Teck Resources Limited (Teck)

Background on Teck

Teck, headquartered in Vancouver, BC, is Canada’s largest diversified resources company with business units focused on steelmaking coal, copper, zinc, and energy. Teck owns or has an interest in 12 mines, one large metallurgical complex, a wind power facility, and several major development projects in Canada, the United States, Chile, and Peru. Teck employs approximately 10,000 people and had reported revenues of C$9.3 billion in 2016. Teck is a publicly traded company listed on both the Toronto and New York Stock Exchanges but remains a family controlled firm through its dual class share structure, which its President and CEO, Don Lindsay, claims provides the company with the ability to think long-term and be less influenced by short-term market activity than some of its competitors.

How did Teck come to start thinking about context?

Teck has been reporting on its sustainability performance since 2000, and amended its reporting structure to align with the Global Reporting Initiative’s framework in 2005. Teck signed on to the United Nations Global Compact in 2007, committing to improve sustainable development and support the core areas of human rights, labor standards, environment, and anti-corruption within the compact. Despite these efforts, Teck was finding it hard to prioritise its sustainability activities without having a definitive strategy in place.

In 2009, its CEO formally committed to developing a “sustainability leadership initiative across the company, to maintain and enhance our social license to operate,” and invited emerging leaders from across the company to engage in a process to develop a strategy for sustainability.

sustainability. Facilitated by the company’s Sustainability and Environmental Affairs group and relying on the Natural Step’s Framework for Strategic Sustainable Development, the process started with gaining an understanding of major socio-ecological trends and how these related to Teck’s business activities. The group was then challenged to consider the question: “Based on what we know about sustainability and ecological limits and the long-term nature of our operations, what do you think sustainability means for Teck?” and then “How will we define success?”

Responses to these questions resulted in the formal release of Teck’s Sustainability Strategy in 2010. The strategy aimed to address the company’s greatest risks and opportunities by starting to build a better understanding of its context. The strategy was organised around six areas of focus with a vision statement and goals covering 2015, 2020, and 2030 for each area that were endorsed by Teck’s senior management team in 2011. As noted below, the short-term goals focused on gaining a better understanding of the company’s context and the impact of its own operations on that context to prepare it for setting more accurate goals. These goals underwent a process of refinement in 2015 resulting in the addition of a new focus area.

What does context look like at Teck?

1 ACKNOWLEDGE the need to operate within global, regional, and/or local socio-ecological thresholds.

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GHG emissions: Teck’s vision for the GHG emissions threshold is to “take action to reduce GHG emissions by improving our energy efficiency and implementing low-carbon technologies.” Teck acknowledges that climate change is a major global issue and that GHG emissions contribute towards our changing climate. Teck recognises that it needs to take responsibility for its GHG emissions and is committed to reducing its emissions. While Teck acknowledges this threshold, it has yet to commit to operating within this threshold or to outline how it will work with its value chain to support them in working to adhere to this threshold.

Water: Teck’s vision for the water threshold is to “contribute to the balance between social, economic, recreational, and cultural benefits of water resources within ecologically sustainable limits.” Teck acknowledges that water is a precious shared resource, that it has significant social, cultural, environmental, and economic value, and that it contributes to a well-functioning
ecosystem. Teck also recognises that water resources that are unfairly allocated can negatively impact human activities. Teck acknowledges its responsibility to manage its water use and that this plays a critical role in maintaining trust between Teck and the communities in which it operates. Teck does not yet discuss how it might work with its value chain to support its efforts in adhering to the thresholds associated with water.

Biodiversity: Teck’s vision for the Biodiversity threshold is to “enhance our contributions to biodiversity conservation knowledge, through collaboration in research, education and conservation.” Teck acknowledges that protecting and enhancing biodiversity is integral to global sustainability and that many of the world’s ecosystems are being altered at a concerning rate. Teck also acknowledge that degradation of ecosystems in the long-term will have negative impacts on the world’s ability to provide essential services such as food provision. Teck acknowledges that its activities have the potential to impact biodiversity and to alter ecosystems and that it is important for Teck to operate in a way that minimises and mitigates these impacts, and as a result, has committed to having a net positive impact on biodiversity. While Teck addresses its own actions, the company does not yet explicitly outline how it will work with its value chain and stakeholders in a way that helps them to also adhere to this threshold.

Air Quality: Teck’s vision for the air quality threshold is to “continually improve air quality for the benefit of workers, communities, and the environment in the areas affected by our activities.” Teck acknowledges that increasing urbanisation and the growth of industrial developments are contributing to deteriorating air quality globally and that this has a negative impact on human health. Teck also acknowledges that business has a responsibility to monitor and mitigate its impacts to air quality and these actions should be reported through publicly available inventories. Teck has committed to work with communities, governments, and other organisations to facilitate action and the sharing of information and knowledge that would support continual improvements in air quality.

Community Resilience: Teck’s vision for the Communities threshold is to “build strong relationships that create lasting mutual benefits based on respect for what the communities value.” Teck acknowledges that there is an increasing expectation for business to be involved in addressing global challenges and that the communities in which the business operates are increasingly withholding support for business activities that don’t demonstrate its commitment to mitigate its impacts. Teck acknowledges that the specific opportunities and concerns around the impact Teck has through its activities vary from community to community and is committed to working with communities to create lasting benefits that respect the communities’ unique interests.

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Other thresholds: Teck acknowledges the importance of other socio-ecological issues including waste, mine tailings, product impacts, business ethics, health and safety of workers, and human rights but does not yet discuss their associated thresholds.

2 **TRANSPARENTLY UNDERSTAND AND PRIORITIZE** a set of focus areas in relation to key socio-ecological trends at the global, regional, and/or local level.

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While Teck does make efforts to discuss material issues within a global and sector (mining) context as well as provide information on how each issue specifically relates to its operations, the company still uses what we call a “classic” approach to materiality. On an annual basis, the company engages both internal and external stakeholders to help it identify and rank the most material issues facing its business. Every five years, the company conducts a broader review that seeks to evaluate the alignment of its current material issues with wider global socio-ecological trends. Both processes are currently guided by the Global Reporting Initiative’s G4 Principles for Defining Report Content.

GHG emissions: Teck acknowledges that mining operations require large amounts of energy to produce and transport its products, which generates large amounts of GHG emissions. Teck demonstrates that it is engaging in work to build its understanding of the sources of its GHG emissions and discusses how it is approaching its efforts to reduce these emissions. Teck does not currently discuss whether there is a need for it to expand its sphere of influence with respect to this issue.

Water: Teck outlines its understanding of how its mining activities impact this threshold as well as efforts to further deepen this understanding, including working to mitigate these impacts on water resources in a way that moves beyond compliance and towards collaborative water stewardship. Teck commits to working with the communities it operates within to better identify their specific water concerns and interests but does not currently discuss whether there is a need for it to expand the sphere of influence with respect to this issue.

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Biodiversity: Teck demonstrates that it is building an understanding of how its business activities have both direct and indirect impacts on biodiversity throughout the mining lifecycle from exploration to reclamation. Teck outlines the areas within its business activities that it is targeting to ensure effective mitigation of these impacts. Teck does not currently discuss how the activities of its value chain impact these thresholds or whether there is a need for it to expand the sphere of influence with respect to this issue.

Air Quality: Teck demonstrates that it is building an understanding of this threshold in relation to its business activities by outlining the areas within the mining operations that negatively impact air quality. Teck also describes the specific activities that it is targeting to reduce its impacts on this threshold. Teck does not currently discuss how the activities of its value chain impacts these thresholds or whether there is a need for it to expand the sphere of influence with respect to this issue.

Community Resilience: Teck prioritises this social issue because it recognises that the communities in which it operates are increasingly expecting the company to play a part in addressing global challenges. The company also recognises that advances in technology and connectivity are reshaping how communities engage with, and organise in response to, business activities that may impact their community.

3 SET STRATEGY AND GOALS by transparently articulating the current performance gap and what portion of this gap the business will address.

Teck has set both short-term (2020) and long-term (2030) goals in each of its focus areas.

GHG emissions: One of Teck’s short-term goals is a commitment to assess and identify how it can achieve its long-term goal. Teck is using this commitment to develop its understanding of the gap between its current performance and the performance that would be needed to operate within the limits of this threshold.

Water: One of Teck’s short-term sub-goals is a commitment to increase its understanding of the use of and impacts on groundwater throughout its operations. Teck has set a goal to work within an informed understanding of the ecological limits associated with this issue, including water quality, water quantity, and water stewardship by 2030.

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Biodiversity: Teck has committed to enhance its contribution towards biodiversity conservation knowledge by 2020 and to achieve a net positive impact on biodiversity within the areas where it operates by 2030\textsuperscript{13}.

Air Quality: In the short-term (2020), Teck aims to improve the monitoring and understanding of the impact that its business activities have on air quality\textsuperscript{12}. Teck has yet to set a contextual long-term goal for this threshold.

Community Resilience: In the short-term (2020), Teck will further develop its understanding of the needs and expectations of the communities in which it operates\textsuperscript{14}. This includes commitments to refine its internal processes, work with communities to identify their key issues, and develop metrics to measure its performance\textsuperscript{14}. Teck’s long-term goal includes a commitment to create lasting benefits for the communities where it operates\textsuperscript{14}.

4 Transparetly TRACK performance against realistic trajectory targets.

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Key focus areas: Teck has a history of reporting its performance with respect to key social and environmental issues since 2006\textsuperscript{4}. When Teck announced its new sustainability strategy in 2010, it also announced a series of goals for 2015, 2020, and 2030\textsuperscript{5}. These goals created a set of trajectory targets that Teck could use to monitor its progress towards achieving its 2030 goals. The company has transparently reported its progress against its 2015 goals and used the lessons that it learnt to adjust its 2020 and 2030 goals\textsuperscript{4, 6}.

Other thresholds: Teck also reports its performance against other socio-ecological issues including waste, mine tailings, product impacts, business ethics, health and safety of workers, and human rights but does not yet report its progress in relation to their associated thresholds.

What is the road ahead for context at Teck?

Teck has been exploring how the UN Sustainable Development Goals (SDGs) relate to its operations and recently published an online tool that explains the activities and partnerships that Teck is engaged in relative to each SDG\textsuperscript{15}.

