations, 97% of grid electricity is renewable and almost entirely generated from hydroelectricity. Trail Operations’ electricity, which accounts for 44% of our company’s total electricity consumption, is from the Waneta hydroelectric dam and transmission system. This enables Trail Operations to produce refined zinc and lead at a lower GHG intensity, compared to producers powered by fossil fuel-based electricity grids.

Reducing the Carbon Footprint of our Operations

While our operations are well positioned compared to our competitors in terms of our carbon intensity, we know that we must continue to reduce our emissions in order to maintain our leadership position and to reduce our future exposure to risks such as increasing carbon taxes. Towards that end, in 2020, we set a target of achieving carbon neutrality across our operations and activities by 2050.

We have set out an initial road map—with corresponding 2025 and 2030 goals—to achieve carbon neutrality by first avoiding emissions and then eliminating or minimizing emissions. This will include looking at alternative ways of moving materials at our mines, using cleaner power sources and implementing efficiency improvements, among other measures.

Corresponding with the urgency of taking climate action, we have already begun to take significant action. We are making progress on decarbonizing our operations in Chile. At our Quebrada Blanca Operations, we are currently sourcing 30% of our total energy needs from solar power, and in 2020, we entered into a long-term power purchase agreement for our Quebrada Blanca Phase 2 project. Once effective, more than 50% of total operating power needs at Quebrada Blanca Phase 2 are expected to be from renewable sources.

We have also entered into a long-term power purchase agreement to provide 100% renewable power for Teck’s Carmen de Andacollo Operation in Chile. The Carmen de Andacollo renewable power arrangement took effect in September 2020 and will run through to the end of 2031.

As we work towards our long-term commitment towards carbon neutrality, we will continue to gain expertise in renewables and prioritize technologies that provide other sustainability benefits such as for local communities.

Support for Appropriate Carbon Pricing Policies

We believe that action must be taken across all areas of society and the economy to combat climate change, and that broad-based, effective carbon pricing can play a vital role in reducing GHG emissions. We support the outcome of the Katowice Climate Change Conference and, in particular, the rules on how governments will measure and report on their emission reduction efforts under the Paris Agreement.

Teck has partnered with several organizations worldwide to work together on the challenge of climate change. For example, Teck is a signatory to the Paris Pledge for Action, which supports reducing emissions and achieving the objectives of the Paris Agreement. Teck also plays a key leadership role and was the first Canadian resource company to join the Carbon Pricing Leadership Coalition, a partnership of national and sub-national governments, businesses and organizations working towards integrating carbon pricing into the global economy.

Teck advocates for broad-based carbon pricing and we build carbon pricing into our business planning, capital planning and risk-decision processes across our business. Currently, all of our steelmaking coal operations are in jurisdictions covered by carbon pricing, as is approximately one third of our copper business and all of our metals refining business. Where a clear and certain carbon price is present, we incorporate that price into our planning, along with any known or planned changes to the carbon price.

We continue to advocate for carbon pricing policies that maintain the global competitiveness of trade-exposed industries to prevent carbon leakage, which is when GHG emissions move from one jurisdiction to another as a result of differences in carbon prices.

Adapting to Physical Impacts

In addition to the action we're taking to reduce the effects of climate change by reducing emissions and advocating for progressive climate action strategies, we are also focused on managing the potential physical risks and opportunities that may result from the ongoing changes to our climate. Acute and chronic physical impacts, resulting directly or indirectly from climate change, can have both adverse and advantageous effects on an organization's operation, supply chain and customers. These risks and opportunities can stem from changes in temperatures, precipitation, levels of fresh water or the occurrence of extreme events such as droughts, floods or storms. They may have consequences that include direct effects such as damage to assets from severe weather events, interruptions to the supply chain, adjusted customer demand (e.g., a customer may curtail production as a result of climate impacts on its operations) or the opening of new shipping routes in the Arctic. Consequently, we integrate climate variables (e.g., precipitation, temperature, water runoff) into our project designs and ongoing mine planning processes—including closure and reclamation planning.

Over the past decade, we have been monitoring the development of climate change risk management practices, and during this time we have seen continued improvement in the quality and accessibility of climate change data and modelling, the understanding of the interaction between climate change and our assets, and best management practices to increase the resilience of the mining sector.

We work with technical experts in the field of climate modelling and forecasting to better understand potential changes in climate-related conditions in the regions where we operate. This helps us to assess how climate change modelling can be integrated into our decision-making and risk management practices. We typically take climate change into consideration in project development, mine planning and closure planning.

Task Force on Climate-related Financial Disclosures

The Task Force on Climate-Related Financial Disclosures¹ (TCFD) made recommendations in 2017 for how companies can improve climate-related public disclosure. Teck's [Portfolio Resilience in the Face of Climate Change report](#) is structured to align with the TCFD's recommendations.

Building on our existing climate-related work and disclosures, Teck has analyzed and disclosed the potential implications of various climate-related scenarios for our business, including a scenario that limits climate change to 2° Celsius above pre-industrial levels. The use of scenarios aids our decision-making and strategic planning. We will build on our report in future years to continue to clearly communicate Teck's approach to climate action and our potential climate-related risks and opportunities.

Our Targets and Commitments

Our sustainability strategy outlines our goals in relation to continuously improving our energy use and emissions at our operations. In 2019, we conducted broad engagement with employees and external stakeholders to identify and prioritize global trends and issues and set a new sustainability strategy, including new goals in energy and climate change.

Strategic Priority:

- Be a carbon-neutral operator by 2050

Goals:

- Reduce the carbon intensity of our operations by 33% by 2030
- Procure 50% of our electricity demands in Chile from clean energy by 2025 and 100% by 2030
- Accelerate the adoption of zero-emissions alternatives for transportation by displacing the equivalent of 1,000 internal combustion engine (ICE) vehicles by 2025

Throughout 2020, we focused on making progress towards our new goals and concluding final steps on the 2020 climate change and energy goals within our previous sustainability strategy. These goals, which concluded December 31, 2020, included:

By the end of 2020:

- Implement projects that reduce energy consumption by 2,500 terajoules (TJ).
- Implement projects that reduce GHG emissions by 275 kilotonnes (kt) of CO₂-equivalent. This goal was completed in 2018.
- Assess opportunities and identify potential project partners toward achieving our 2030 alternative energy goals
- Engage with governments to advocate for effective and efficient carbon pricing

¹ Task Force on Climate-Related Financial Disclosures. <https://www.fsb-tcfid.org/>

For more information on our existing and new sustainability strategy goals, see the [sustainability strategy](#) section of our website.

Assurance Related to Climate Change

Following each of these types of assurance, applicable management teams use the results to inform future actions and Teck’s five-year planning process.

We report on our performance against these indicators and our progress towards our energy consumption and GHG emissions reduction goals on an annual basis in our [Sustainability Report](#). Also see our [Portfolio Resilience in the Face of Climate Change report](#) for information on our climate change strategy, how we analyze climate-related risks and opportunities, and analyses of various climate scenarios and their implications for Teck.

Assurance Related to Climate Change

Type	Organization	Items Reviewed
External	Mining Association of Canada: Towards Sustainable Mining assurance	<ul style="list-style-type: none"> • Energy use and GHG emissions management systems • Energy use and GHG emissions reporting systems • Energy use and GHG emissions performance targets
External	International Council on Mining and Metals: Sustainability Report assurance	<ul style="list-style-type: none"> • Total GHG emissions—direct (scope 1) • Total GHG emissions—indirect (scope 2) • Total GHG emissions—indirect scope 3 (use of sold products) • Principle 6: Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change
External	GHG Regulation Assurance (B.C. and Alberta)	<ul style="list-style-type: none"> • Validation of GHG data reported and quantification of methodologies
External	ISO 14001 external audits	<ul style="list-style-type: none"> • Components of the environmental management system at each site
Internal	ISO 14001 internal audits	<ul style="list-style-type: none"> • Components of the environmental management system at each site
Internal	Risk-based Health, Safety and Environment audits at each site	<ul style="list-style-type: none"> • Adherence to regulatory and permit requirements • Effectiveness of controls based on risk profile