Our Approach to Relationships with Communities

Which Teck sites does this document apply 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.

Governance and Accountability

Background
Many of our operations are located immediately adjacent to local communities, such as our Carmen de Andacollo Operations in Chile, and our Trail and Elkview operations in Canada. Even our operations that are located a significant distance from communities have the potential to positively or negatively affect communities in the region. While specific opportunities and concerns about the impacts of our activities vary among the communities where we operate, one of the common objectives is that Teck will work to maintain positive and productive relationships with communities throughout the mining life cycle.

Maintaining strong relationships with our communities and stakeholders is a strategic business priority across all of our operations, as conflicting interests between communities and companies can result in disputes, project delays, operational disruption and increased costs. Management of these relationships focuses on exploring and advancing shared benefit opportunities and sustainable development, as well as managing and mitigating potential socio-economic, environmental, and community health and safety impacts.

Accountability and Resourcing
The Board of Directors, through its Safety and Sustainability Committee, broadly oversees health, safety, environment and community policies, systems, performance and auditing, including implementation of our Health, Safety, Environment and Community (HSEC) Management Standards. The Community Investment Committee oversees our community investment program to ensure that contributions are made in a manner that benefits our communities of interest, and that contributions are aligned with our business objectives. It is chaired by the Senior Vice President, Sustainability and External Affairs.

The following senior leaders are involved in implementing the management of relationships with communities:

• The Senior Vice President, Sustainability and External Affairs reports directly to our CEO and is responsible for sustainability, health and safety, environment, community, and Indigenous affairs
• The Vice President, Community and Government Relations leads activities related to social management and responsibility, community engagement, community investment, and Indigenous affairs

Compensation
Teck’s bonus compensation structure is based on objectives outlined through three components: corporate, business unit and personal. Across the three components, objectives related to sustainability performance (HSEC topics) affect approximately 10%–20% of the bonus as a whole. The business unit component for operations has three metrics: production (33.3%), cost (33.3%) and sustainability (33.3%) of the specific operation.

Last Updated March 2019
Particular members of Teck’s management team are also incentivized to manage sustainability-related issues, which can include community management, primarily through the personal component of the bonus plan. In addition, all members of our senior management team have at least 5% of their annual total target bonus based on sustainability performance.

Policies and Standards


Memberships, Partnerships and External Commitments

We work with various local, national and international organizations and programs to support improvements in best practices for social management and responsibility across the industry, including, for example:

- **International Council on Mining and Metals (ICMM):** A global industry association that represents leading international mining and metals companies who are required to implement the ICMM 10 Principles, including Principle 9 on social contribution

- **Prospectors & Developers Association of Canada (PDAC):** Represents the interests of the Canadian mineral exploration and development industry. We incorporated PDAC’s Environmental Excellence in Exploration framework into the development of our HSEC Management Standards and into the Social Management and Responsibility at Teck (SMART) Exploration Tool.

- **Mining Association of Canada (MAC):** Promotes the development of Canada’s mining and mineral processing industry. Through MAC, we are required to implement the Towards Sustainable Mining program, including the Aboriginal and Community Outreach protocol, which aids in improving industry performance.

- **United Nations Global Compact (UNGC):** Provides a framework for businesses committed to aligning their operations and strategies with 10 principles spanning human rights, labour, the environment and anti-corruption

Approach to Managing Relationships with Communities

We engage with communities and provide opportunities to participate in decisions that impact them while providing mutually defined benefits.

**Social Management and Responsibility at Teck (SMART) Framework**

Teck’s SMART Framework is our approach to improving our social performance across Teck’s sites while also recognizing the unique context and circumstances of each region. We focus on four core social management areas that are essential for establishing and maintaining strong positive relationships:

- **Engagement:** Engaging with people on what matters to them while identifying opportunities to maximize their input into decision-making

- **Impacts:** Working to mitigate or minimize the negative impacts of our activities

- **Feedback and Incidents:** Systematically addressing and learning from feedback received and incidents that occur

- **Benefits:** Identifying opportunities to maximize the positive benefits of our activities

We have Communities teams at each of our operations who operationalize the SMART Framework to build and strengthen trust-based relationships with local communities and stakeholders. At our exploration and development projects, exploration geologists and project managers are responsible for implementing the SMART Framework with local communities through all stages of their activities. Teck’s corporate Social Management and Responsibility team provides site support and guidance to sites in implementing the SMART Framework, as well as regularly reviewing their performance.

The community relations team members are provided the training and skills necessary to fulfill their responsibilities in connection to the SMART Framework.
**Assessing Social Risk**

Teck is committed to proactively managing potential social risks. A social risk assessment is the process of identifying, evaluating and recommending an appropriate course of action to address these social risks.

Teck’s social risk assessments begin with evaluating the geographic range of impact of a site’s or project’s activities, and developing a tailored social risk profile. We then systematically identify and evaluate potential risks and opportunities that Teck and our communities of interest can pose to one another. Examples of social risks include environmental concerns contributing to erosion of community trust, and disputes around land rights affecting local livelihoods or cultural practices.

**Managing Engagement and Impacts**

Engagement with our stakeholders helps us to ensure we understand the positive and negative impacts of our business, as well as the risks and opportunities associated with those impacts. It enables us to manage impacts in a responsible and effective manner, and understand the effectiveness of our management actions.

We organize our engagement with stakeholders into three levels: information disclosure, dialogue and participation. Guided by our HSEC Management Standards and our SMART Framework, our operations, exploration sites, projects and closed properties identify and prioritize local and regional stakeholders, undertaking broad, inclusive and regular engagement activities.

Those responsible for engagement are trained to take a people-centred approach to dialogue that is focused on relationships, rather than on issues. This helps ensure that engagement is productive and constructive, and that it directly contributes to the building and maintenance of long-term, trust-based relationships.

**Managing Community Feedback**

Teck provides direct feedback mechanisms at every operation and project and in every exploration region to specifically ensure that those who want to provide feedback—whether it’s a comment, question, concern, complaint or compliment—are able to do so easily and, if they wish, anonymously.

Operations are required to follow up to determine cause, implement appropriate improvement actions, and communicate this information in a timely manner back to the complainant. Significant feedback items may be subject to root cause analysis or investigation. Corporate guidance, tools and the sharing of best practices supports the feedback mechanism at each operation.
Feedback mechanisms may include dedicated phone lines and in-person or online platforms. Feedback received is recorded using a database system called TrackLine and categorized by topic and severity. Negative feedback items, sometimes called grievances, are specific issues of concern to community members that require a response and potential further action from the company.

Through annual opinion surveys, community stakeholders are also able to provide feedback on Teck’s activities. This information is used as a check on our efforts to improve our social management activities while continuing to address our most significant social risks.

Managing Incidents
For Teck, an incident is defined as an “undesirable event arising from company activities that is both unplanned and uncontrolled, regardless of the severity of consequences”. Criteria have been established for sites to evaluate the severity of impacts with respect to community incidents. Sites are expected to follow up on all incidents identified, with more significant incidents potentially subject to root cause investigation.

Benefits
Teck works to generate value from the extraction, processing and sale of mineral, steelmaking coal, oil and metal resources to ensure the long-term sustainability of our operations and their contribution to communities. Benefits may include training, employment and procurement opportunities, capital investments, payments to governments and Indigenous Peoples, and shareholder dividends. Our corporate office and operating sites engage with communities, governments, and non-governmental organizations to align activities with local, regional, national and international development planning where appropriate.

Local Hiring and Procurement
Local hiring is a priority at Teck operations. To ensure local hires have the skills necessary for employment and advancement, we support access to relevant training opportunities at or near Teck’s sites. For example, our Carmen de Andacollo Operations in Chile contributed to the first mining training facility in the region and provided micro-grants as well as training to help businesses grow.

Whenever possible, our sites also utilize local suppliers, providing that they meet our health, safety, environmental and community requirements, and provide cost-competitive goods and services. Commitments regarding procurement and hiring practices are also often included in agreements between Teck and Indigenous communities.

Community Investment
Community investment is a key pillar of our company’s overall commitment to the communities where we live and work. Our internal community investment policy guides how we align business drivers with community priorities, and guides our approach to providing sustainable community benefits.

Our community investment program is guided by best practices from the International Finance Corporation. We aim to contribute, at a minimum, 1% of our pre-tax earnings on a five-year rolling average basis to community investment. With our target tied to earnings, our success as a company directly impacts our ability to invest in the communities where we operate.

See the Community Investment page on our website for further information.
Our Targets and Commitments

Our Sustainability Strategy guides our long-term approach to relationships with communities across the organization.

By 2020, we will:

• Refine our business policies and practices based on results of our social risk assessments, our work in human rights, and developments in the rights of Indigenous Peoples
• Engage with communities to identify social, economic and environmental priorities and to mutually define outcomes and measures of success
• Work with Indigenous Peoples to identify and participate in initiatives to support the self-defined goals of Indigenous communities
• Develop metrics for monitoring Indigenous training, employment and procurement to establish baselines and drive progress

By 2030, we will:

• Fully integrate social risk and opportunity, human rights and the rights of Indigenous Peoples into how we do business and into our individual actions and behaviours
• Create lasting mutual benefits through collaboration on social, economic and environmental initiatives
• Collaborate with Indigenous communities to consistently create lasting benefits that respect their unique interests and aspirations

Community-Related Audits

Table 1: Community-Related Audits

<table>
<thead>
<tr>
<th>Type</th>
<th>Organization</th>
<th>Items Audited</th>
</tr>
</thead>
</table>
| External | Mining Association of Canada: Towards Sustainable Mining audit               | • Community of interest (COI) identification  
• Effective COI engagement and dialogue  
• COI response mechanism  
• Reporting  |
| External | International Council on Mining and Metals: Sustainability Report assurance | • Total number of significant disputes relating to land use and the customary rights of local communities and Indigenous Peoples  
• Principle 3: Respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities  
• Principle 9: Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities |

Following each of these audits, 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 water goals on an annual basis in our sustainability report.