Our Approach to Energy and Climate Change

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.

Our Approach to Energy and Climate Change

Governance and Accountability

Background

At Teck, we believe that climate change is directly influenced by human activity and that it requires decisive global action to address. The metals and minerals we produce are essential to building the technologies and infrastructure needed to reduce greenhouse gas (GHG) emissions. We have a responsibility to help tackle this global challenge by reducing our own emissions and advocating for policies that support the transition to a low-carbon economy.

Accountability and Resourcing

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 (SSC), 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 SSC meets and reports to the company’s Board of Directors quarterly.

The 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 SSC and HSEC Risk Management Committee meetings, specific issues related to energy and climate change 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 impacting our business, and are considered in our overall strategic planning.

The following senior leaders are involved in implementing the management of energy and 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 energy and GHG emissions
• 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
• The Vice President, Community and Government Relations is 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

Last Updated March 2019
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.

Particular members of Teck’s management team are also incentivized to manage sustainability-related issues, which can include climate and energy, 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

Our commitment to efficient energy and climate change management is outlined in Our Strategy for Climate Action and our Climate Action and Portfolio Resilience report, which includes scenario analysis. 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.

Memberships, Partnerships and External Commitments

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

• 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
• GHG Protocol for Calculating Emissions: Our energy and carbon accounting practices follow these rigorous standards from the World Resources Institute and the World Business Council for Sustainable Development
• 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
• Climate Solutions and Clean Growth Advisory Council: This council provides strategic advice to government on climate action and clean economic growth. Teck’s Senior Vice President, Sustainability and External Affairs is currently a council co-chair.
Approach to Managing Energy and Greenhouse Gas Emissions

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 Our Carbon Footprint
3. Advocating for Climate Action
4. Adapting to Physical Impacts

Positioning Teck for the Low-Carbon Economy

The minerals and metals we produce—including steelmaking coal, copper and zinc are some of the basic building blocks of low-carbon technology and infrastructure. We are developing a cost- and carbon-competitive energy business, based in Alberta, Canada, which is home to some of the most progressive climate action policies of any oil-producing jurisdiction globally. One of these projects, Fort Hills, will have one of the lowest carbon intensities among North American oil sands producers.

Our approach to ensuring Teck remains competitive throughout the shift to a low-carbon economy also focuses on ensuring our operations remain efficient and low cost. This gives us increased ability to weather potential carbon-related costs and shifts in demand while remaining competitive.

Reducing Our Carbon Footprint

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. According to the ICMM, at 60 kilograms of CO₂-equivalent per tonne of steelmaking coal produced, the emissions intensity of our steelmaking coal is less than half the industry average of more than 150 kilograms.

Similarly, our copper production averages 2.6 tonnes of CO₂-equivalent per tonne of copper produced, which is 35% below the industry average of 4 tonnes. Moving forward, our goal is to continue to improve the carbon intensity of our operations and future projects.

Low-Carbon Energy

Each of Teck’s operations has an Energy Lead and when sites find opportunities to optimize energy use, these strategies are shared across sites to continuously work to lower our total energy consumption.

Many of our operations access low-carbon sources of electricity. For example, for our B.C. operations, 92% of grid electricity is renewable and almost entirely generated from hydro. 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. At our Quebrada Blanca Operations in Chile, we are currently sourcing 30% of our total energy needs from solar power.

Teck is exploring additional opportunities for solar, wind and other low-carbon technologies across our portfolio. We are prioritizing these opportunities based on proximity to areas where we operate or have operated, and where we may be able to gain expertise in renewables, further exploration of specific technologies of interest to Teck and the ability of projects to provide other sustainability benefits such as for local communities.

Advocating for Climate Action

Teck advocates for broad-based carbon pricing and we build carbon pricing into our business planning, capital planning and risk-decision processes. Currently, all of our steelmaking coal operations are covered by carbon pricing, as is half 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 as well as 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.

See our Climate Action and Portfolio Resilience report for more information on carbon pricing.
Adapting to Physical Impacts

We are taking steps to guard against the future impacts of climate change. The physical risks of climate change to our activities can include rising sea levels, rising temperatures and changes in precipitation. They can result in the increased intensity and duration of extreme weather events such as storms, drought and flooding. 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.

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 Disclosures (TCFD) made recommendations in 2017 for how companies can improve climate-related public disclosure¹. Teck’s Climate Action and Portfolio Resilience 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°C 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 energy and climate change at our operations.

By 2020, we will:

• Implement projects that reduce energy consumption by 2,500 terajoules (TJ)
• Implement projects that reduce GHG emissions by 275 kilotonnes (kt) of CO₂-equivalent
• 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

By 2030, we will:

• Implement projects that reduce energy consumption by 6,000 TJ
• Implement projects that reduce GHG emissions by 450 kt of CO₂-equivalent
• Commit to 100 megawatts (MW) of alternative energy generation

¹Task Force on Climate-Related Financial Disclosures. [https://www.fsb-tcfd.org/](https://www.fsb-tcfd.org/)
### Energy and Climate Change-Related Audits

#### Table 1: Energy and Climate Change-Related Audits

<table>
<thead>
<tr>
<th>Type</th>
<th>Organization</th>
<th>Items Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td>Mining Association of Canada: Towards Sustainable Mining audit</td>
<td>• Energy use and GHG emissions management systems</td>
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<td></td>
<td></td>
<td>• Energy use and GHG emissions reporting systems</td>
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<tr>
<td></td>
<td></td>
<td>• Energy use and GHG emissions performance targets</td>
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<tr>
<td>External</td>
<td>International Council on Mining and Metals: Sustainability Report assurance</td>
<td>• GHG emissions—direct scope 1</td>
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<td></td>
<td></td>
<td>• GHG emissions—indirect scope 2</td>
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<tr>
<td></td>
<td></td>
<td>• GHG emissions—indirect scope 3 (use of sold products)</td>
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<tr>
<td></td>
<td></td>
<td>• Principle 6: Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change</td>
</tr>
<tr>
<td>External</td>
<td>GHG Regulation Assurance</td>
<td>• Validation of GHG data reported and quantification of methodologies</td>
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<tr>
<td>External</td>
<td>ISO 14001 external audits</td>
<td>• Components of the environmental management system at each site</td>
</tr>
<tr>
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<td>• Components of the environmental management system at each site</td>
</tr>
<tr>
<td>Internal</td>
<td>Risk-based Health, Safety and Environment audits at each site</td>
<td>• Adherence to regulatory and permit requirements; effectiveness of controls based on risk profile</td>
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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 energy consumption and GHG emissions reduction goals on an annual basis in our sustainability report.