

Value Chain Management

2023 Highlights

53% of total procurement spend was on local suppliers

4% of total procurement spend was on Indigenous suppliers

GRI Indicators

GRI 2-6, 2-23, 2-24, 3-3, 204-1, 308-1, 308-2, 407-1, 414-1, 414-2

This topic is considered material by our employees, government regulators, investors, customers, suppliers and society in the context of all Teck sites.

How Does Teck Manage This Topic?

Information about how we manage our value chain, including relevant policies, management practices, systems and topic boundaries, is available for [download on our website](#).



Global and Industry Context

As disruptions to supply chains increase, companies globally are intensifying their focus on mitigating risks in vulnerable areas and harnessing opportunities.⁴⁰ Additionally, foreign and domestic value chains are facing demands for greater transparency, stronger materials stewardship and the production of environmentally friendly products.⁴¹

Mining companies are facing unprecedented pressures on their value chains due to recent shifts in commodity markets, shrinking value pools, and the ongoing uncertainties arising from the COVID-19 pandemic and geopolitical tensions. Simultaneously, new regulatory policies are being enacted, including higher disclosure and transparency standards for commodity value chains.⁴²

Teck procures goods and services such as mobile equipment, machinery, fuel and lubricants, explosives, and various other products and services that support large-scale mining and refining operations. With customers located worldwide, we rely on a range of transportation providers, including trucking, rail and marine shipping, to deliver our product to these customers.

Our Performance in Value Chain Management in 2023

Our Targets and Commitments Teck's [Code of Ethics](#) and [Anti-Bribery and Corruption Policy](#) affirm Teck's commitment to uphold high moral and ethical principles and specify the basic norms of behaviour for employees and others conducting business on our behalf. Teck expects suppliers to adhere to the same fundamental principles, including those relating to legal compliance, fairness and honesty, anti-bribery and corruption, and human rights. Teck's [Code of Sustainable Conduct](#) reflects Teck's commitment that protecting the environment, the safety and health of our people, and our relationships with local communities are core values of Teck. We expect suppliers to apply the same or more stringent standards in a manner that is appropriate and proportional to the nature and scale of their activities, the goods that they supply and the services that they perform. There has been no significant change in Teck's value chain in 2023.

Supply Chain: Evaluating and Measuring Risk Management Performance

All of our suppliers are required to follow our [Expectations for Suppliers and Contractors](#), which supplements the requirements, guidelines and standards of conduct described in Teck's other internal and external policies, including Teck's [Code of Ethics](#), [Anti-Bribery and Corruption Compliance Policy and Interpretation Guide](#), [Human Rights Policy](#), [Indigenous Peoples Policy](#) and [Equity, Diversity and Inclusion Policy](#).

In 2023, Teck adopted a [Responsible Mineral Sourcing Standard](#), which is overseen by the Materials Stewardship Committee. This standard communicates our commitment

for ensuring responsible sourcing of mineral concentrates from mines for processing at our Trail Operations and to promote our conflict-sensitive sourcing practices to our suppliers. See [Our Approach to Circularity](#) for more information on our responsible sourcing program.

Through responsible value chain management, our objective is to minimize potential impacts on people and on the environment, while managing business and reputation risks and capitalizing on opportunities. For example, in 2023, we announced agreements with Canadian Pacific Kansas City Limited, NORDEN and

Oldendorff Carriers incorporating provisions aimed at reducing carbon emissions in Teck's steelmaking coal supply chain and advancing our net-zero strategy. Additionally, we actively make efforts to source supplies and services from local sources where possible, including Indigenous Peoples.

For more information about value chain impacts, commitments and expectations related to specific sustainability topics, please see relevant chapters (e.g., [Climate Change](#) page 23, [Health and Safety](#) page 42, [Human Rights](#) page 49, [Circularity](#) page 18).

Modern Slavery

Teck's [Expectations for Suppliers and Contractors](#) stipulate that suppliers must not use forced labour, human trafficking or any type of modern slavery. In 2023, Teck introduced mandatory human rights and modern slavery training for all procurement and other relevant personnel. Participants of this training gain a deeper understanding of human rights

risks and impacts in the mining sector and how to identify and mitigate modern slavery in the supply chain.

See page 52 of the [Human Rights](#) chapter for details on how we minimize the risk of modern slavery within our direct operations.

⁴⁰ [The Supply Chain Trends Shaking Up 2023](#). KPMG. 2023.

⁴¹ [Reshaping Traditional Value Chains](#). Deloitte. 2022.

⁴² [The Mine to Market Value Chain: A Hidden Gem](#), McKinsey & Company. 2023.

Supplier Management

Supplier Expectations and Qualifications

As a result of our strong assurance and due diligence practices, we have a good level of confidence that our suppliers' and contractors' business conduct is aligned with robust human rights, environmental and labour legislation and regulations.

Teck expects our supply chain partners to adhere to the same fundamental principles of Teck's [Anti-Bribery and Corruption Compliance Policy and Interpretation Guide](#), including those relating to legal compliance, fairness and honesty, anti-corruption and human rights — as outlined in Teck's Expectations for Suppliers and Contractors. The qualification of all suppliers involves examining whether a supplier meets or exceeds our minimum standards as a condition to supplying products and services to Teck. This process screens suppliers who are unable or unwilling to meet our requirements as outlined in these Expectations.

In 2023, we updated Teck's [Expectations for Suppliers and Contractors](#) to strengthen the minimum standards expected of suppliers and contractors, including new health and safety, environmental and human rights-related requirements, as well as guidance on Teck's anonymous whistle-blower hotline. Additionally, Teck issued a new Contractor and Supplier Management Standard that defines the minimum expectations related to contractor and supplier pre-qualification, risk identification and management, and governance.

All of Teck's significant supply chain partners are provided with Teck's Expectations for Suppliers and Contractors. In 2023, 25% of our supply chain partners were further qualified to perform work on Teck's sites, and they provided written acknowledgement of their adherence to these principles.

Teck conducts detailed assessments annually, reviewing some of our key suppliers using a survey that focuses on human rights, environment and modern slavery. This process enables us to thoroughly evaluate whether they meet our specific standards and expectations. By conducting these comprehensive surveys, we can identify any opportunities to mitigate risk while safeguarding the integrity of our supply chain. In 2023, 44 of these detailed reviews were conducted. No material social, environmental or economic impacts were identified, and no suppliers or service providers were terminated.

Suppliers and Critical Suppliers

In 2023, we implemented a new supply chain risk management platform to monitor suppliers and verify compliance with Teck's policies directly and indirectly. The platform collects data on environmental, social and governance (ESG) performance related to modern slavery, climate impact, and diversity and inclusion, among other topics, and supports enhanced supplier screening. In 2023, 1,205 suppliers provided information and supporting documentation of alignment with our Expectations for Suppliers and Contractors through a comprehensive questionnaire within Teck's supplier database.

In addition to measuring supplier-specific performance indicators, we measure and report on:

1. Company-wide procurement from local suppliers: page 70
2. Company-wide procurement from Indigenous suppliers: page 77
3. Contractor health and safety: page 45

Critical suppliers are suppliers of goods or services that, in the event of an interruption in the supply chain, can have a significant impact on Teck's production, costs and/or revenue. Suppliers may also be considered critical due to the nature of their products and the potential risk and impact on health, safety, the environment, and the communities in which we operate.

Critical suppliers include inbound suppliers of mobile equipment, fuels, tires, ammonium nitrate, process equipment, consumables such as grinding media and other related parts and services, and outbound suppliers of rail, marine, trucking, bulk terminal and related distribution services. Within critical suppliers, there are two types: those managed on-site and those managed at a corporate level.

Teck conducts ongoing monitoring and assessment for all of our critical suppliers. We measure their supply management performance by setting and tracking performance metrics in contracts.

In 2023, we purchased goods and services from 4,838 suppliers, with an overall global spend of approximately \$8.7 billion, as shown in Figure 29. In 2023, critical suppliers represented approximately 41.9% of our total procurement spend, as shown in Table 41. Our top critical supplier in 2023 was Canadian Pacific Railway, as in 2022; other critical suppliers included Komatsu and its dealers, Caterpillar and its dealers, Suncor, Imperial Oil, Neptune Bulk Terminals, Canadian National Railway and BC Hydro.

Figure 29: Supply Chain Spend by Business Unit (millions)⁽¹⁾

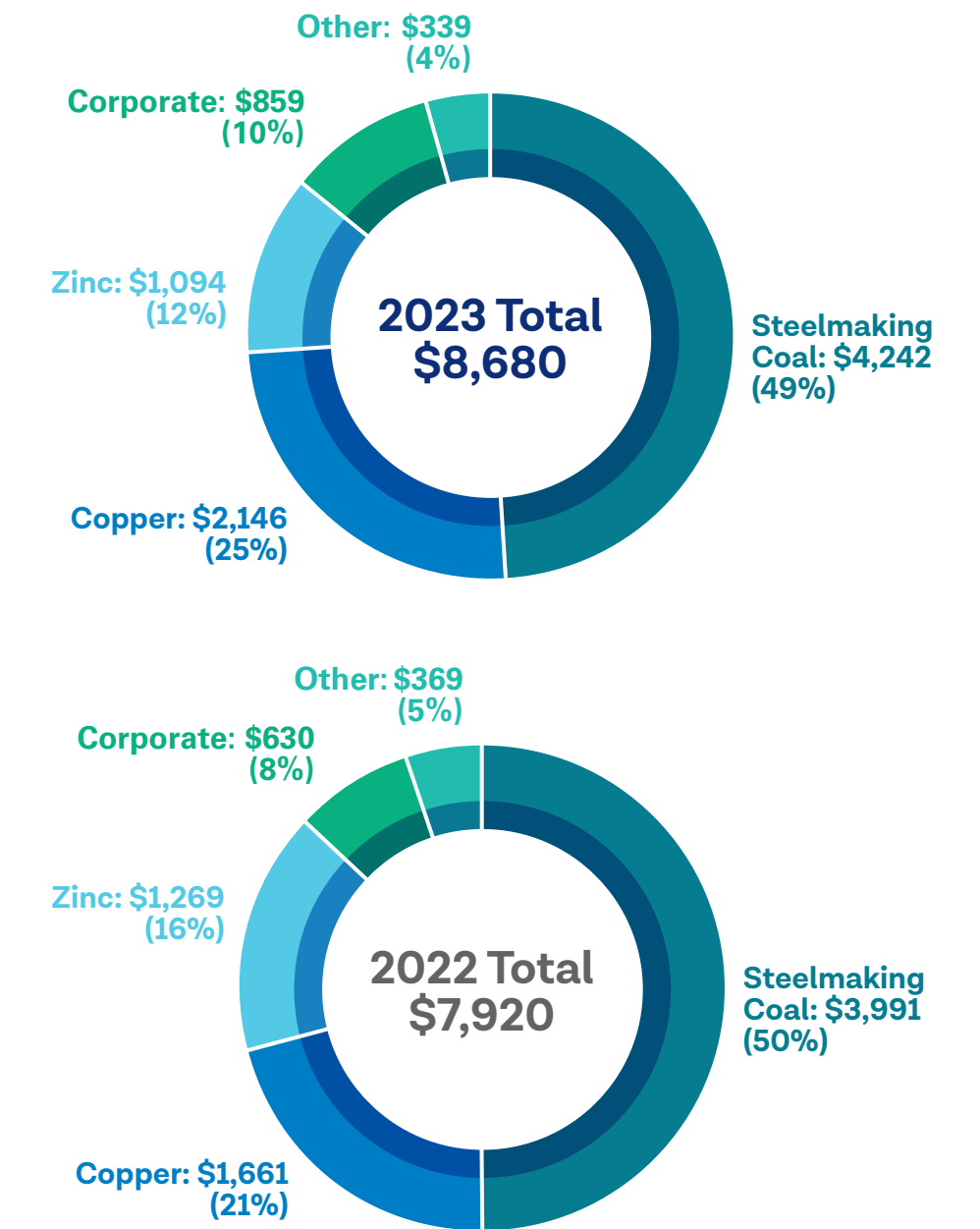


Table 41: 2023 Spend on Critical Suppliers

Business Area	Critical (millions)	Total (millions)	% of Total That Are Critical
Steelmaking Coal	\$ 2,629	\$ 4,242	30.29%
Copper ⁽¹⁾	\$ 598	\$ 2,146	6.89%
Zinc	\$ 353	\$ 1,094	4.07%
Corporate	\$ 1	\$ 859	0.01%
Other	\$ 53	\$ 339	0.61%
Total	\$ 3,634	\$ 8,680	41.87%

(1) The values are the total amounts paid to suppliers/contractors, which include taxes payable where applicable.

Customer Relationships

Teck has customers in over 25 countries around the world. Reliable logistics play a critical role in Teck’s reputation with our customers, while performance and inventory management are key to meeting financial performance expectations. Information on where our products are shipped can be found in our [2023 Annual Report](#).

We also seek to develop active relationships with our customers, ensuring responsible use of our products through engagement via our Materials Stewardship Committee. Additionally, we share our own responsible sourcing, operations and production activities downstream to our customers. Historically, these have been through direct communications and relationship management, including responding to formal customer inquiries related to Teck’s responsible production certifications, commitments and performance data.

In 2023, Teck’s downstream due diligence initiatives included:

- Expanding our Know Your Counterparty/Customer assessment to include questions on anti-money laundering, business ethics, health and safety, human rights, environmental management and materials stewardship practices

- Assessing customers and warehousing services for certifications and registration, and for environment, health and safety management systems and performance; for example, for base metal concentrates, this also includes country risk, credit risk, counterparty risk and site assessment as sales are established
- Conducting on-site assessments and site inspections for customers
- Pre-screening all downstream users of higher risk products for responsible production practices and sound disposal of smelter wastes and residues

In 2023, Teck’s base metals business unit onboarded five new customers using enhanced screening procedures. See [Our Approach to Value Chain Management](#) for more details on engaging downstream customers on sustainability.

Other Business Relationships

A number of our projects and operations are developed and operated through joint venture or shared ownership arrangements with third parties, including Quebrada Blanca, Antamina, NuevaUnión, Zafranal, Galore Creek, Schaft Creek, Elkview, Greenhills, San Nicolás and NewRange Copper Nickel. Details on our ownership interests in joint ventures can be found in our [2023 Annual Information Form](#).

Teck works with numerous local, national and international organizations and programs, outlined in [Our Approach to Business Conduct](#). Information on our material contracts with value chain partners can be found in our [2023 Annual Information Form](#).