Taking root.

Teck

2011 Sustainability Report

The theme of this report, *Taking Root*, speaks to the work we are doing at Teck to grow and expand our contributions to sustainability.

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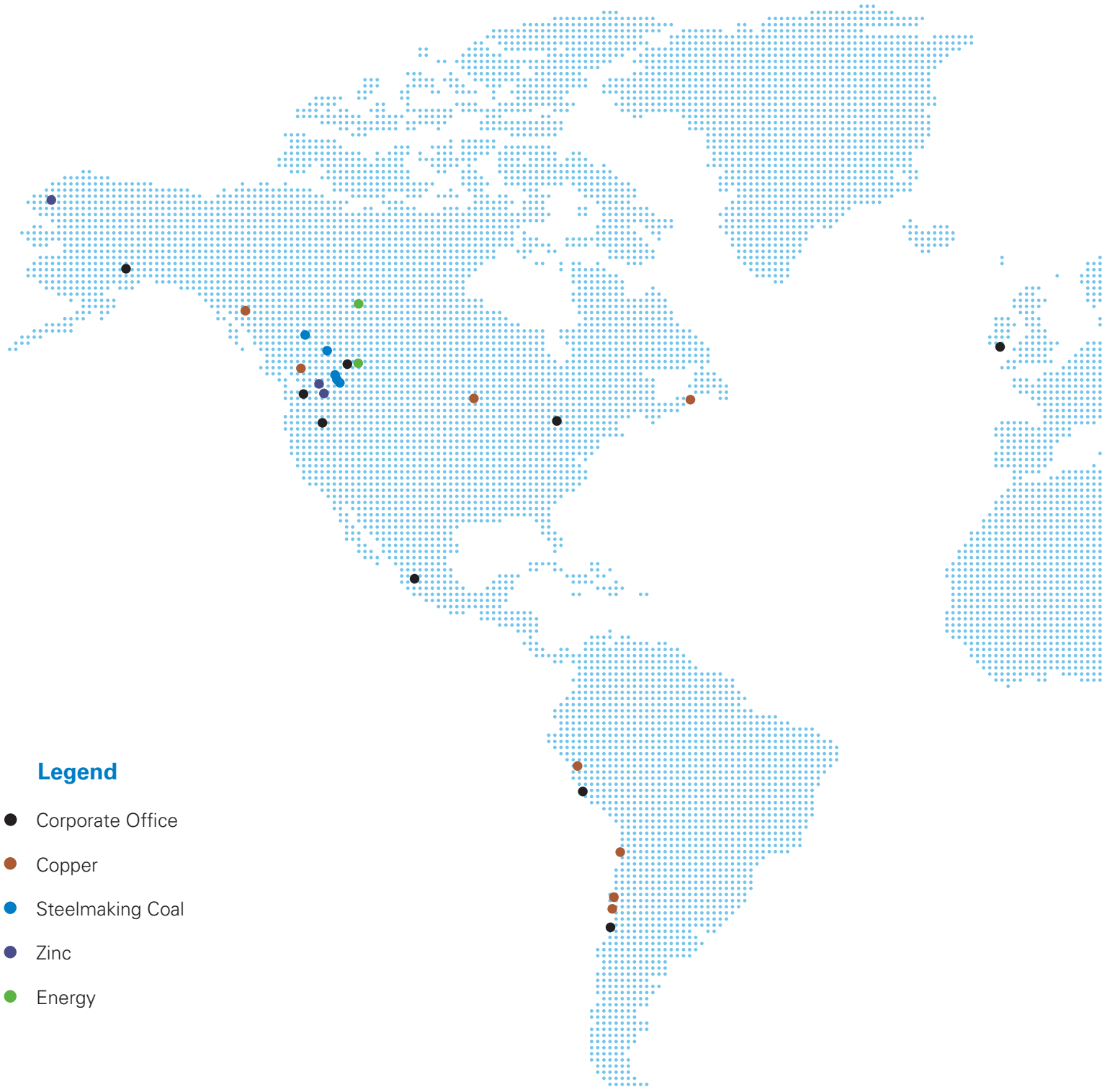
Legend
Corporate Office
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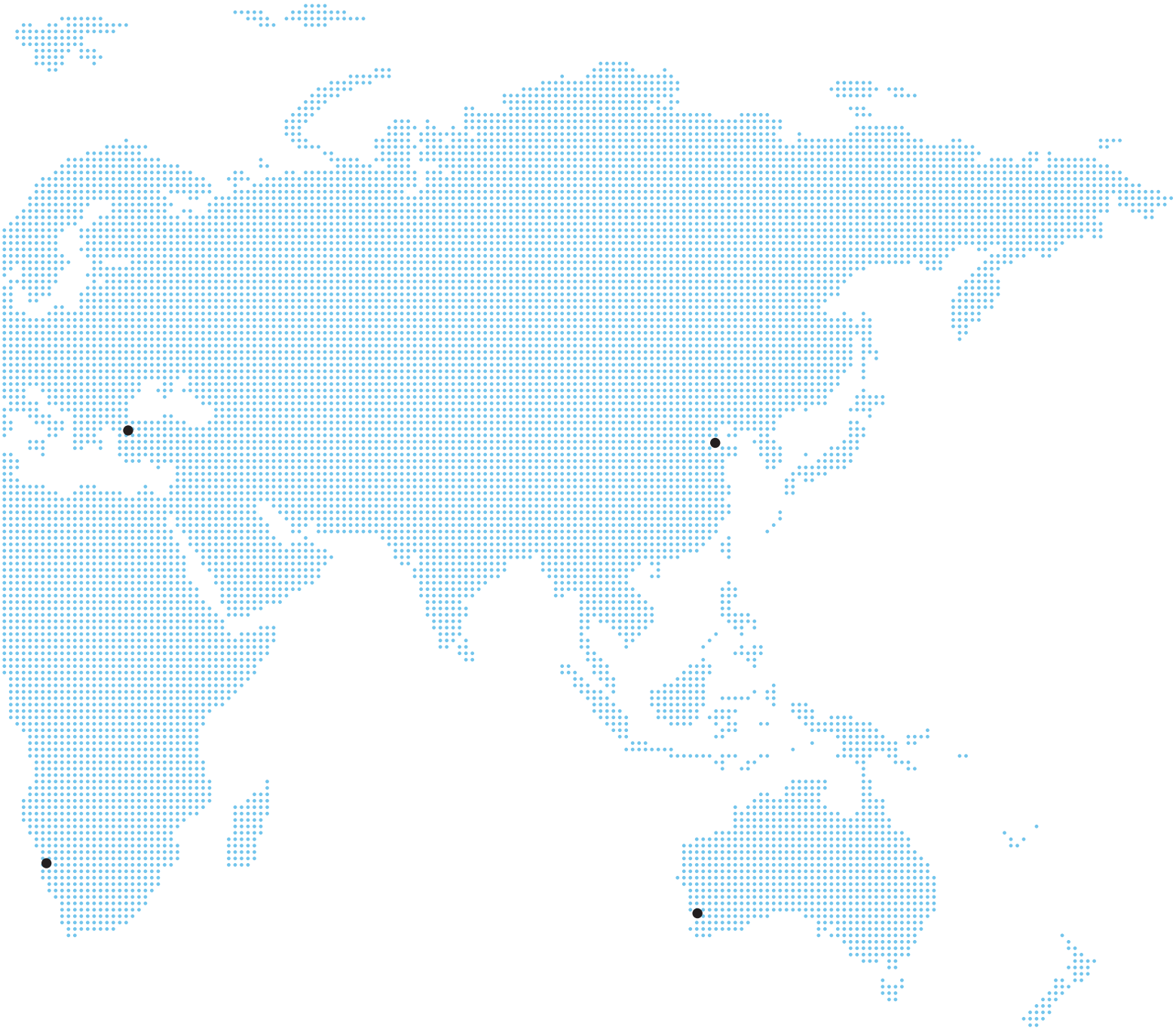
# About Teck and Our Operations

Teck is a diversified natural resource company committed to responsible resource development, with business units focused on copper, steelmaking coal, zinc and energy. We actively explore for copper, zinc and gold in the Americas, Asia Pacific, Europe and Africa.

We are headquartered in Vancouver, Canada. We own or have an interest in 13 mines in Canada, the United States, Chile and Peru, as well as one metallurgical complex in Canada[1]. We also have corporate, exploration, technology and marketing offices in 15 locations in Asia, Australia, Africa, Europe and the Americas.



1 The scope of this report includes all operations that we manage and control. This does not include the Antamina mine in Peru, in which we have a 22.5% interest. Senior Teck management monitor Antamina's compliance with its internal codes and policies, which are generally consistent with the standards set by our codes and policies, and sit on Antamina's Board of Directors and relevant committees.

# Message from the CEO

**Donald R. Lindsay**
President and Chief Executive Officer

With over a century of operating experience, Teck has gained a wealth of experience in building our approach to sustainability.

Our relationships with communities are the foundation of our work in sustainability and, over our long history, our employees have developed deep connections to the communities in which we operate. Places like Kimberley, Trail and Elkford in British Columbia literally grew up around our operations and, over time, employees became neighbours and neighbours became communities. Today, in communities like Andacollo in Chile, where our business activities are relatively recent, we are building new relationships and working collaboratively to address local priorities. At the same time, we are establishing stronger relationships with Indigenous Peoples, building on the important relationships we have already established, creating new ones and working together to achieve our mutual goals.

In 2011, we reached an important milestone by launching a sustainability strategy that will guide us over the coming years. It sets out our priority areas and the sustainability goals that will bring greater focus to our work. The theme of this report, *Taking Root,* speaks to the work we are doing to integrate and more fully embed our approach to sustainability across six focus areas: Community, Water, Ecosystems and Biodiversity, Energy, Materials Stewardship, and Our People. These focus areas represent the most significant challenges and opportunities facing our company. I have assigned a senior officer to champion and drive progress in each focus area, and I have taken personal responsibility for our people, as it is the vision and dedication of our people that will allow us to deliver on our goals and advance our sustainability efforts. This report chronicles our initial progress on a series of goals and actions that extend out to 2030.

### Putting Teck's Sustainability Strategy into Action

Since our last report, we have made progress in putting our sustainability strategy into action. Employees throughout the company have been appointed to take the lead in each focus area and are examining our goals, assessing the opportunities and challenges we face, identifying priorities for our operations and projects, and taking action to achieve them.

While communities are the foundation for our work in sustainability, our people are our most important asset and safety is our core value. In 2011, we made notable progress in safety, with Teck achieving the lowest total reportable injury frequency rate in our history – an 18% reduction over the prior year. We also achieved the fewest number of serious incidents on record. In the year ahead, we will continue our Courageous Safety Leadership program, which is designed to create awareness and place responsibility for safety in the hands of every employee and contractor who works with us. In addition, I have set an objective for 2012 to put new emphasis on our employees' personal health and its contribution to achieving our objective of everyone going home safe and healthy every day.

Mining relies on large amounts of water, and water stewardship is a priority for Teck. In 2011, we piloted several projects at our steelmaking coal operations with the goal of reducing selenium levels in watersheds downstream from our operations. In Chile,

in order to reduce demands on the region's limited supplies of fresh water, we made the decision to use ocean water as the source of supply for our Quebrada Blanca Phase 2 project. In 2012, we are devoting a significant effort to a company-wide water strategy, focused both on our performance at our operations and on community investments.

We have also made significant progress in our other focus areas. Notably, we made a $210 million investment at Trail Operations to considerably increase our capacity to recycle end-of-life electronic waste (e-waste). This investment will keep more post-consumer e-waste out of landfills, putting our materials stewardship principles into practice and significantly reducing the life cycle impacts of electronics.

In advancing our energy goals, four of our steelmaking coal operations in B.C. increased their use of natural gas as the primary energy source to dry their product. This significantly reduced the greenhouse gas emissions associated with the drying process. In November, the Wintering Hills Wind Power Project in Alberta, our first investment in wind power, also moved into full production, moving us closer to our vision for energy.

Our work in ecosystems and biodiversity aims to achieve our vision of having a net positive impact on biodiversity in areas where we operate. To achieve this, one of our goals is to identify and implement biodiversity improvement and conservation opportunities. To that end, we worked with the Nature Conservancy of Canada, the Ktunaxa Nation and local communities to acquire a 127-hectare parcel of land located on the east shore of Columbia Lake in British Columbia. This land provides key habitat for bighorn sheep, elk and a number of rare and endangered species. The land, which is near the headwaters of the Columbia River system, also includes important wetlands that are part of the longest uninterrupted wetland in North America. The land also has important cultural values for the Ktunaxa Nation.

### Working Collaboratively to Create Sustainable Value

Our focus on sustainability is an important facet of the way we do business. Our approach is supported by our Charter of Corporate Responsibility and our participation in sustainability-focused organizations. These include the International Council on Mining and Metals with its Sustainable Development Framework, and the Mining Association of Canada's Towards Sustainable Mining initiative, which we have applied across all of our operations.

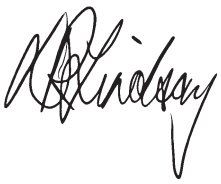
We are building partnerships and capacity to confront sustainability issues within the regions in which we operate and at the global level. For example, as one of the world's largest producers of zinc, we recognize the role we can play in addressing the global health challenge of zinc deficiency in humans and in soils. In partnership with organizations such as the International Zinc Association, UNICEF, the Micronutrient Initiative and the Government of Canada, we are providing resources to increase the use of zinc supplements through two initiatives – Zinc Saves Kids and the Zinc Alliance for Child Health. We have also signed an agreement with BASF, the world's largest diversified chemical company, to fortify foods with zinc in order to reduce zinc deficiency in people in developing countries. In addition, we formed a partnership with the Ministry of Agriculture in the People's Republic of China to undertake further studies on the use of zinc in fertilizer to increase crop yields, reduce zinc deficiency and ultimately improve human health. Looking ahead, we will continue to work with the international community to help save and sustain the lives of children in developing countries.

Working with expert organizations allows us to leverage and combine our strengths and enhances our ability to address sustainability issues. In 2011, we accepted the invitation to be a member of the United Nations Global Compact LEAD initiative, a sustainability leadership platform uniting over 50 companies from around the world to achieve higher levels of sustainability performance, impact and action.

Teck's overall performance in sustainability through actions such as these was recognized in 2011 when we were appointed to the Dow Jones Sustainability World Index (DJSI) for the second year in a row, indicating that our sustainability practices rank in the top 10% of companies in the resource industry worldwide. While we are pleased to again be appointed to the DJSI, we recognize that our work in sustainability must continue to take root and grow.

Our capacity to contribute to sustainability depends on our ability to successfully carry on our business as a diversified natural resource company. In 2011, we set a number of operational and financial records, including record revenues of $11.5 billion, record gross profit before depreciation and amortization of $5.8 billion, and record cash flow from operations of $4.0 billion. As Teck continues to grow, we will work to create a strong culture within our company of considering people, communities and the environment, now and in the future, with every decision we make.

For over a century, our people have been working to build vibrant, healthy communities around our operations while continuing to be responsible stewards of the environment. As a company that operates within a global community, it is our responsibility to reflect that same spirit wherever we are active in contributing to a more sustainable world.



Donald R. Lindsay
President and Chief Executive Officer

# Overview


Environmental Officer Leigh Stickney conducts water sampling near our Greenhills Operations in British Columbia.

## About Our Report

This report covers Teck's 2011 sustainability performance and marks our eleventh year of annual reporting on our sustainability issues, our approach to managing these issues and our performance. Our 2011 Annual Report provides further detail on economic and operating information.

### Audience

The audience for this report is our communities of interest (COIs): any individuals or groups that may be affected by, have an interest in, or have the ability to influence our activities. Our COIs include shareholders and potential investors, employees, local communities, Indigenous Peoples, industry associations, governments and regulatory staff, non-governmental organizations (NGOs), peers and business partners, suppliers and contractors, and academic leaders. More information on these COIs is available in Appendix A on pages 107–108.

### Scope

This report covers all operations under Teck's direct control. Where material, we also provide information on other business activities such as exploration and project development. Our safety statistics include data from the Antamina mine in Peru, in which we have a 22.5% interest.

### Defining Report Content

We report on our material sustainability issues, an overview of which is available on pages 8–10.

This report is organized around our six sustainability focus areas:

- Community
- Water
- Ecosystems and Biodiversity
- Energy
- Materials Stewardship
- Our People

Throughout this report, we discuss our approach to managing our material issues and interests, and we provide data and/or narrative descriptions regarding our sustainability performance in each area.

## Data

This report discloses sustainability data for the calendar and fiscal year ended December 31, 2011. Subsequent information that is determined to be material may also be included.

Our operations provide sustainability data through a centralized database. Resource development projects and exploration activities also provide some data; this is reported where appropriate. The data is reviewed for completeness and accuracy at both the operations level and at our corporate office. The consolidated data for key indicators can be found in our Performance Overview Table on pages 94–95.

Unless otherwise stated, we report data for our operations on a 100% ownership basis. Data is reported using the metric system and Canadian dollars, unless otherwise stated.

Where available, we include comparative historical data to demonstrate trends in indicators. Some historical data has been restated due to changes in calculation methodologies to improve accuracy, or to correct previous errors in recording or calculating data.

## GRI Application Level

This report is prepared in accordance with the Global Reporting Initiative (GRI) Third Generation (G3) Guidelines. We align our approach with AccountAbility's AA1000 standards and its principles of inclusivity, materiality and responsiveness. The development of this report was guided by the GRI Reporting Principles, Technical Protocols and Indicator Protocols, as well as the Mining and Metals Sector Supplement. This report meets application level A+ of the GRI, including the Mining and Metals Sector Supplement. The GRI Finder on pages 99–106 provides an index of GRI indicators and their location in this report.

## International Council on Mining and Metals

We are members of the International Council on Mining and Metals (ICMM) and are committed to implementing the ICMM Sustainable Development Framework. We have incorporated the Framework requirements into the scope of our external assurance program in order to provide an independent analysis of our work towards meeting the ICMM commitments.

## Independent Assurance

Deloitte & Touche LLP independently reviewed our application of the GRI G3 Guidelines and the alignment of our practices with the ICMM Sustainable Development Framework Principles, guided by the ICMM Assurance Procedure. See pages 96-97 for the signed assurance letter.

For more information, please contact us at sustainability@teck.com.

Ducks swimming near Highland Valley Copper Operations in British Columbia.

## Our Material Issues and Interests

For the purposes of this report, we regard our material issues and interests as those that:

- May affect the long-term success of our business, including our ability to create and preserve economic, environmental and social value
- Have the potential to influence the perception of communities of interest (COIs), including those who make decisions and assessments about our commitment to sustainability

Materiality, in this context, is the threshold at which an issue or interest becomes sufficiently important that it should be reported. At Teck, our material issues and interests drive our day-to-day management activities, and our sustainability focus areas – Community, Water, Ecosystems and Biodiversity, Energy, Materials Stewardship, and Our People – form the basis for our sustainability strategy.

### Materiality Analysis

Every year we conduct a materiality analysis to assess the key sustainability issues that we manage. In 2011, our materiality analysis consisted of a three-step process that included identifying our material issues and interests, prioritizing the significance of each to both Teck and our COIs, and validating the completeness of our analysis with our Sustainability and External Affairs department.

We used GRI's *Technical Protocol – Applying the Report Content Principles* (released in May 2011) to guide our materiality review process. Our analysis covered the 2011 year and included the full scope of our business activities. We followed these GRI principles:

- Sustainability context – considering Teck's material issues and interests in the wider context of sustainability
- Completeness – using information sources that identified Teck's significant economic, environmental and social impacts
- Stakeholder inclusiveness – including the views of our COIs

The sections below provide more detail about how we identified and prioritized our material issues and interests.

### Material Issue and Interest Identification

We follow the guidance and information sources recommended in both AccountAbility's Five-Part Materiality Test and the Global Reporting Initiative's Technical Protocol to identify potential material issues and interests. Starting from the material issues and interests identified in our 2010 materiality analysis, we reviewed a variety of information sources to identify our 2011 material issues and interests:

- Policy documents, including our codes and standards
- Financial and risk management documents, at the operation and corporate levels
- Peer company reports and documents
- Reports and research from our COIs, including direct feedback from our COI Panel and investors, in addition to global standards, industry codes and regulatory frameworks

Our 2011 material issues and interests are shown in Table 1.

### Material Issue and Interest Prioritization

After identifying our material issues and interests, we ranked them by analyzing the significance of each material issue to both Teck and to our COIs.

For significance to Teck, we considered:

- Teck's ability to influence, control and manage the issue
- The issue's significance to Teck's business success, considering profitability and business continuity

For significance to COIs, we considered those COI groups whose issues and interests we were most knowledgeable about and aware of:

- Communities and Indigenous Peoples in the regions where we are active
- Teck employees

Our resulting 2011 material issues and interests prioritization is shown in the spider graph on page 10 (Figure 1). Only issues and interests deemed sufficiently material were plotted on the graph. Please note that this prioritization was done at a corporate level, and the significance of issues may vary at an operational level.

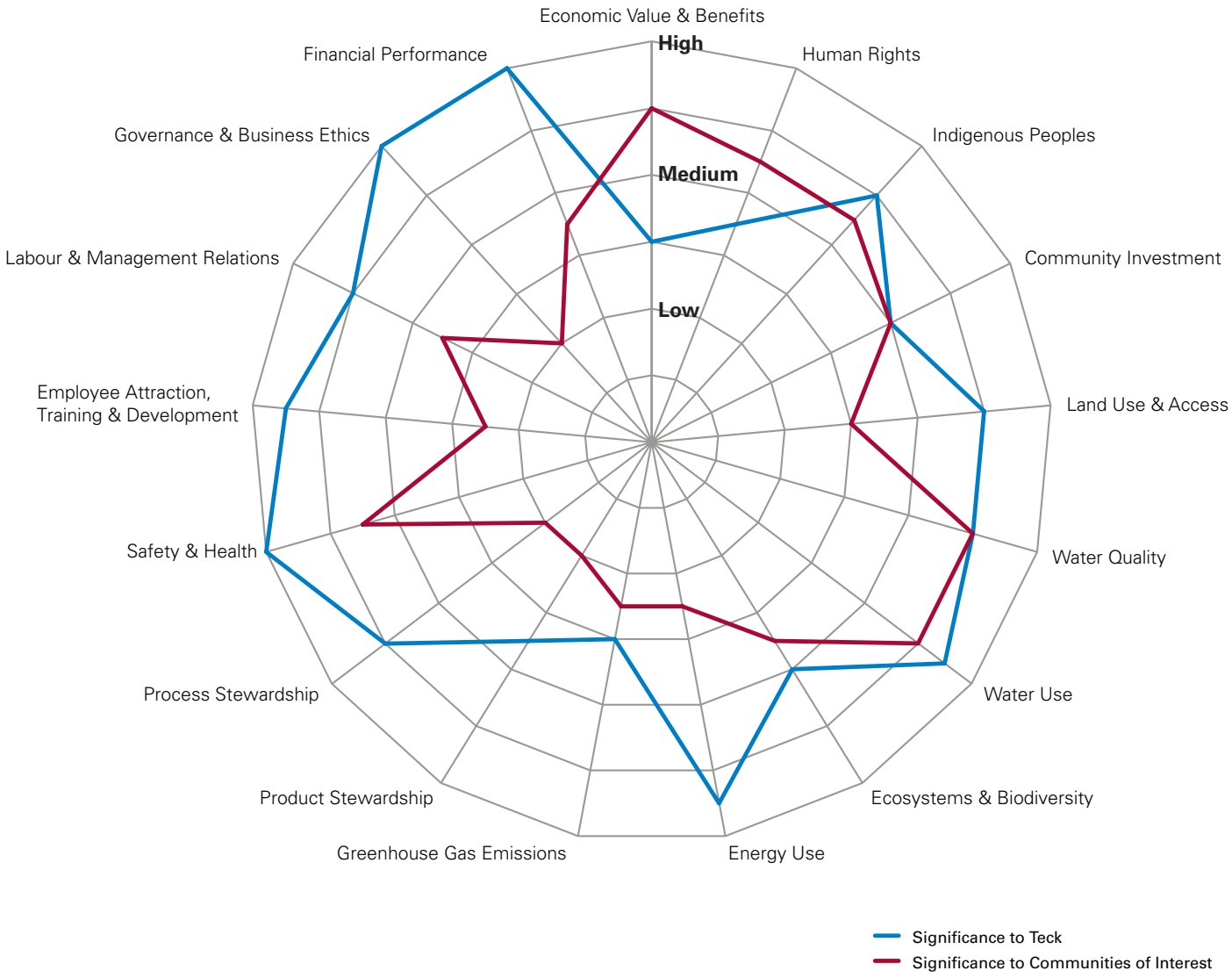
The further from the centre of the spider graph the red or blue line is, the higher the significance of that issue or interest to us or to our COIs. The further apart the red and blue lines, the weaker the congruence between the significance of the issue to Teck and our COIs. For example, governance and business ethics are significantly important to Teck, but were not determined to be as significant to our COIs. However, ethical business practices and strong governance systems are an essential foundation for our business and will remain a strong focus.

Conversely, lines that are close together indicate a strong congruence between the significance of the issue to Teck and to our COIs. For example, water quality is significantly important to both Teck and our COIs. We are prioritizing our efforts on these types of material issues and interests, and have emphasized these in our report.

**Table 1: 2011 Material Issues and Interests**

| Material Issue and Interest | What it Means for Teck |
|---|---|
| **Community** | |
| Economic Value and Benefits | Creating economic value and benefits in an equitable and inclusive way as a result of our activities. |
| Human Rights | Respecting and contributing to the realization of human rights, applying ethical principles, practices and sound systems of corporate governance, and addressing adverse human rights impacts. |
| Indigenous Peoples | Creating positive outcomes and seeking collaborative solutions in all phases of mineral development, in recognition that Indigenous Peoples have unique interests and concerns related to development. |
| Community Investment | Voluntary actions or contributions beyond the scope of normal business operations to enhance the quality of life in communities where we are active while demonstrating social or environmental benefits. |
| Land Use and Access | Balancing access to and use of land for exploration and mining with past, current or potential uses, and monitoring and managing the potential impacts of our activities. |
| **Water** | |
| Water Quality | Minimizing impacts of our activities on water quality, i.e., keeping clean water clean. |
| Water Use | Minimizing water used to conduct our activities. |
| **Ecosystems and Biodiversity** | |
| Ecosystems and Biodiversity | Maintaining healthy communities of plants and animals, their habitats and interactions. Protecting the abundance and variety of plants and animals. |
| **Energy** | |
| Energy Use | Improving the energy efficiency of our activities. |
| Greenhouse Gas Emissions | Managing greenhouse gas emissions resulting from our activities. |
| **Materials Stewardship** | |
| Product Stewardship | Minimizing the environmental, health and safety risks of our products, and enabling product recovery, reuse and recycling. |
| Process Stewardship | Improving processes for exploring, extracting and refining our products. |
| **Our People** | |
| Safety and Health | Ensuring worker safety and health, including occupational health. |
| Employee Attraction, Training and Development | Attracting, retaining and developing employees. |
| Labour and Management Relations | Ensuring positive and productive labour relations and working conditions. |
| **Other** | |
| Governance and Business Ethics | Governance activities to ensure accountability and transparency. Conducting business ethically to ensure non-discrimination and anti-corruption. |
| Financial Performance | Ensuring the healthy financial performance of our business by addressing factors such as production, global demand, market volatility and business growth. |

**Figure 1: 2011 Material Issues and Interests Prioritization[1]**




(1) The mapping and prioritization of Teck's material issues and interests, and those of our COIs, was conducted at a corporate level. The points on the red line in the graph represent an averaging of priorities for our COIs. We recognize that, given the broad range of our COIs, their individual rankings of specific material interests and issues may differ broadly, and that the averages reflected in the graph will not be reflective of the views of any particular COI on all issues or even any issue. The relative significance of various issues may also vary from operation to operation and from operation to corporate.

# **Case Study:** Polaris Mine – Sustainability Throughout the Life Cycle

An aerial view of the Polaris mine in 2002, prior to closure.

A mine has a life cycle that is composed of a number of distinct phases: exploration, development (deposit evaluation, mine planning and construction), operation and, finally, closure, reclamation and post-reclamation monitoring. At Teck, we focus on ensuring the highest standards of sustainability at every phase of the mining life cycle.

Our Polaris zinc and lead mine, which operated for 21 years from 1981 to 2002, producing 250,000–300,000 tonnes of zinc and lead per year, is a good example of our approach to sustainability throughout the life cycle of a mine. Polaris is located on Little Cornwallis Island, in the Arctic islands in the territory of Nunavut, Canada. The cold and dry climate presented unique challenges during each phase of the life cycle, but also created opportunities to implement innovative approaches to sustainability.

### Development

The design and construction of the mine considered the climate, the land, the sea and the environment, including flora and fauna, to minimize Polaris' footprint.

We were an innovator in introducing modular construction to the north. The mine's maintenance shop, power plant and concentrator were built as separate modules on barges and shipped intact to the site, thereby minimizing the impact of construction on the surrounding environment.

### Operation

Polaris was designed to extract the maximum amount of use from every litre of fuel consumed during operation. For example, waste heat was recovered from the electrical generation plant and used to heat the facilities.

Throughout the mine's operation, we built a respectful relationship with northern communities and provided benefits to the region in the form of both direct mine employment and economic activity in neighbouring communities.

### Reclamation and Closure

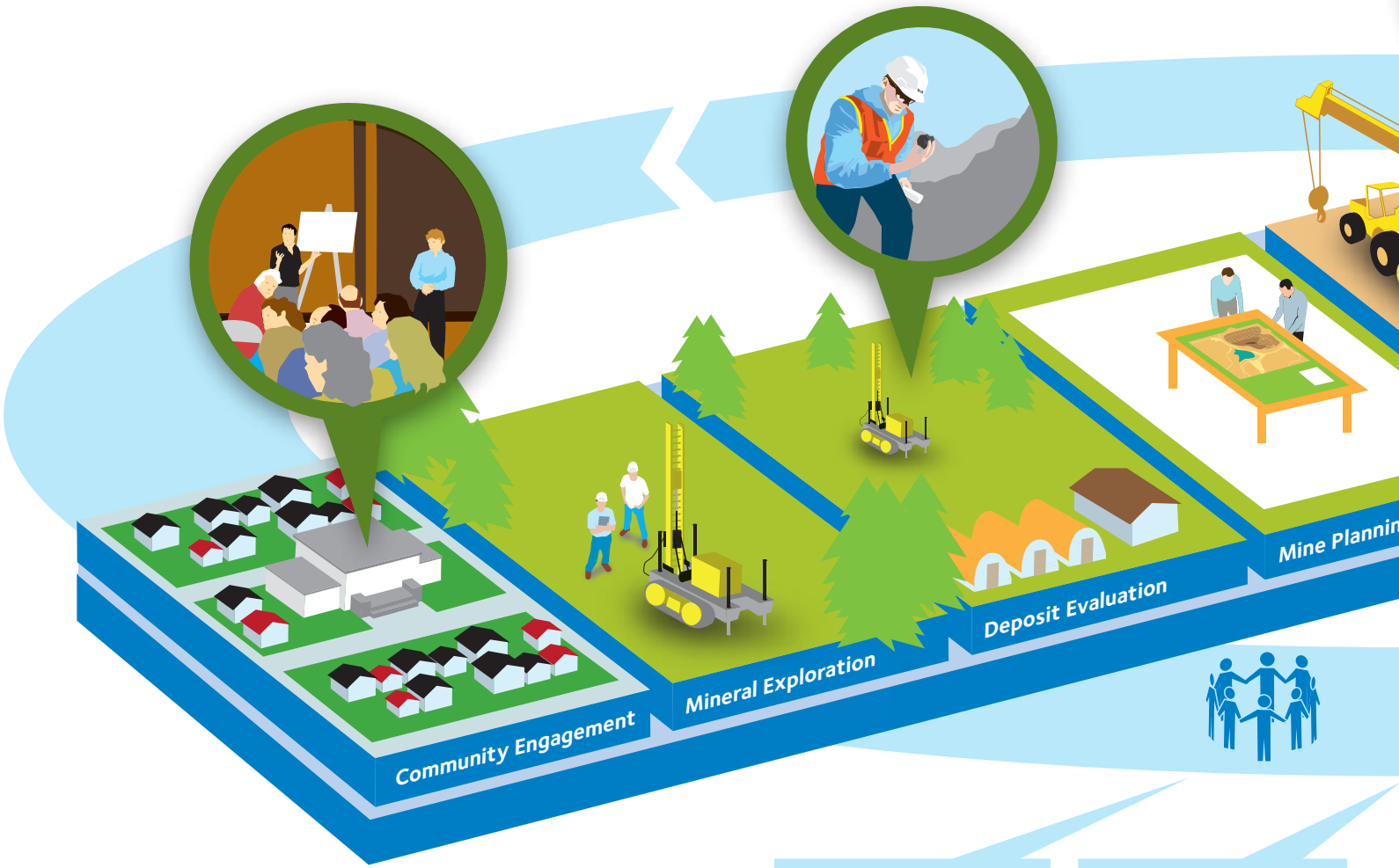
Reclamation work was undertaken progressively during operations, well in advance of the mine's planned closure in 2002. Prior to closure, we engaged with regulators and nearby communities to develop a decommissioning and reclamation plan for the closure that would address environmental and social considerations. This plan was aligned with territorial and federal regulations, and collaboration with local communities of interest was an ongoing part of the process. In keeping with our commitment to supporting local employment, an Inuit-owned company was one of the main contractors hired to implement the closure plan.

Reclamation work included the disposal of debris, dismantling of buildings, removal of the ocean dock and restoration of soil. Hazardous waste was shipped for disposal or recycling at certified facilities and the permanently frozen Arctic ground ensured there would be no contamination from landfill closure. Shorelines, roads and land were recontoured in order to return the land to a more natural state.

The final steps of reclamation were completed in 2011, but we continue to monitor Polaris in order to ensure the long-term success of our reclamation work.

# Sustainability Throughout the Mining Life Cycle

At Teck, sustainability guides the way we conduct our activities. We focus on six areas of sustainability: Community, Water, Ecosystems and Biodiversity, Energy, Materials Stewardship, and Our People. This diagram gives some examples of the challenges and opportunities we face in each of our focus areas throughout the phases of the mining life cycle.




## Community

- Developing honest and respectful relationships with communities
- Maximizing community benefits and collaboration

## Water

- Maintaining water quality, minimizing water use and respecting other water users
- Participating in water use planning in our areas of influence


## Ecosystems and Biodiversity

- Minimizing environmental impacts throughout our activities
- Achieving a net positive impact on biodiversity

## Energy

- Using energy efficiently to reduce greenhouse gas emissions
- Promoting alternative energy generation

## Materials Stewardship

- Producing and delivering products in a responsible manner
- Promoting effective, efficient and economic metals use and recycling

## Our People

- Working to ensure that everyone goes home safe and healthy every day
- Creating a culture of sustainability at Teck where we attract, retain and develop people who lead our journey towards sustainability

# Our Approach

With over a century of operating experience, we have learned that responsible mining and mineral development are fundamental to our long-term success.


Maura Malone, Senior Production Engineer, Trail Operations, British Columbia.

## Our Strategy for Sustainability

Our strategy focuses on continuing to build a broadly diversified resource company, growing our production at existing operations and developing new resource development projects in stable jurisdictions. We recognize that our success depends on our ability to establish safe environments for our people and collaborative relationships with our communities of interest (COIs).

In 2011, we set long-term sustainability goals that stretch through to 2030. We also set short-term goals and listed actions that will help us achieve our vision for sustainability in six focus areas:

- Community
- Water
- Ecosystems and Biodiversity
- Energy
- Materials Stewardship
- Our People

These focus areas represent the most significant challenges and opportunities facing our company.

Our 2010 Sustainability Review provides more background on the development of our sustainability strategy and goals.

### Taking Action on Our Goals

We are creating the foundation for our people to work towards our sustainability vision and goals. We have a participative process that engages employees at all levels of our organization. In addition, senior-level champions, who lead each focus area, are developing implementation teams throughout our business.

The table on the following page presents our short-term 2015 sustainability goals and highlights some of the key initiatives undertaken in 2011 that will help us to achieve those goals.

For an overview of key sustainability indicators, please see our Performance Overview Table on pages 94–95.

In 2012, we plan to take the following actions towards reaching our goals:

- Continue to embed sustainability into our decision-making processes and management systems
- Continue to incorporate the sustainability goals into operation and individual objectives
- Continue to monitor and track our sustainability performance
- Develop an implementation plan and appoint implementation teams for each focus area
- Establish key performance indicators and metrics for sustainability
- Establish communities of practice and share information across Teck, creating consistency and synergies in our actions
- Expand monitoring of and reporting on our communications and engagement plan

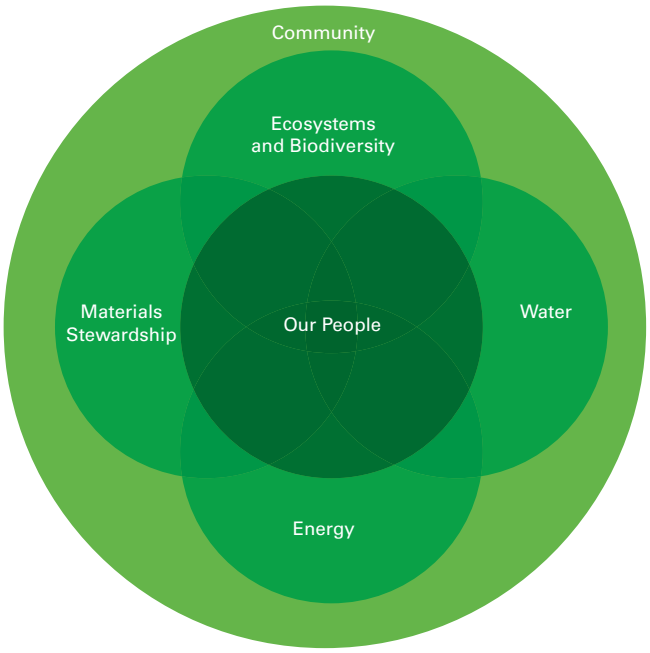



**Figure 2: Our Focus Areas**

### The Interconnectedness of Our Focus Areas

Our six focus areas are deeply interconnected. This means that managing sustainability may require us to make trade-offs to balance competing interests. For example, water is essential for our operations, but it is also vital to the health and well-being of the people, communities and ecosystems affected by our activities. It is therefore important that we appropriately balance these interests. When making decisions about how to do this, we look at how our focus areas are interconnected. For instance, reducing our intake of fresh water may necessitate the use of more energy-intensive technologies. Such technologies can contribute to climate change and may ultimately have a negative impact on local ecosystems and biodiversity.

# Progress on 2015 Sustainability Goals

## Community

1. Establish uniform measures to assess social risk and performance and manage activities.
   - Completed or advanced social baselines and impact assessments at four operations and five resource development projects
   - Created new tools to assess social risk
   - Launched TrackLine, a database for tracking and reporting on engagement

2. Implement policies and frameworks to guide our interactions with Indigenous Peoples.
   - Initiated the development of internal principles to guide building relationships and formal agreements with Indigenous Peoples

3. Put processes in place to maximize community benefits and collaboration.
   - Finalized our Community Investment Policy
   - Completed community investment plans at our Carmen de Andacollo and Quebrada Blanca operations, and at our Relincho resource development project
   - Implemented formal feedback mechanisms at several sites

4. Build our internal capacity.
   - Launched our Social Management and Responsibility at Teck (SMART) toolkit
   - Trained 27% of our exploration employees in SMART Exploration
   - Trained 45 employees in the people-centred approach to dialogue
   - Delivered cross-cultural Aboriginal awareness training

## Water

1. Establish baseline for water use intensity and water quality at all current operations by 2013.
   - Appointed business unit and site leaders, and currently forming water management teams to establish water baselines

2. Implement Teck's Water Management Standard by 2013.
   - Assessed current practices at 12 operations against our Water Management Standard

3. Implement measures to achieve operation-specific goals for improvements in water use intensity and water quality.
   - Established water conservation goals at Highland Valley Copper and Duck Pond operations
   - Assessed requirements for appropriate water metrics at each operation:
     - Analyzed internal water and production data
     - Reviewed water metrics used in the mining industry

## Ecosystems and Biodiversity

1. Develop comprehensive biodiversity management plans including targets and actions, to minimize impacts at all operations and advanced projects, in accordance with our Biodiversity Guidance Manual and corporate standards.
   - Launched Biodiversity Guidance Manual

2. Develop plans at our operations to offset ecosystem impacts that cannot be fully mitigated or rehabilitated, by enhancing or protecting similar habitat areas of equal or greater ecological value, in the affected regions.
   - Worked with communities of interest to identify and prioritize potential biodiversity offset projects and biodiversity conservation partnerships

3. Enhance our contributions to biodiversity conservation knowledge.
   - Invested in biodiversity research projects:
     - Grizzly bear monitoring program at Cardinal River Operations
     - Feasibility of sharp-tailed grouse reintroduction in Kimberley, British Columbia
     - Pika and mountain bluebird populations at Highland Valley Copper Operations

4. Identify and implement biodiversity improvement and conservation opportunities that would seek to create a net positive impact in our areas of influence.
   - Conducted remediation actions at dormant properties, including at Bluebell, Pinchi Lake and Beaverdell in British Columbia
   - Explored opportunities for restoration or stewardship for properties outside our direct operating footprints

In 2011, we identified six key areas of sustainability that represent our most significant challenges and opportunities: Community, Water, Ecosystems and Biodiversity, Energy, Materials Stewardship, and Our People. In each area, we set long- and short-term goals that build on the work we are doing and set out the path to achieve our vision for sustainability. The table below presents our short-term 2015 sustainability goals and highlights some of the key initiatives undertaken in 2011 that will help us to achieve those goals. Setting out our goals for each area is only the first step. In 2012, we will develop key performance indicators and metrics that will measure our progress towards each goal.

## Energy

1. Implement projects that reduce energy consumption by 1,000 terajoules (TJ) at existing operations, and implement 75 kilotonnes (kt) of carbon dioxide-equivalent greenhouse gas (GHG) reduction projects at existing operations.
   - Identified and implemented energy and GHG reduction projects at operations

2. Commit to 30 megawatts (MW) of alternative (non-carbon-emitting) energy generation.
   - The 30% Teck-owned Wintering Hills Wind Power Project became operational, and our share of the energy generated is approximately 90,000 megawatt hours per year
   - Completed pilot project for 2 MW solar energy project at former Sullivan mine site in Kimberley, British Columbia

3. Conduct an analysis of energy sources, establish energy design criteria and create comprehensive project energy maps at new projects.
   - Reviewed electricity supply options at two resource development projects (Relincho and Quebrada Blanca Phase 2), including renewable energy opportunities

## Materials Stewardship

1. Conduct life cycle assessments of key products.
   - Began developing a framework for conducting life cycle assessments of our products

2. Promote effective, efficient and economic metals use and recycling in the mining industry through our technology and know-how.
   - Announced $210 million investment to significantly increase Trail Operations' capacity to recycle end-of-life electronics

3. Use our materials stewardship activities to enhance our customers' use of our key products and services.
   - Began developing a Supplier Code of Conduct to define acceptable human rights, health and safety, and environmental practices for suppliers

4. Communicate materials stewardship throughout our company and in our business dealings with our customers, primary feed material suppliers and governments.
   - Held our first company-wide materials stewardship conference
   - Expanded the scope of the Materials Stewardship Committee to address all aspects of materials stewardship, and added representatives from each business unit

## Our People

1. Reduce overall total reportable injuries.
   - Achieved total reportable injury frequency of 1.44, the lowest in Teck's history
   - Achieved zero fatalities in 2011
   - Developed Courageous Safety Leadership phase III to reinforce safety concepts
   - Piloted new technologies to improve equipment safety

2. Retain existing employees and skills.
   - Implemented improvements to the Building Strength with People talent management program
   - Delivered Meaningful Conversations training to improve communications between managers and their employees
   - Implemented a phased retirement policy

3. Increase employee training and development opportunities.
   - Conducted talent management training for all senior human resource employees
   - Created a career development framework for exploration employees
   - Introduced an International Assignment Policy

4. Enhance recruitment programs.
   - Expanded use of Hire Desk software to optimize hiring processes
   - Launched a new recruitment program to clearly communicate our employee value proposition

5. Embed sustainability principles throughout our company and ensure that they are routinely considered in decision-making.
   - Introduced sustainability strategy and goals to employees through several communication mediums
   - Integrated sustainability training in two leadership development programs

## Our Sustainability Governance and Management

The directors and senior executives at Teck are committed to good corporate governance. The Board of Directors has a Corporate Governance Committee that works with our General Counsel to ensure that our governance practices are up-to-date and meet applicable standards in Canada and abroad wherever we carry on business. Sound governance systems protect the interests of investors and other communities of interest (COIs), and ensure that we are well managed.

Our governance structure is designed to ensure appropriate oversight, management and implementation of our sustainability strategy.

The Safety and Sustainability Committee of the Board assists the Board with its oversight responsibilities in connection with sustainability and safety. The Committee monitors our safety and sustainability performance and reviews the policies, systems and personnel that are in place to implement our safety and sustainability commitments.

The Corporate Environment and Risk Management Committee (CERMC) is composed of senior management, and sets policy and provides oversight and direction for the management of Environment, Health, Safety and Community (EHSC) risks.

Our Senior Vice President of Sustainability and External Affairs reports directly to our CEO and is responsible for sustainability, safety, environment and community, and Indigenous affairs, among other areas. Among her direct reports are the:

- Vice President of Environment, who oversees compliance with environmental standards and regularly reviews performance risks and strategic issues
- Vice President of Sustainability, who leads community engagement and activities, relations with Indigenous Peoples, community investment, and external sustainability reporting
- Vice President of Health and Safety Leadership, who provides strategic guidance in the development of a culture of safety, and assists with the development and monitoring of health and safety programs

The Vice Presidents set goals and objectives, which are reviewed and approved by the Senior Vice President, Sustainability and External Affairs who, in turn, develops goals and objectives designed to manage sustainability performance in areas such as safety, water management, biodiversity, energy, community relations and human rights.

Our Vice President of Human Resources, who reports directly to the CEO, is responsible for Teck's human resources management, which includes sustainability goals related to employee attraction, training and development.

General Managers at each of our operations are accountable for operation-specific EHSC management systems, conformance and certification to the International Organization for Standardization ISO 14001 standard where applicable, and continual progress towards annual EHSC targets and our sustainability goals. Each General Manager reports to either a Vice President or the Senior Vice President of their respective business unit.

### Board of Directors

Our Board of Directors is responsible for the stewardship of our company and ensures that an appropriate corporate governance structure and system is in place. Their mandate is described in detail in our Management Proxy Circular, available on our website.

Key committees – Audit, Compensation, Corporate Governance and Nominating – are made up entirely of independent directors. In addition, the Safety and Sustainability Committee of the Board reviews corporate policies, procedures and performance with respect to safety and sustainability.

The Chairman of the Board is neither an executive officer nor independent. The Board has appointed an independent Lead Director who is also the Deputy Chairman of the Board and Chairman of the Corporate Governance and Nominating Committee.

An independent director of the Board is:

- Not an executive or member of management, and is free of any interest or of a business, family or other relationship that could reasonably be perceived as interfering with the director's ability to act with a view to the best interests of our company, other than interests and relationships arising solely from shareholdings in our company
- Not considered to have a direct or indirect material relationship with our company

Eleven of the 14 members of the Board (79%) are independent and/or non-executive.

The Board has adopted a policy for the independent members of the Board to meet without management present at every meeting of the Board, with participating directors encouraged to raise and discuss any issues of concern.

### Board Qualifications and Expertise

It is the responsibility of the Corporate Governance and Nominating Committee to identify necessary competencies and skills for Board members. Social and environmental experience is part of the selection criteria. The Committee annually conducts an assessment to identify skills deficits and to ensure that succession planning covers all necessary Board competencies.

Teck's Board of Directors: (back, left to right) Jack Cockwell, Hugh Bolton, Mayank Ashar, Brian Aune, Norman Keevil III, Chris Thompson, Felix Chee, Janice Rennie; (front, left to right) Jalynn Bennett, Ichiro Abe, Norman Keevil, Donald Lindsay, Warren Seyffert, Takashi Kuriyama.

### Shareholder and Employee Feedback to the Board

Shareholder proposals, resolutions and other mechanisms allow shareholders to convey their opinions to the Board. As provided in the *Canada Business Corporations Act,* registered shareholders are entitled to receive notice of the Annual Meeting of Shareholders, and to vote on resolutions. In 2011, there were no shareholder proposals or resolutions presented at the shareholders meeting.

Investors have the opportunity to provide feedback to our company via the investor relations group by:

- E-mail to our company's website
- Direct or telephone contact with the investor relations officer (a contact person is identified in each news release)
- Regular mail
- Quarterly conference calls

Employees can engage both our CEO and senior management through our "Let's Talk" sessions. These sessions, which invite employees to ask questions and receive answers on topics ranging from operations to social and environmental issues, are held several times a year.

### Remuneration

The Compensation Committee is responsible for reviewing and approving the CEO's corporate goals and objectives, evaluating CEO performance in these areas and making recommendations to the Board on CEO compensation. They also review and approve senior officer and director compensation, incentive compensation plans and equity-based plans.

Incentive compensation of the CEO and senior officers is performance-based. Environment, health, safety and community (EHSC) performance is taken into consideration in the annual review of base salary, and it is also specifically addressed in the bonus plan, with 12.5% of the CEO's bonus related to this area. Specific objectives related to EHSC objectives may also be covered in the personal component of the bonus plan, which makes up 30% of the CEO's bonus. For other executives with EHSC responsibilities, the bonus weighting for EHSC is 17% plus what is included in the personal component related to this performance area. Like the CEO, the personal component also makes up 30% of the bonus for these executives.

## Our Management Approach to Sustainability

Our management approach, which is guided by our commitments, is embodied by our Environment, Health, Safety and Community (EHSC) Management Standards. Our governance, audit and management systems are designed to monitor our sustainability performance throughout the mining life cycle.

### Commitment to Sustainability

Our commitment to sustainability is measured by our performance and by the actions we take to protect, and contribute to, a healthy social, economic and environmental landscape. Our approach is guided by our internal policies and procedures as well as by external sustainability-related initiatives and regulatory requirements.

Our policies provide a foundation for our management approach to sustainability:

- **Charter of Corporate Responsibility** – A set of principles related to business ethics, environment, health, safety and community that governs all operating practices and provides our overarching sustainability governance commitment
- **Code of Sustainable Conduct** – Our commitment to sustainable development, focusing on aspects such as community and environmental performance
- **Code of Ethics** – Our dedication to upholding high moral and ethical standards, specifying basic business conduct and behaviour
- **Safety and Health Policy** – Our commitment to providing leadership and resources for entrenching core values of safety and health

We work to comply with all regulatory requirements, and strive to go beyond them by committing to voluntary international standards and sustainability-related initiatives designed to enhance our sustainability performance and demonstrate our commitment to transparency, accountability and collaboration. In 2011, we reviewed our EHSC Management Standards to ensure alignment with these commitments.

Our key external commitments include:

- **The United Nations Global Compact initiative, including pursuit of the Millennium Development Goals**

  The United Nations Global Compact (UNGC) provides a framework for businesses committed to aligning their operations and strategies with 10 universally accepted principles spanning human rights, labour, the environment and anti-corruption. As a UNGC member, we also contribute to the achievement of the eight United Nations Millennium Development Goals. In early 2011, our participation in the UNGC extended to include Global Compact LEAD. We were one of approximately 50 companies invited to be members of Global Compact LEAD, which challenges leading companies to pave the way for new efforts aimed at improving sustainability performance to meet today's challenges in human rights, labour, the environment and anti-corruption. As a member of Global Compact LEAD, we have committed to implementing the UNGC's Blueprint for Corporate Sustainability Leadership, a model for corporate sustainability leadership developed in collaboration with a variety of stakeholders, including business, governments and civil society.

- **The International Council on Mining and Metals (ICMM) Sustainable Development Framework**

  Since 2001, we have been members of ICMM, a global industry association in which member companies commit to implementing the 10 ICMM Sustainable Development (SD) Framework Principles. Member companies are also required to produce an externally verified sustainability report at the Global Reporting Initiative (GRI) A+ level and to adopt the ICMM Assurance Procedure. Our involvement helps us improve our performance through access to emerging best practices and evolving international standards, and by collaboration with our peers.

- **The Mining Association of Canada's Towards Sustainable Mining initiative**

  Towards Sustainable Mining (TSM) is an initiative from the Mining Association of Canada (MAC), of which Teck is a member. TSM is designed to help Canadian mining companies improve performance from an operational, social and environmental perspective. Through TSM, member companies report on their performance against indicators in the areas of tailings management, energy and greenhouse gas emissions management, Aboriginal and community outreach, crisis management planning, safety and health, and biodiversity. Performance is externally verified and results are annually reported to MAC. Our TSM results are integrated within our management compensation structure. All of our Canadian operations have participated in TSM since 2008 or earlier. Our U.S. operations and Chilean sites began participating in 2011, and will start reporting their TSM results in 2012.

  Through our membership in MAC, we are committed to achieving Level A or greater across every TSM indicator for all protocols. To reach this, we are working to develop knowledge, capacity and accountability around TSM protocols, identify gaps and opportunities, and improve performance across our operations. Teck's TSM performance is available in the latest TSM Progress Report, available on the MAC website.

## International Council on Mining and Metals' (ICMM) 10 Sustainable Development Framework Principles

As a member of ICMM, we measure our sustainability performance against ICMM's 10 Sustainable Development Framework Principles:

1. Implement and maintain ethical business practices and sound systems of corporate governance.
2. Integrate sustainable development considerations within the corporate decision-making process.
3. Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.
4. Implement risk management strategies based on valid data and sound science.
5. Seek continual improvement of our health and safety performance.
6. Seek continual improvement of our environmental performance.
7. Contribute to conservation of biodiversity and integrated approaches to land use planning.
8. Facilitate and encourage responsible product design, use, reuse, recycling and disposal of our products.
9. Contribute to the social, economic and institutional development of the communities in which we operate.
10. Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.

### Sustainability in Practice

We integrate sustainability considerations into our business processes and decision-making by implementing our EHSC Management Standards across all of our activities.

The intent of these standards is to:

- Provide a consistent and systematic framework for identifying EHSC issues
- Ensure that EHSC risks are properly and efficiently managed
- Ensure continuous improvement in EHSC programs and performance

Our EHSC Management Standards cover all activities that have the potential to positively or negatively impact the environment, employee health and safety, or the well-being of communities. For example, our standards include requirements for general management processes such as planning, training and contractor management, and for management processes that relate to a particular aspect of our activities such as water, human rights, and community and Indigenous Peoples.

We evaluate our activities according to our policies, management standards, permits and legal requirements. Internal and external audits and reviews highlight any material deficiencies or risks that could significantly impact our business activities from an environmental, safety and community responsibility perspective. Our EHSC compliance audits enable our operating facilities to develop and implement action plans that address each audit finding. Progress on these action plans is assessed in mid-term reviews and reported quarterly to our Corporate Environment and Risk Management Committee (CERMC), a senior management committee. We annually review the verification findings of our TSM or ICMM audits and build these into our performance improvement plans.

Both the Safety and Sustainability Committee of the Board and CERMC play a role in reviewing our sustainability performance. CERMC identifies and assesses EHSC risks, sets priorities and direction for EHSC programs, tracks performance and measures results. CERMC also reviews the alignment of the EHSC Management Standards and our sustainability policies with regulatory requirements, our corporate objectives, external commitments and the expectations of our COIs.

In 2011, we reviewed current practices within the company against our EHSC Management Standards, completing baseline assessments at 12 operations. This process also helped us to determine compliance with our external commitments and their effectiveness in improving our performance. We will incorporate our findings into future revisions of the EHSC Management Standards.

## Environmental Management

We design and implement effective environmental management systems wherever we operate in order to manage our impacts and comply with environmental legislation. Our overall management practices, structure and systems include an environmental audit program that helps drive continual improvement and confirms compliance with environmental regulations.

### External Certification of ISO Management Systems

Since 2002, we have worked towards external certification of our environmental management systems, conforming to the internationally recognized ISO 14001 Standard, which requires external verification through audits. This certification is recognized worldwide as the international standard for environmental management systems. To date, 10 of our 13 majority-owned operations have attained or maintained ISO 14001 certification[2]:

- Cardinal River Operations, Alberta, certified since 2010
- Coal Mountain Operations, B.C., certified since 2005
- Duck Pond Operations, Newfoundland, certified in 2011
- Elkview Operations, B.C., certified since 2010
- Fording River Operations, B.C., certified since 2001
- Greenhills Operations, B.C., certified since 2005
- Highland Valley Copper Operations, B.C., certified since 2010
- Line Creek Operations, B.C., certified since 2008
- Red Dog Operations, Alaska, certified since 2004
- Trail Operations, B.C., certified since 2005

All of these operations underwent third-party ISO 14001 certification audits in 2011. All remaining operations are working towards certification, i.e. Quebrada Blanca and Carmen de Andacollo operations, with the exception of Pend Oreille Operations, which is currently in care and maintenance.

### Environment, Health and Safety Regulatory Compliance

Our EHS assurance program is designed to check that requirements, as dictated by applicable permits, legislation and regulations in the respective jurisdictions, are met. In 2011, the following operations underwent a third-party audit to assess EHS regulatory compliance:

- Cardinal River Operations, Alberta
- Greenhills Operations, B.C.
- Carmen de Andacollo Operations, Chile
- Red Dog Operations, Alaska
- Trail Operations, B.C.

### Environmental Compliance

We monitor air, water, terrestrial and biological data to assess environmental conditions and evaluate our performance with respect to permit conditions and other regulatory and voluntary requirements. Operations collect data, monitor performance and report regularly on a wide variety of environmental parameters including, but not limited to:

- Program development activities
- Permit and regulatory compliance
- Incident information (spills)
- Air and water quality
- Energy consumption and greenhouse gas (GHG) emissions
- Material use and recycling information
- Biodiversity programs (including land reclamation)
- Global Reporting Initiative indicators

Compliance across all of our operations remained above 99% for both air and water permits in 2011. The remaining 1% consisted of 91 permit non-compliance incidents and five regulatory non-compliances. This represents the sixth consecutive year in which our performance in this area has improved. See our Performance Overview Table on pages 94–95 for more information.

## Air Quality

At a number of our operations, local air quality can be affected by particulate matter (i.e., dust), which is generated by activities such as blasting, transporting of products, ore crushing and conveying, smelting and refining, as well as by wind erosion of stockpiles and tailings. We recognize that it is critical to minimize the amount of dust that is released from these activities. The estimated particulate emissions in 2011 are shown in Table 2. The management of dust can be particularly challenging in arid climates such as Chile, where two of our operations are located. We minimize dust levels at our operations and in nearby communities through a variety of efforts and activities, including:

- Adjusting blasting practices when winds are unfavourable
- Applying sealants and dust suppressants to material piles and roadways
- Using water sprays on roadways and while handling dusty materials
- Using road sweepers and washing roads
- Using cover systems for trucks and railcars
- Storing and handling materials in buildings where feasible
- Placing cover systems (domes) over coarse ore stockpiles
- Using ventilation systems with particulate filtration for conveyors and buildings

2 This count of 13 operations does not include the Antamina mine in Peru, in which we have a 22.5% interest.

## Air Emissions

Our Canadian sites report annually to the National Pollutant Release Inventory, and our U.S. sites report annually to the Toxic Release Inventory. Air emissions by type are listed below.

Air quality is regularly monitored at all of our operations. This may include real-time particulate monitors, high-volume monitors that sample air over a 24-hour period, or dust fall jars, which is a simple and effective way of assessing dust levels over longer time periods of several days or weeks. In addition, weather stations allow us to determine the relationship between dust levels, winds and precipitation. This data is used to assess air quality, help identify improvement opportunities and assess the effectiveness of those improvements.

## Integrating Sustainability into Our Business Processes

Our stage gate process is one way that we integrate sustainability considerations into our planning and decision-making processes. It is designed to ensure that resource development projects only proceed when they pass an extensive set of checks and balances at each phase of their development. This helps us ensure that each phase of a project complies with our company policies and with Environment, Health, Safety and Community (EHSC) Management Standards.

**Table 2: 2011 Air Emissions by Type (Tonnes)[1][2]**

| Operation | Particulate Matter (less than 10 microns) | Particulate Matter (less than 2.5 microns) | Sulphur Oxides (SOx) | Nitrogen Oxides (NOx) | Carbon Monoxide (CO) | Volatile Organic Compounds | Mercury (Hg) |
|---|---|---|---|---|---|---|---|
| Cardinal River | 625.09 | 55.84 | 2.21 | 76.53 | 2.74 | 0.08 | n/m |
| Carmen de Andacollo | 420.00 | n/m | n/m | n/m | n/m | n/m | n/m |
| Coal Mountain | 870.39 | 71.76 | 0.07 | 196.37 | 27.14 | 1.74 | n/m |
| Duck Pond | 17.04 | 1.79 | 0.72 | 7.39 | 28.14 | n/m | n/m |
| Elkview | 5,567.04 | 293.90 | 27.98 | 207.94 | 44.57 | 2.92 | n/m |
| Fording River | 8,532.82 | 489.56 | 131.34 | 269.32 | 53.43 | 3.50 | n/m |
| Greenhills | 2,898.82 | 253.85 | 11.13 | 39.12 | 46.28 | 6.13 | n/m |
| Highland Valley Copper | 6,034.20 | 2,232.60 | 17.90 | 152.10 | 602.60 | 31.00 | 0 |
| Line Creek | 1,420.74 | 96.92 | 0.17 | 14.09 | 16.41 | 1.07 | n/m |
| Quebrada Blanca | 9.08 | 1.50 | 220.54 | 913.14 | 3.42 | 0.43 | n/m |
| Red Dog | 228.00 | n/m | 17.00 | 2,783.10 | 246.53 | 140.50 | 0.01 |
| Trail | 179.54 | 140.23 | 5,122.00 | 359.90 | 67.40 | 13.90 | 0.07 |

(1) Requirements and methods for determining air emissions can vary widely. In most cases, measured emissions from point sources such as stacks are included, while other operations estimate diffuse (fugitive) emissions from sources such as stockpiles and roads. Not all sites have monitoring equipment in place to measure releases from all sources and activities, and not all sites estimate fugitive emissions. We are working towards more consistent monitoring across all of our operations.

(2) "n/m" stands for not measured.

## Spills

All of our operations have control measures in place to minimize the likelihood of spill events and to mitigate potential impacts to the environment. These include facility design considerations, spill containment measures, meters, alarms, standard operating practices, training, regular inspections and the identification of potential issues through internal risk assessments and audits. The vast majority of spills are confined on-site within containment (methods or structures put in place to help mitigate the release of a spill to an uncontrolled location) and are immediately controlled, reported and cleaned up. For more significant incidents, we also conduct investigations to identify root causes and implement remedial measures and corrective actions to prevent future occurrence of similar events.

In 2011, there was a total of 225 reportable spills at our operations, 81% of which were under 500 litres (L) in volume. Over the last five years, spills decreased by 26%, down from 306 spills in 2007. Spills greater than 1,000 L in volume accounted for 7% of spills in 2011, and were typically caused by the malfunction or failure of pipes and hoses on mobile equipment in work areas. There was no evidence of potential long-term impacts to people or the environment as a result of these spills.

### Significant Environmental Spills

We classify environmental spills based on a severity index that considers:

- The location of the spill, with spills beyond the boundaries of the operation considered more severe
- The substance spilled
- The amount spilled

Based on these criteria, there were two significant environmental spills in 2011. The first spill occurred near one of our Chilean mines, Quebrada Blanca (QB) Operations, when a contracted fuel truck lost control while driving on the mine road and spilled approximately 4,300 kilograms (kg) of diesel out of its 27,000 kg total load. The spill occurred in an area that is devoid of vegetation and where there are no watercourses, and as such, there were no significant impacts to the environment. QB's Environment and Risk Prevention Team and rescue brigade, as well as members from the trucking company, responded to the spill. The affected area was cleaned up, contaminated soil was disposed of and retaining railings were installed along the section of the road where the incident occurred.

The second spill occurred at Trail Operations, consisting of a release of 5.6 kg of cadmium into the Columbia River following an upset at the Effluent Treatment Plant. Since the incident, procedures have been reviewed and revised, and additional instrumentation has been installed. The discharge did not create any health or safety risk to people, fish or wildlife other than potential short-term impacts on aquatic life immediately at the outfall point.

### Fines

In May 2011, we paid $325,000 in fines following our participation in a Community Justice Forum in respect of two environmental incidents in which 12 kg of mercury discharged into the Columbia River in September 2010, and a small amount of leachate overflowed into Stoney Creek in October 2010. The settlement funds will be used to benefit community environmental initiatives.

### Environmental Awards

In 2011, we received the "Fix A Shaft Today!" award for the McCracken mine closure project in Mohave County, Arizona, under the U.S. Bureau of Land Management's Annual Reclamation and Sustainable Mineral Development awards program. Through the voluntary development and implementation of a closure plan, we were commended for the successful mitigation of public safety hazards while preserving critical bat habitat at this historical silver and lead mine.

In addition, Trail Operations was awarded the Burlington Northern Santa Fe, Canadian Pacific Railways and Union Pacific Railways Product Stewardship Awards for the safe transportation of hazardous materials, including shipping more than 500 loaded tank cars of sulphuric acid by rail, without a spill, in a calendar year.

### Environmental Litigation

We and our affiliates are involved in environmental proceedings in connection with Red Dog Operations in Alaska, and Trail Operations and the Upper Columbia River. Please see page 34 and pages 101–102 respectively in our 2011 Annual Report for information on these.

### Emergency Preparedness

We manage risks that could affect our COIs, our reputation and our financial value. We prepare for potential crises through preplanning and written procedures as well as through on-site training and simulations.

We have emergency preparedness plans at our operations and major corporate offices. These plans are reviewed regularly to ensure that we have addressed all major risks and have developed procedures for mitigating and managing those risks. Our emergency preparedness activities are developed by our Crisis Management Team (CMT) and simulations are conducted at least annually. Our CMT also manages a pandemic plan that covers our global footprint and involves third-party medical experts where required.

Our larger operations have loss prevention groups, and the majority of our operations have Emergency Response Teams who respond to and mitigate site incidents. We have also developed community-specific emergency preparedness plans in conjunction with local authorities. An operation's Emergency Response Team often includes employees who are part of the local community's emergency response structure, such as a community's search and rescue team or volunteer fire department, thereby supporting integration with the community's emergency planning. In addition, to ensure public risks are mitigated, we regularly communicate activities such as mine blasting to land users in potentially affected areas.

## Social Management

Our commitment to social management includes dialogue and engagement, sustainable community development, respect for human rights, and local benefits through procurement and employment.

Over the last few years, we have focused on building a social management system that is strategic, proactive and participative.

In 2009, we created two new management standards: Human Rights, and Communities and Indigenous Peoples. In 2011, we created community goals as part of our sustainability strategy.

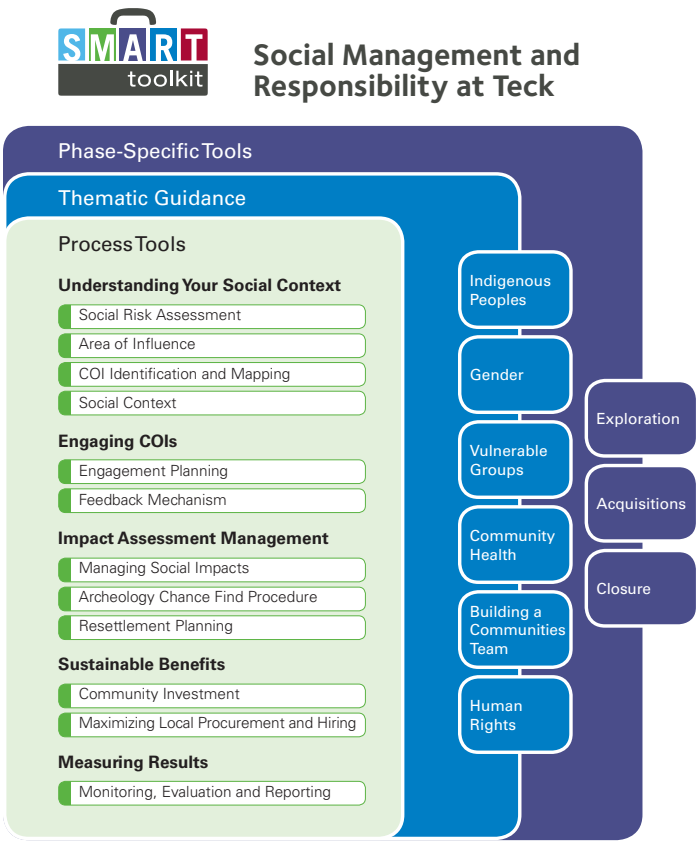
In 2011, we also reviewed current company practices against our Environment, Health, Safety and Community (EHSC) Management Standards, including our two community-related management standards, and completed baseline assessments at 12 of our operations. In addition, we piloted strategic planning workshops at our Red Dog and Highland Valley Copper operations to facilitate the implementation of our community-related management standards.

### Social Management and Responsibility at Teck (SMART)

Since 2009, we have been working on translating our standards and commitments into our SMART framework, which is designed to help us achieve our sustainability goals and gain and maintain our social licence to operate. We are working to align the SMART framework with operational and company goals.

Our SMART toolkit provides a set of tools and guidelines that put our SMART framework into practice by helping our employees manage social risk and improve social performance across the company. The SMART toolkit provides guidance on social management processes such as engagement planning, thematic issues such as human rights, and social considerations relevant to specific phases in the mining life cycle, such as exploration. The toolkit creates a common language and helps build a robust and consistent approach to social management across our company. It also includes case studies that connect global best practice to our local context. Figure 3 presents an outline of the stage-specific tools, thematic guidance and process tools that make up the SMART toolkit.

**Figure 3: SMART Tookit**




**Thematic Guidance** – describes an issue that may need to be addressed at any time during or throughout the mining life cycle, such as human rights.

**Process Tool** – details a process that will be used at a specific point or points across the mining life cycle, such as how to design a feedback mechanism.

**Phase-Specific Tools** – outlines tools that focus on the requirements and issues that may arise at a specific stage in the mining life cycle.

In 2011, we officially launched the SMART framework and released eight SMART tools, which are now being piloted at sites. These tools are:

- Area of Influence – to determine and assess the geographical location and/or communities that an operation currently impacts or is expected to impact
- Community of interest (COI) Identification and Mapping – to identify and evaluate each COI's relations to an operation and to other COIs
- Social Context – to understand the social, economic, cultural, health and political context in the areas in which we are active
- Feedback Mechanism – to implement a formal process to receive and effectively organize a response to feedback from COIs
- Archeology Chance Find Procedure – to understand local requirements and implement a procedure for chance finds of archeological and cultural heritage artifacts
- Resettlement Planning – where unavoidable, to plan for and conduct physical and/or economic resettlement
- Community Health – to identify and manage potential community health issues
- SMART Exploration – draws directly from the overarching set of SMART tools and is tailored to address the social management issues that geologists and exploration employees face during the exploration phase of the mining life cycle

We are raising awareness and building capacity in social management across the organization. In 2011, we provided training in SMART Exploration for 27% of our exploration employees.

In 2012, we will release more SMART tools, provide training in our SMART framework and toolkit to our communities employees, and monitor and evaluate the effectiveness of the SMART toolkit.

### The SMART Toolkit in Action

Highland Valley Copper (HVC) Operations conducted an area of influence and COI mapping exercise that highlighted gaps in past engagement. For example, relationships with some high-priority COIs had been largely transactional and driven by legal and permitting requirements. HVC is working to develop a strategic and comprehensive engagement plan to address these gaps.

At our steelmaking coal operations, we used the SMART Feedback Mechanism Tool to engage with a new COI panel, and developed the mechanism in partnership with COI representatives.

Looking forward, our focus is to continue developing a management system approach to social performance, and to enhance the effectiveness of our frameworks and processes. We are working to learn from environmental management systems in order to create and pilot a social management system at our Highland Valley Copper, Red Dog and Carmen de Andacollo operations.

### Applying the Social Management and Responsibility at Teck (SMART) Exploration Tool in Peru

Geologists and exploration employees, who are our first representatives on the ground, play a critical role in early social management during the exploration phase of a project. With the help of the SMART Exploration Tool, the Tucumachay exploration project in Peru successfully completed a 2011 geophysics campaign ahead of schedule and in an area characterized with high social risks.

The exploration team employed various SMART process tools, including identifying the project's areas of influence, mapping communities of interest (COIs), understanding social context and assessing social risk. Based on the findings, the team developed a community engagement plan that included recognition of formal community governance structures, facilitated formal and informal one-on-one and small-group engagement with COIs, and emphasized environmental protection. The SMART tools assisted the team in establishing an employment selection process in collaboration with the community. Applying the SMART Exploration Tool has assisted the project in strategically enhancing social opportunities and managing social risks.

## Building a Community of Practice

Over the past year we have continued to build internal capacity and professional competence by fostering a community of practice. In 2011, we held a company-wide communities conference in Vancouver with employees from Canada, the U.S., Chile, Mexico, Turkey, Australia and Peru in attendance, as well as external participants representing our communities of interest (COIs).

We also continued to develop our internal community of practice intranet, which was launched in 2009, to assist employees across business functions responsible for areas of social responsibility with sharing resources and connecting globally.

### Managing Impacts, Enhancing Opportunities

Our activities across the mining life cycle result in a range of social impacts on our COIs. In this context, we define social impacts as any positive or adverse consequences experienced by COIs that result from the existence of, or changes to, our activities.

The identification and management of social impacts is integral to our risk assessment and decision-making processes. COI engagement and participation is fundamental to understanding our potential impacts on communities. We are working towards developing a formal understanding of each operation's local context and social impacts.

The social impacts of mining can include effects on:

- Population and demographics, as activities affect local population structures and movement of people
- Economic development and livelihoods, including local procurement and employment
- Education, skills and training in a community
- Social infrastructure and services such as health
- Family life and social structures
- Access to land and natural resources
- Physical infrastructure such as roads and sanitation
- Human rights, such as security and labour rights
- Indigenous Peoples, who may hold a variety of rights and interests related to their traditional lands

Table 3 on page 28 provides some Teck-specific examples of the social impacts resulting from our activities as well as a description of the programs we have put in place to manage these impacts.


Monitoring bluebirds at Highland Valley Copper Operations, British Columbia.

**Table 3: Social Impacts and Related Outcomes**

| Operation, Project or Exploration Site | Social Impact | Programs and Related Outcomes |
|---|---|---|
| Carmen de Andacollo, Chile | Lack of access to mining-related employment opportunities due to low levels of relevant training and skills | Center for Mining Administration opened in 2011, providing facilities to educate and train local residents in mining-related trades and services |
| Coal operations, Elk Valley, B.C.[1] | Pressure on local housing availability, due to increased hiring and project activities | Funded a housing study to develop a strategy for the towns of Elkford and Sparwood |
| Exploration Canada | Potential impacts on First Nation cultural heritage due to exploration activities | Collaborative work with Tahltan Heritage Resources Environmental Assessment Team, the local First Nation committee, to identify and undertake appropriate studies and training to minimize impacts on cultural heritage and the environment (i.e., archeological chance find procedures training) |
| Exploration Peru | Potential impacts on water in water-scarce regions | Development of a participatory environmental monitoring program |
| Pend Oreille, U.S. | Post-closure impacts of mine site facilities, including job loss and change of demographics and social structure in the community | Extensive community engagement conducted to receive input and plan the reclamation activities of the old tailings ponds. Grants given to investigate post-mining options and rehiring 40 employees for an exploration drilling program. |
| Quintette Project, B.C. | Cumulative impacts and demand for a skilled workforce | Coordination of dialogue with other industry project proponents and the District of Tumbler Ridge to collectively address the existing shortage of workforce accommodation in a manner that reinforces community sustainability |
| Trail Operations, B.C. | Potential health impacts of soil contamination on local children | Developed the Family Action Network, a group of COIs (made up of individuals, health professionals and organizations) working to understand and manage the impacts of soil contamination on children |

(1) Coal operations located in the Elk Valley of British Columbia are Coal Mountain, Elkview, Fording River, Greenhills and Line Creek operations.

Part of managing social risk includes conducting a social baseline and impact assessment, which is a process used to analyze the socio-economic or human environment around a proposed project, mine or associated infrastructure. Within the last five years, four operations (Carmen de Andacollo, Highland Valley Copper, Line Creek and Red Dog) and five resource development projects (Relincho, Galore Creek, Quebrada Blanca Phase 2, Quintette and Frontier) have completed, or are in the process of completing, a social baseline and impact assessment.

We are committed to enhancing opportunities for our COIs. One of our sustainability goals is to maximize community benefits and collaboration, and our vision is to leave communities better off as a result of their interactions with us. Consequently, one of our objectives is to develop multi-year local strategic community investment plans by 2014. Our Quebrada Blanca and Carmen de Andacollo operations and Relincho resource development project are leading the way internally and have completed community investment plans. For more information on community investment, see pages 37—42.

## Engaging With Communities of Interest

Engagement is a process of developing and deepening the relationship and trust between Teck and COIs through meaningful interaction and dialogue. This is at the foundation of all of our social management work, from managing company reputation and risk to building long-term sustainable outcomes for communities.

Specifically, engagement is about:

- Disclosing and appropriately communicating accurate and timely information
- Dialogue and information gathering, so we can fully understand the views and concerns of our COIs
- Involving COIs, as far as practical, in decision-making around an operation or project

We engage with COIs at our operations, resource development projects and exploration projects. To improve our performance, we continue to advance two parallel and interconnected initiatives – the SMART framework and the people-centred approach to dialogue.

The tools in our SMART toolkit that provide practical guidance and direction on planning and executing engagement strategies are:

- Area of Influence
- COI Identification and Mapping
- Social Context
- Feedback Mechanism
- Engagement Planning (under development)

Please see page 25 for more information on our SMART toolkit.

One of our goals is to create and implement community engagement plans for all sites. In 2011, we completed three engagement plans at our Carmen de Andacollo and Quebrada Blanca operations and at our Relincho resource development project. In addition, some exploration projects in Chile and Peru have implemented engagement planning exercises using the SMART Exploration Tool.

## Dialogue

We train our communities employees, exploration geologists and company managers in the people-centred approach to dialogue, providing our people with an effective methodology for improving engagement with COIs. By the end of 2011, we had trained over 200 employees in dialogue. Our dialogue training focuses on a series of frameworks for engagement as well as the methodology of dialogue. The four principles of dialogue have now become our guiding practice in engagement with COIs. See Figure 4 for an overview of the four principles of effective dialogue.

**Figure 4: Dialogue's Four Principles**

1. See through the eyes of the other.

2. Build relationships through three bonding movements.
   First: be present
   Second: respond
   Third: respond to the response

3. Respond to key words in the dialogue that identify positive action.

4. With permission, vary words and language structures in order to widen positive action possibilities.

The Centre for Social Response
Building Connection, Commitment and Change

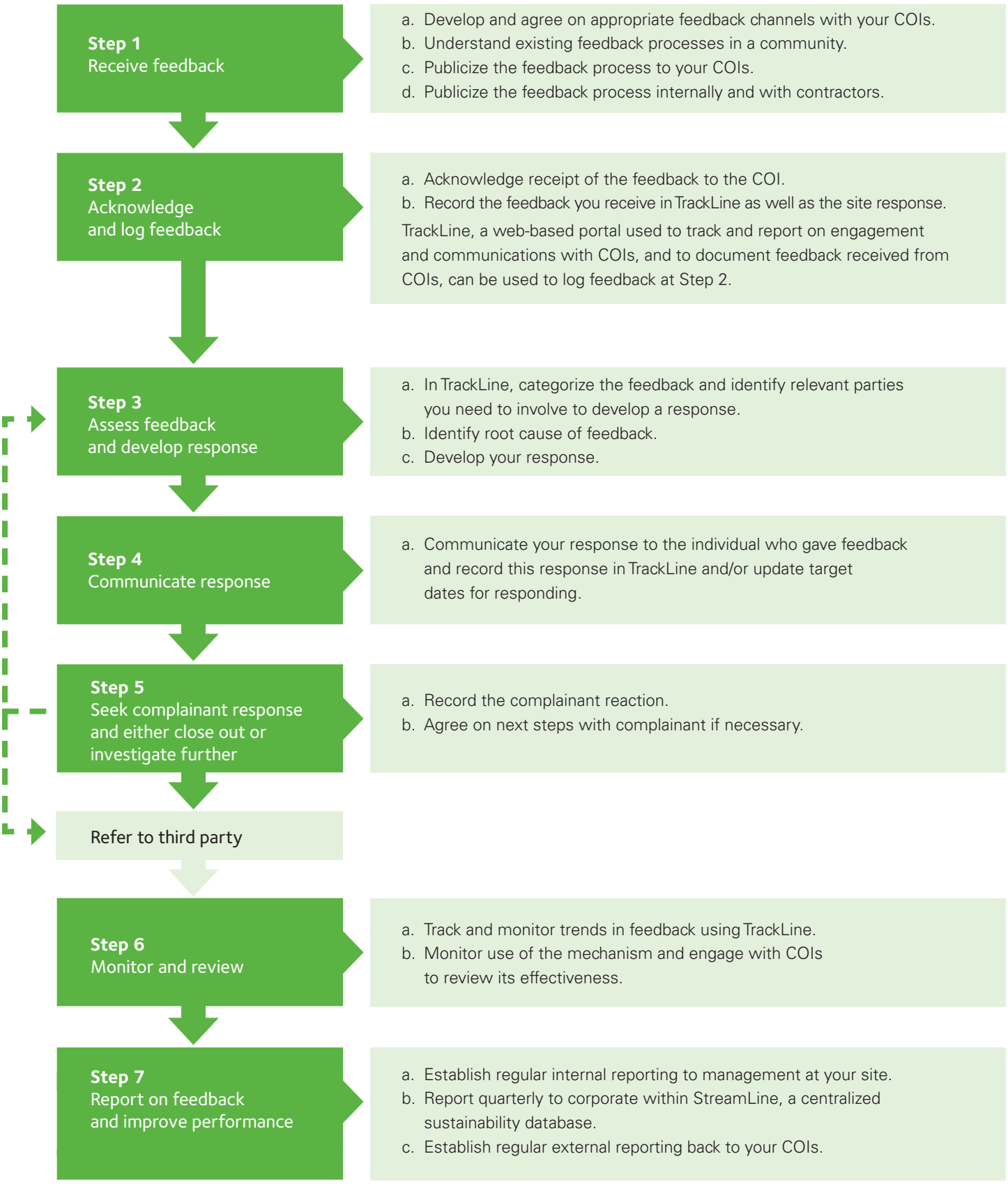
## Community Feedback

In 2011, we developed our SMART Feedback Mechanism Tool to provide guidance on how to develop and implement free, accessible and time-bound feedback mechanisms. Feedback mechanisms are one avenue for COIs to communicate with our company. Through our feedback mechanisms, COIs can receive a transparent and timely response, and can communicate anonymously if desired. We use a range of methods to obtain feedback, including telephone hotlines, comment drop boxes, multi-stakeholder panels, and our interactions with remote communities.

By the end of 2011, we had implemented, or were in the process of implementing, a formal feedback mechanism at six of our operations and one of our resource development projects: Carmen de Andacollo, Quebrada Blanca, Duck Pond, Trail, Highland Valley Copper and Cardinal River operations, and our Relincho resource development project.

The feedback mechanism helps us identify, monitor and address concerns early. We aim to address issues and grievances by managing impacts and engaging with COIs on a regular basis so they understand our company and operations and can share any concerns they have. Our feedback mechanism process is outlined in Figure 5 on the following page.

**Figure 5: The Feedback Mechanism Process**



In 2011, we launched TrackLine, a web-based portal used to track and report on engagement and communications with COIs, and to document feedback received from COIs. Table 4 below and Table 5 on the following page show our feedback level categories and our response activities, and provide an overview of Level 3 and 4 feedback received during 2011.

**Table 4: Feedback Categories and Relevant Response Activities**

| Term | Response Activity and Party |
|---|---|
| **Level 1a Feedback** – Positive feedback that requires thanks and acknowledgement | • Assessment and response by Feedback Coordinator |
| **Level 1b Feedback** – Feedback that is not related to the site or Teck and needs to be directed elsewhere | • Sign-off by Community Relations (CR) Manager/person with responsibility for CR (this may be the same as the Feedback Coordinator) |
| **Level 1c Feedback** – Feedback that is a specific donation request | • Sign-off by CR Manager/person with responsibility for CR (this may be the same as the Feedback Coordinator) |
| **Level 2a Feedback** – A question or request for information | • Assessment and response by Feedback Coordinator with involvement of specialist departments to collect or provide information requested<br>• Sign-off by Community Relations Manager/person with responsibility for CR |
| **Level 2b Feedback** – A suggestion or recommendation with regard to practices or performances | • Assessment and response by Feedback Coordinator with involvement of specialist departments to collect or provide information requested<br>• Sign-off by Community Relations Manager/person with responsibility for CR |
| **Level 3 Feedback** – A grievance that is not a breach of law or company policy and is not related to death or serious illness or a recurrent question/request for information | • Investigation by Feedback Coordinator and representative of relevant specialist department<br>• Sign-off by Community Relations Manager/person with responsibility for CR and Specialist Department Head |
| **Level 4 Feedback** – A repeated or widespread grievance, or a grievance that is a breach of law or company policies, is a direct accusation of breach of human rights, or relates to death or serious illness | • To be investigated by Feedback Coordinator, representative of relevant specialist department and site manager as required<br>• Sign-off by Community Relations Manager/person with responsibility for CR and site manager |

**Table 5: 2011 Level 3 and Level 4 Feedback Per Site[1]**

| Site | Number of Level 3 Feedback Items Received | Number of Level 4 Feedback Items Received |
|---|---|---|
| **Operation** | | |
| Carmen de Andacollo | 30 | 0 |
| Duck Pond | 6 | 0 |
| Coal operations, Elk Valley, B.C.[2] | 7 | 0 |
| Highland Valley Copper | 1 | 0 |
| Pend Oreille | 0 | 0 |
| Red Dog | 2 | 0 |
| Trail | 24 | 1 |
| **Resource Development Project** | | |
| Relincho | 3 | 1 |
| Mesaba | 0 | 0 |
| **Exploration Site** | | |
| Chile | 2 | 0 |
| Ireland | 1 | 0 |
| Mexico | 0 | 0 |
| Peru | 1 | 0 |
| Turkey | 2 | 0 |

(1) Sites that are not listed in this table did not track and categorize their feedback in 2011.

(2) Coal operations located in the Elk Valley of British Columbia are Coal Mountain, Elkview, Fording River, Greenhills and Line Creek operations. Although these operations do not have a formal feedback mechanism in place, they were informally collecting feedback.


Sergio Díaz, Plant Operator at Quebrada Blanca Operations, Chile.

The types of grievances received by our sites in 2011 focused on the following:

- Water use, quality and access
- Access to procurement and employment opportunities
- Noise and dust impacts
- Changed access to land and resources
- Lack of information disclosure, engagement and consultation

## Business Ethics

Our Code of Ethics requires directors, officers and employees to adhere to the highest ethical standards of behaviour while conducting the company's business. This is supported by additional ethics-related policies and procedures, including:

- Competition and Anti-Trust Law Compliance Policy: Ensures free enterprise, promotes competition and protects the public, Teck and other companies from illegal trade practices
- Anti-Corruption Compliance Policy and Manual: Prohibits the corrupt payment of money or giving of things of value, i.e., "bribes", to governmental officials in order to obtain business or secure an improper advantage for Teck
- Employee Trading Policy: Outlines restrictions on trading, on investments in companies associated with Teck, and on serving as a director of a related company, as well as conflicts of interest
- Employee Concerns Disclosure Program: Deals with employee concerns around Code of Ethics violations such as accounting and auditing irregularities, threats to personal safety and health, environmental violations or personal harassment
- Doing What's Right Hotline: Enables employees to anonymously report unethical conduct to an independent service provider
- Corporate Disclosure Policy: Ensures that we provide the public with timely, factual and accurate information on the affairs of our company, consistent with legal and regulatory requirements

Annually, all non-union, non-hourly employees are required to certify compliance with our Code of Ethics and advise the General Counsel of any infractions. Biannually, these employees are provided a web-based compliance and ethics training program to refresh and enhance awareness on issues such as insider trading, conflict of interest and harassment.

### Anti-Corruption

Our Code of Ethics requires that we conduct global business in a moral and ethical manner, and that employees comply with all applicable laws. There were no incidents of corruption identified in 2011.

Annually, management evaluates the effectiveness of our internal control systems over financial reporting. Management's evaluation of internal control includes the consideration of the company's vulnerability to fraud and corruption. Our management has identified approximately 60 fraud scenarios, and we annually assess the risk level of each. Our internal audit department, on behalf of management, tests the effectiveness of the key internal controls that have been mapped to applicable fraud scenarios. In 2011, testing was performed at individually important locations across all business units that represent approximately 95% of the company's 2011 consolidated assets.

### Conflicts of Interest

The *Canada Business Corporations Act* sets out the rules addressing directors' conflicts of interest. Directors are required to disclose a material interest in any transaction or agreement that the Board is considering. To ensure the exercise of independent judgment, directors who have disclosed such an interest are prohibited from participating in the Board discussion or voting on the transaction. Our Code of Ethics contains provisions regarding conflicts of interests for employees.

### Public Policy Initiatives

In 2011, we engaged directly and indirectly with various industry groups in several public policy initiatives related to our business.

These included advocacy for:

- Efficient and effective permitting processes in Canada that expedite responsible mining projects and promote job creation, economic growth and environmental stewardship in the communities where we live and operate
- Increasing mining-related opportunities for Canadian Aboriginal Peoples and under-represented groups in the areas of human resources, skills development and training
- Increasing port capacity at Canadian Crown corporation-governed facilities
- Enhancing the Province of British Columbia's wildlife protection plans

We report our advocacy activities in an open and transparent manner, and publicly report on our activities via lobbyist registries in jurisdictions where we operate. From time to time we make political contributions in Canada in the provinces in which we operate, and in 2011, these contributions totalled approximately $248,000.

# Community

**Vision:** We collaborate with communities so they genuinely benefit in a self-defined and sustainable manner from our activities and products. Communities consider themselves better off as a result of their interactions with us and offer broad support for our efforts.

Students reading in a Teck-supported school library in Andacollo, Chile.

Our products are essential to improving the quality of life for people around the world. However, both our products and activities can positively and negatively affect the communities we interact with. Our activities, such as building new resource development projects and producing our major products – steelmaking coal, copper and zinc – can have a significant economic influence in the regions where we operate. This influence can help drive regional development, but if not managed well, it can also lead to dependency and inequality.

Community expectations of and influence on our business continue to escalate. People expect to participate more directly in decision-making and benefit sharing. In addition, as regulatory, investor and non-governmental organization (NGO) scrutiny increases, so does the demand for increased transparency and more information on social performance. The increasing scarcity of mineral and human resources also makes our community interactions more complex. We understand that building and maintaining our community relationships is essential, not only to our success but also to the sustainable future of communities.

## Economic Value and Benefits

We create value for our communities of interest while working to improve our business and corporate performance. Our Code of Sustainable Conduct outlines guiding principles governing our sustainable economic performance, including:

- Conducting business in accordance with our Code of Ethics and obeying the law
- Supporting local communities and their sustainability through measures such as development programs, locally sourcing goods and services, and employment of area residents
- Conducting regular audits to ensure compliance with our Code of Ethics

Our 2011 net earnings were $2.768 billion. More information on our financial performance is available in our 2011 Annual Report and our 2011 financial statements.

We contribute to the wealth and prosperity of the countries, regions and communities where we operate through tax and royalty payments, direct and indirect employment, and the procurement of goods and services. This is defined by the Global Reporting Initiative (GRI) as direct economic value generated, distributed and retained. Table 6 below illustrates how we create wealth at a company level according to these GRI-defined criteria.

**Table 6: Economic Value Generated and Distributed ($ in millions)[1]**

| | 2011 | | | | | | 2010 |
|---|---|---|---|---|---|---|---|
| | U.S. | Canada | Chile | Peru | Other | Total | Total |
| **Economic Value Generated** | | | | | | | |
| Revenues | 1,013 | 8,532 | 1,170 | 799 | – | 11,514 | 9,223 |
| **Economic Value Distributed** | | | | | | | |
| Operating Costs[2] | 408 | 4,030 | 155 | 154 | 31 | 4,778 | 4,024 |
| Employee Wages and Benefits | 82 | 949 | 86 | 71 | 7 | 1,195 | 974 |
| Dividends Paid[3] | – | 354 | – | – | – | 354 | 118 |
| Interest Paid | – | 374 | 1 | 2 | – | 377 | 533 |
| Income and Resource Taxes Paid[4] | 128 | 432 | 141 | 122 | – | 823 | 612 |
| Community Investments[5] | 1 | 19 | 2 | n/a | 2 | 24 | 20 |
| | 619 | 6,158 | 385 | 351 | 38 | 7,551 | 6,281 |
| **Economic Value Retained** | 394 | 2,374 | 785 | 448 | (38) | 3,963 | 2,942 |

(1) As of 2011, all amounts are reported using International Financial Reporting Standards. For the purposes of this report, prior year amounts have been restated.

(2) Per income statement (fiscal year). Operating costs include operating expenses at our mining and processing operations and our general and administration, exploration and research and development expenses. Employee wages and benefits are not included in the total.

(3) Only includes corporate dividends from Teck Resources Limited. Does not include dividends paid from our consolidated subsidiaries to the non-controlling interests.

(4) Other taxes (property, payroll, royalty, etc.) are not included, but some taxes may be reflected in operations' operating costs.

(5) The community investment total does not include any contributions made to the Fondo Minera Antamina sustainability fund in Peru, as our goal to donate 1% of annual earnings before taxes on a five-year rolling average basis excludes this contribution.

## Local Procurement and Employment

By maximizing local procurement and local employment whenever possible, we contribute to sustainable development, and demonstrate to local communities the direct benefits we bring.

Locally sourcing goods, services and people also supports our operations and resource development projects, helping us gain community support and facilitating our access to local resources. We are working to increase these direct benefits in our areas of influence, such as with Aboriginal groups in Canada (see pages 45–46 in our Indigenous Peoples section).

Whenever possible, we strive to provide support for local suppliers while also considering several other factors, such as the suppliers' cost competitiveness, quality and business practices. Table 7 shows the percentage of local procurement by operation. Increases and decreases in the percentage of local procurement at each operation are influenced primarily by the availability of suppliers in the local area. For example, during the mill optimization project at Highland Valley Copper Operations, local procurement increased by 80% between 2010 and 2011 due to an increase in available local suppliers. For the same reason, the percentage of local procurement nearly doubled between 2010 and 2011 at our steelmaking coal sites in the Elk Valley.

We are exploring ways to increase local procurement by working collaboratively with local communities and by engaging departments such as human resources and procurement at each operation. We developed a local supplier development program at our Carmen de Andacollo (CdA) Operations and have achieved an increase in local purchasing at CdA from US$2 million in 2007 to US$30 million in 2011 (see the case study featuring this story on page 51).

The majority of sites saw increases in locally hired employees, as shown on Table 8 in the following page. Declines in local employee numbers occurred in areas such as our coal operations in the Elk Valley of British Columbia, where expansion projects drew from workforces outside of the local area. Red Dog Operations continues to rely on a significant number of local employees, with over half of its workforce made up of NANA shareholders from the local region. Substantial workforce growth was seen at our two South American operations; however, there was very little fluctuation in the percentage of local employees at these sites.

**Table 7: Percentage of Spending on Locally Based Suppliers[1]**

| Operation | 2011 (%) | 2010 (%) | 2009 (%) | Definition of Local |
|---|---|---|---|---|
| Cardinal River[2] | 14 | 23 | 16 | Regional |
| Carmen de Andacollo | 8 | 5 | 6 | Regional |
| Duck Pond | 8 | 55 | 51 | Province-wide |
| Coal operations, Elk Valley, B.C.[3] | 44 | 23 | 35 | Regional |
| Highland Valley Copper | 27 | 15 | 13 | Regional |
| Pend Oreille[4] | 27 | 51 | 90 | Regional |
| Quebrada Blanca | 6 | 10 | 12 | Regional |
| Red Dog[5] | 57 | 45 | 47 | State-wide |
| Trail | 6 | 9 | 9 | Regional |
| Company-wide | 18 | 20 | 18 | |

(1) The definition for local currently varies by operation. We are working to standardize this definition and to improve our tracking of local procurement.
(2) In 2011, Cardinal River Operations began reporting local procurement separately from our coal operations in the Elk Valley of British Columbia.
(3) Coal operations located in the Elk Valley of British Columbia are Coal Mountain, Elkview, Fording River, Greenhills and Line Creek operations.
(4) Local procurement at Pend Oreille Operations has decreased since 2009 when the operation was put on care and maintenance, reducing its need for goods and services.
(5) 2010 Red Dog data has been restated because the value reported in 2010 represented the amount of local spending on Indigenous suppliers only, not total local spending.

**Table 8: Numbers and Percentage of Local Employees[1][2]**

| Operation | Number of Local Employees | | Percent of Local Employees | | Definition of Local |
|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | |
| Cardinal River | 392 | 346 | 87 | 85 | Regional |
| Carmen de Andacollo | 584 | 425 | 65 | 64 | Regional |
| Coal Mountain | 229 | 188 | 71 | 77 | Regional |
| Duck Pond | 150 | 145 | 55 | 58 | Province-wide |
| Elkview | 646 | 653 | 68 | 76 | Regional |
| Fording River | 820 | 795 | 68 | 71 | Regional |
| Greenhills | 584 | 448 | 94 | 80 | Regional |
| Highland Valley Copper | 1,158 | 1,114 | 93 | 93 | Regional |
| Line Creek | 329 | 307 | 70 | 75 | Regional |
| Pend Oreille | 51 | 36 | 84 | 84 | Regional |
| Quebrada Blanca | 482 | 455 | 54 | 54 | Regional |
| Red Dog | 367 | 352 | 78 | 78 | State-wide |
| Trail | 1,560 | 1,500 | 99 | 99 | Regional |

(1) There are variances in how each operation defines local and tracks their data, so operations are not directly comparable. Moving forward, we will standardize definitions in order to improve our reporting on this.

(2) Due to a 2011 enhancement of human resource reporting systems that resulted in resolving data integrity issues, historical human resources-related data can change based on the date the report is run. Therefore, the percentages of local employees calculated here may be based on a different employee total than that reported from our global workforce total on page 85.

### Social Closure Planning

All of our operations have closure or reclamation plans that are developed in accordance with local legislation and provide an advanced assessment of the potential impacts in the years leading up to closure. By 2015, all of our sites will include social considerations in their closure plans.

Pend Oreille and Red Dog operations currently include social considerations in their mine closure plans. In 2011, Pend Oreille County, in coordination with the Selkirk Teck Community Planners (STCP) group, was awarded an Integrated Planning Grant of $200,000 from the Washington State Department of Ecology. The grant will be used to study the feasibility of the adaptive reuse of the Teck mine site once operations officially cease. The STCP, city and county officials, business leaders, Teck representatives and local citizens met in December to discuss post-closure land use and methods of improving economic development and planning activity.

For an example of our closure practices, please see the case study on the Pend Oreille Operations suspension on page 87 of our 2009 Sustainability Report.

## Community Investment

We define community investment (CI) as a voluntary action or contribution beyond the scope of our normal business operations that is intended to benefit our communities of interest (COIs) in ways that are sustainable and that support our business objectives. Strategic community investment helps us build strong relationships through collaboration and the creation of mutual benefits. At Teck, we embrace the move towards strategic CI and the good practice principles identified by the International Finance Corporation (IFC). The IFC, a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing capital in the international financial markets, and providing advisory services to businesses and governments. IFC's principles recommend strategic community investment that is sustainable and measurable, aligned with business objectives, and driven by multiple communities of interest.

An agriculture program supported by Teck near Quebrada Blanca Operations, Chile.

We are working to build an approach to community investment that:

- Leverages our business goals, competencies and know-how, to create added social value
- Mitigates specific social risks faced by our company
- Is collaborative and achieves long-term development and social goals, either locally or globally

In 2011, we finalized our community investment policy, making progress on our goal to adopt a community investment framework by the end of 2012. We have also improved our community investment reporting, bringing us closer to being able to measure the impacts and assess the value of our contributions. We will finalize our Social Management and Responsibility at Teck (SMART) Community Investment Tool in 2012.

In 2011, we also made progress on our goal of adopting multi-year local strategic community investment plans at each operation by the end of 2012. By the end of 2011, strategic community investment plans were in place at our Carmen de Andacollo and Quebrada Blanca operations and at our Relincho resource development project.

As a United Nations Global Compact LEAD member, contributing to the achievement of the United Nations Millennium Development Goals (MDGs) is part of our community investment strategy. In 2011, we began tracking programs and organizations that we invest in that contribute to the MDGs. For example, we have an ongoing commitment to address the global health issue of zinc deficiency through our zinc and health program, thereby supporting MDG number four to reduce child mortality by two-thirds of 1990 levels by 2015. New partnerships around our zinc and health program developed in 2011 included the development of the Zinc Alliance for Child Health in partnership with the Micronutrient Initiative of Canada and the Government of Canada, and the partnership with Free the Children to raise awareness of zinc deficiency. Contributions to these global programs totalled $797,000 in 2011.

## Zinc and Health

Zinc is an essential micronutrient for the growth and development of children. About two billion people around the world don't get enough zinc in their diet and, tragically, nearly 450,000 children die every year from disorders related to zinc deficiency.

As one of the world's largest producers of zinc, we recognized the role that Teck could play in finding solutions to the global issue of zinc deficiency. Through our Zinc and Health program, we have formed partnerships with governments, other businesses and international agencies such as UNICEF, the Micronutrient Initiative, the Government of Canada and Free the Children to raise awareness about the devastating effects of zinc deficiency and to deliver zinc treatments and supplements to children in need. For more information, visit www.zincsaveslives.com.

## Millennium Development Goals

The eight United Nations Millennium Development Goals (MDGs) range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education. These goals, which have galvanized global efforts to meet the needs of the world's poorest, are:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

## Our Contributions

Our goal is to donate 1% of annual earnings before taxes on a five-year rolling average basis. In 2011, we donated more than $24 million to over 200 charitable organizations and projects. Contributions included local, regional, national and international initiatives that provided shared benefits to our communities of interest.

In 2011, we took steps to improve our community investment measurement and reporting by starting to adopt the London Benchmarking Group (LBG) model, which is an internationally recognized framework that helps companies measure, assess and report on the value and achievements of community investment. The LBG model provides an approach to effectively capture investment inputs, outputs and impacts achieved as a result of community investment contributions. We modified our community investment data to report on the LBG's four input categories:

- **How we contribute** – the type of contribution, whether made in cash, employee time or in-kind
- **Where we contribute** – the geographic spread of contributions
- **Why we contribute** – the motive for our contributions, from philanthropic donations to commercially driven engagement
- **What we support** – the focus of our contributions

Although we are currently focusing on investment inputs, we are working towards assessing the output and impact of our community investments.

### London Benchmarking Group (LBG) Model

The LBG model is the internationally recognized standard for measuring corporate community investment and assessing the value and impact of community investment to both business and society. More than 300 companies around the world use the LBG framework to help them measure, manage and report the value and the achievements of the community investment contributions they make.

## How We Contribute

In 2011, our community investments comprised predominantly 98% cash donations, with 1% in-kind, and 1% management overhead. In-kind contributions are contributions of non-cash resources such as products, equipment or services. Costs incurred as a result of making our community investment contributions, such as salaries of community affairs employees, are reported in management overhead.

Eight of our operations tracked and reported in-kind contributions, which amounted to more than $177,000. Five of our operations tracked and reported on management overheads, which amounted to more than $222,000. As more operations report on in-kind contributions and on management overhead in future years, we will be better able to measure the full extent of our contributions.

Table 9 below shows our community investment contributions.

**Table 9: Community Investment**

| Operation | 2011 | 2010 | 2009 |
|---|---|---|---|
| Carmen de Andacollo | $ 1,436,000 | $ 1,195,000 | $ 425,000 |
| Coal operations[1] | 3,047,000 | 1,694,000 | 254,000 |
| Duck Pond | 221,000 | 179,000 | 36,000 |
| Highland Valley Copper | 814,000 | 763,000 | 426,000 |
| Pend Oreille | 58,000 | 5,000 | 4,000 |
| Quebrada Blanca | 961,000 | 526,000 | 28,000 |
| Red Dog | 809,000 | 919,000 | 415,000 |
| Trail | 529,000 | 411,000 | 603,000 |
| Corporate Offices and Projects[2] | 16,629,000 | 14,322,000 | 13,849,000 |
| **Total** | $ 24,504,000 | $ 20,014,000 | $ 16,040,000 |

(1) Coal operations include: Cardinal River, Coal Mountain, Elkview, Greenhills, Fording River and Line Creek operations.
(2) Includes Calgary, Santiago, Spokane, Toronto and Vancouver offices as well as resource development projects.

## Employee Contributions and Fundraising

Our employees around the globe continue to demonstrate their desire to give back to the communities where they live and work. We encourage employee contributions to communities and in 2011 we provided a dollar-for-dollar match for employee donations and fundraising to select initiatives, including the United Way and BC Children's Hospital. In total, we matched over $1.1 million in employee donations and fundraising.

## Nurturing Agricultural Community Development

In 2011, Quebrada Blanca Operations assisted in developing and funding a five-year project that involved approximately 200 people and focused on several aspects of agriculture. This involved working with farmers to implement a preventative treatment for livestock by providing deworming and vitamin supplements. The project also improved the quality of soil by incorporating manure, sand and other additives to increase crop yields. A local nursery was developed with Teck's support, creating a place where children can be cared for while their families work the land. The program also works with people who have been convicted of crimes and helps them learn new skills and competencies related to agriculture, so they can more successfully re-enter society.

## Carmen de Andacollo Operations Funds Community-Led Entrepreneurship

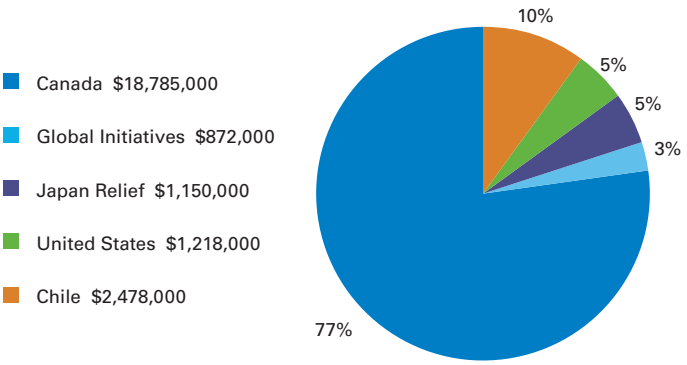
This collaborative initiative between Teck and organizations in the Andacollo, Pan de Azúcar and Alfalfares communities encourages community-led proposals for community development projects through an organized open competition. Applicants are assisted with all aspects of their proposals, which focus on community development, quality of life and entrepreneurship. Ninety-four proposals were selected in 2011; these were awarded funding of over $110,000 in total.

### Where We Contribute

This year, we started to systematically track the geographic spread of our contributions (Figure 6). We categorized our 2011 contributions as:

- Global – where the initiative has far-reaching impact, such as our zinc and health program
- Japan – humanitarian aid and relief effort contributions
- Canada, Chile and the United States – countries where we operate

**Figure 6: Where We Contributed in 2011**



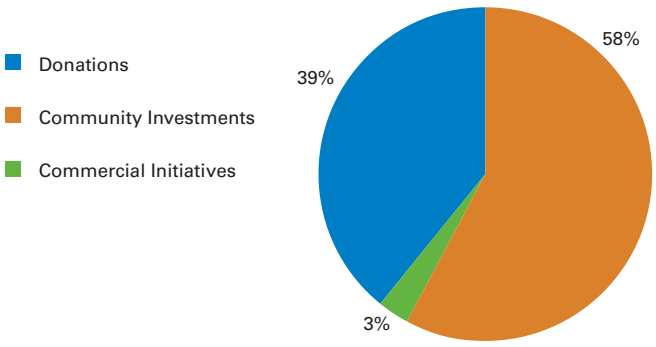

### Why We Contribute

In 2011, we began tracking the motivation for our contributions, or why we contributed. Figure 7 below provides a breakdown of our 2011 contributions categorized according to:

- Donations – one-off or intermittent support in response to specific requests from communities of interest
- Community investments – long-term, proactive, strategic involvement in community partnerships to address a range of social issues important to both the company and the community
- Commercial initiatives – initiatives that directly support the commercial interests of the company, such as our business objectives and brand identity, and that benefit communities of interest[3]

The three categories provide an indication of the motivations behind our contributions and the degree to which they are strategic and/or aligned with wider business goals. Over half of our investments went to community investments and commercial initiatives, with the remaining amount going to donations, largely in response to requests from communities of interest.

**Figure 7: Why We Contributed in 2011**




3 Only the costs that directly benefit the community are included.

### Infrastructure Investments

Infrastructure investments refer to facilities built primarily to provide a public service or good, rather than a commercial purpose, and from which we do not seek to gain direct economic benefit. Examples include water supply facilities, roads, schools and hospitals. Infrastructure investments are included in the community investments category of "why we contribute". In 2011, we contributed to two significant infrastructure investments: the Elkford Community Centre in B.C. and the Center for Mining Administration in Chile.

There is a long-standing legacy of municipal and corporate collaboration between Teck and the District of Elkford. The town of Elkford was founded in 1971 to house employees of Teck Cominco's Fording Coal Operations. More than four decades later, the town and Teck have expanded in parallel; Elkford is now home to more than 3,000 people, while Teck operates five steelmaking coal mines in the Elk Valley, with a large employee base in Elkford. As the town has grown and new amenities have been added, we have collaborated with the District on numerous projects, including the Wapiti Ski Hill, Mountain Meadows Community Golf Course, baseball diamonds, tennis courts, the Elkford Pool and Library Complex, and a campground.

We donated $1 million towards building the Elkford Community Centre project, a new facility that will house a visitor information centre, playschool, commercial kitchen, banquet hall and multi-purpose meeting rooms, as well as historical displays showcasing the history of Elkford and the local mining industry. Before rebuilding the centre, the District looked to the community for input on how to best structure the centre for optimal community use. Currently in the final phase of construction, the $6 million energy-efficient community centre is designed using structural wood construction to conserve maximum energy and reduce the centre's environmental footprint.

At Carmen de Andacollo (CdA) Operations in Chile, we invested $31,000 into the Center for Mining Administration, a central location for students to learn professional, technical and administration skills related specifically to the mining industry. The local government provided the building for the school, and we funded the renovations. CdA, in cooperation with the Chilean Ministry of Education and several other regional mining companies, helped develop a curriculum tailored to the requirements of mining companies while simultaneously ensuring that students would gain transferable skills beneficial for future success and employment in the industry.

### What We Support

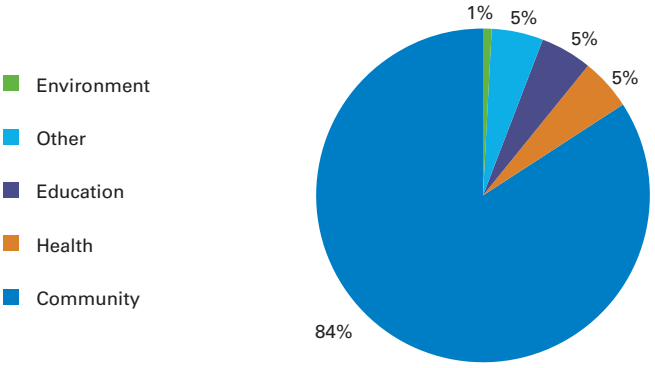
Our community investment is designed to support programs and initiatives that enhance these focus areas:

- Education – access to educational resources and training opportunities
- Environment – environmental sustainability and biodiversity
- Health – health services, wellness and the prevention of disease
- Community – social and economic sustainability
- Other – contributions focused on areas that are not encompassed in the categories above

These focus areas were chosen for their alignment with our strategic sustainability focus areas as well as for their meaningful connections with our business objectives. Figure 8 below provides a breakdown of what we supported by community investment focus area in 2011.

In 2012, we will introduce new systems and results-based indicators to increase the effectiveness of our community investment program. We are also striving for a more balanced distribution of investments across our focus areas.

**Figure 8: What We Supported in 2011**



## Duck Pond Operations Partners with College to Train Students

Five years ago, Duck Pond Operations and Newfoundland Corona College formed a partnership to offer a comprehensive underground miner training program, which is still being offered today. The 17-week Hard Rock Miner program includes four weeks of hands-on experience at the mine and 13 weeks of classes. At the end of the course, students are evaluated by a joint committee of college and mining professionals, and successful graduates are qualified to work in any underground mine in Canada. The course has been particularly popular with female students looking for a challenging and unconventional career. The program is also of benefit to both the college and Teck: the college receives enrolments and Duck Pond is able to evaluate students with an eye on potential hires. In 2011, Duck Pond employed 13 female heavy equipment operators, which represents 11% of their underground workforce. In 2012, the first all-First Nations class will commence studies.

Kathryn Teneese, Ktunaxa Nation Chair, speaks after Teck announces its $2 million donation to the Nature Conservancy of Canada to conserve Lot 48 in southeast British Columbia.

## Indigenous Peoples

Almost all of our activities take place in areas located within or adjacent to Indigenous Peoples' territories. In our materiality analysis for 2011, we identified successful relationships and mutually beneficial partnerships with Indigenous Peoples as a priority to Teck. We believe it is important to develop long-lasting relationships with Indigenous Peoples that recognize their unique history, contribute to their aspirations and enable us to meet our sustainability goals.

In 2011, we engaged in various levels of formal relationships and developed communication protocols, engagement plans and broad agreements at our operations and at major resource development projects within or adjacent to Indigenous Peoples' territories. Agreement negotiations are typically led by operation, project or exploration employees, with support, guidance or direct participation from the corporate team. These agreements are sometimes negotiated with an Indigenous group, or smaller individual Indigenous groups such as First Nations or Indian bands in Canada. We work to reach agreements that formalize relationships, provide capacity assistance, or create and increase business opportunities. At other times, agreements formalize our shared understanding of land stewardship or knowledge-sharing protocols.

These agreements help fulfill our commitment to improving community well-being in self-defined ways and to gaining the broad support of the Indigenous communities that we work with. For instance, in 2011 we reached an interim agreement with a group within the Nlaka'pamux Nation whose traditional territory encompasses Highland Valley Copper (HVC) Operations. These types of agreements are intended to increase training, procurement and employment opportunities for local Indigenous Peoples.

We also initiated formal negotiations for comprehensive agreements (often called impact benefit agreements) at HVC and the five coal operations in the Elk Valley of British Columbia. These agreements will likely consider mutually held sustainability goals such as the inclusion of Indigenous Peoples in economic opportunities (including training, employment and contracting/procurement) along with environmental stewardship and financial considerations.

In 2011, we continued to increase our company-wide capacity and expertise in Indigenous affairs. At our operations, resource development projects and exploration offices, we have personnel responsible for relations with Indigenous Peoples. Some operations, such as Highland Valley Copper, have multiple people focused on Indigenous relations, initiatives, inclusion and formal agreement negotiations.

### Guidelines for Working with Indigenous Peoples

Our Environment, Health, Safety and Community (EHSC) Management Standards articulate our commitment to transparent consultation, open dialogue and engagement with Indigenous Peoples. The standards set out requirements and guidance to ensure that our approach to consultation is designed to facilitate respect for the aspirations of communities and the legal rights of Indigenous Peoples, including the pursuit of their social, economic, cultural and environmental well-being. In addition, we comply with the specific expectations of organizations of which we are a member, including the International Council on Mining and Metals. As part of our Social Management and Responsibility at Teck (SMART) toolkit, we have developed a draft guidance document, which will be released in 2012, to specifically guide our work with Indigenous Peoples. In 2011, we also worked to develop guidance and training for industry to improve consultation practices with Aboriginal Peoples in British Columbia.

We also seek to understand how our activities may impact the interests and rights of Indigenous Peoples. At our existing operations, resource development projects and, in some cases, advanced exploration projects, we support the development of traditional land use studies and other community-based traditional knowledge studies to help us understand Indigenous interests and our potential effects on those interests. We integrate these considerations into our decision-making, engagement and relationship building with communities.

Our SMART Exploration Tool also includes guidelines for working with Indigenous Peoples. More information on the SMART toolkit is available on page 25 in the Social Management section.

### Free, Prior and Informed Consent

We recognize that Indigenous Peoples have unique interests and concerns related to development. In light of the guidance provided by the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), we continue to assess and identify the situations, projects, activities and conditions where free, prior and informed consent (FPIC) and/or seeking formal agreement is applicable. The different interpretations emerging for what constitutes consent, under what circumstances the withholding of consent would be considered reasonable, and who decides what is reasonable, create uncertainty around the application of FPIC for our sector. The International Finance Corporation, which is part of the World Bank Group, recently released Guidance Note 7 for Performance Standard 7 on Indigenous Peoples, which goes some way to providing much-needed clarity and process, and which we will use as a key reference for our work. We also recognize the growing expectation that resource development companies will demonstrate and secure Indigenous Peoples' support for activities through various forms of agreements.

### International Labour Organization (ILO)–169 (Indigenous and Tribal Peoples Convention)

Chile's ratification of ILO-169 (Indigenous and Tribal Peoples Convention) in 2009 and the implementation of a Reliable Code of Conduct has created implications for the mining sector in Chile, as well as implications for the consideration of Indigenous interests and participation. This is an important change for the Indigenous groups of Chile. In 2011, and continuing into 2012, the Chilean government engaged with Indigenous groups to develop new consultation guidance for resource development projects to bring consultation practices in line with ILO-169 requirements. We are ensuring that our practices in Chile align with the requirements of ILO-169.

### Building Community Relationships at Red Dog Operations

We are working to build on our relationships with local communities, one example being the strong community relationships that exist at our Red Dog Operations.

In 1982, Red Dog was developed under an innovative operating agreement with NANA Regional Corporation, owned by the Iñupiat people of northwest Alaska. The Iñupiat people are shareholders of NANA, who own the land and the mineral rights in the area of the mine. A management committee, made up of senior members of the respective corporations, reviews activities that are of operational significance in accordance with the agreement governing the development and operation of the mine.

We continue to strengthen our relationships with the local community to create lasting jobs for NANA shareholders, provide opportunities for youth and act as a catalyst for regional economic benefits. In 2011 we enhanced community engagement by adopting a participative dialogue process where community members can come to us with their comments and questions. For the first time, we also introduced our people-centred approach to dialogue to our communities with the establishment of the Building Common Ground (BCG) program at Red Dog (see the case study on page 50).

### Operations and Indigenous Peoples' Territories

Ten of our 13 operations are located within or adjacent to Indigenous Peoples' territories[4]. Of these 10 operations, eight have formal agreements in place with Indigenous Peoples' communities[5]. Of the remaining two, Trail Operations is assessing the need for formal agreements, and Pend Oreille Operations does not need a formal agreement because it is on care and maintenance. The three operations that are not within or adjacent to Indigenous Peoples' territories are Duck Pond, Carmen de Andacollo and Quebrada Blanca. Please refer to Table 10 for more details.

Table 11 provides an overview of the agreements that our operations have in place and any significant disputes related to these agreements.

**Table 10: Number of Operations Located Within, or Adjacent to, Indigenous Peoples' Territories(1)**

| Country | Number of operations located within, or adjacent to, Indigenous Peoples' territories | Number of operations that have formal agreements with some or all Indigenous Peoples' communities |
|---|---|---|
| Canada | 8 of 9 | 7 of 8 |
| Chile | 0 of 2 | 0 of 0 |
| United States | 2 of 2 | 1 of 2 |
| Total | 10 of 13 | 8 of 10 |

(1) "Adjacent to" refers to land that is physically contiguous to, or influenced by, an operation's activities.

Community art program supported by Teck near our Quebrada Blanca Operations in Chile.

4 This count does not include Antamina Operations, which we have a 22.5% interest in.

5 We define formal agreements as those recognized by the appointed leaders in the community.

## Table 11: Formal Agreements in Place with Indigenous Groups[1][2][3][4]

| Operation Within or Adjacent to Indigenous Peoples' Territory | Name of Indigenous Group(s) | Formal Agreements in Place Between Teck and Indigenous Group(s) | Significant Disputes, if Applicable, Under the Existing Agreements, and Steps Taken to Resolve the Disputes |
|---|---|---|---|
| **Cardinal River (CRO)** | Alexis Nakota Sioux Nation | The Alexis Nakota Sioux Nation and CRO have had a Memorandum of Understanding (MOU) since 1997. This MOU was negotiated by the owner prior to Teck's operation of the mine.<br>The MOU was renegotiated in 2011 and was signed in 2012. | None |
| | Mountain Cree | The Mountain Cree and CRO agreed to mutually develop a Working Protocol Agreement in December 2011. | None |
| **Coal operations, Elk Valley, B.C. (Coal Mountain, Elkview, Fording River, Greenhills and Line Creek operations)** | Ktunaxa Nation | The Ktunaxa Nation Council and our coal operations in the Elk Valley have two agreements: a Working Protocol Agreement and a Consultation Agreement. The Ktunaxa and Teck began negotiating an Impact Management and Benefit Agreement in 2011. Negotiations will continue into 2012. | None |
| | Shuswap Indian Band | None | None[5] |
| **Highland Valley Copper (HVC)** | Nlaka'pamux First Nation | The Nlaka'pamux First Nation and HVC have one agreement covering access through reserve land. Other comprehensive Participation Agreements are currently being negotiated; they will include language on employment and training, economic opportunities, and cultural and heritage considerations. | None |
| | Secwepemc First Nation | None | None |
| **Pend Oreille** | Kalispel Tribe of Indians | None | None |
| **Red Dog** | Iñupiat of Northwest Alaska | NANA, a native corporation owned by the Iñupiat people of northwest Alaska, and Red Dog have had an Operating Agreement since 1982. The Operating Agreement governs the operation and development of the Red Dog mine. | None |
| **Trail** | Trail Operations is located within an area where there are unresolved overlaps of Indigenous Peoples' land claims.<br>The following First Nation groups have been identified as potentially having an interest in projects related to Trail Operations:<br>- Ktunaxa Nation<br>- Okanagan Nation Alliance, specifically the Okanagan Indian Band, Lower Similkameen, Osoyoos Indian Band, Penticton Indian Band and Shuswap Indian Band | None | None[6] |

(1) This table includes territorial claims by Indigenous Peoples that have been asserted but not formally established.

(2) This table does not include the numerous activities that we undertake as part of exploration and resource development projects. We have some agreements in place with Indigenous Peoples' groups related to exploration and resource project development. Exploration and resource project development both strive to include Indigenous employment and contractors in their activities, and to provide local Indigenous Peoples with direct economic benefits from our presence.

(3) We classify significant disputes as formal disagreements prolonged to the point that agreement terms relating to mediation, arbitration or conflict resolution are invoked.

(4) In our 2010 Sustainability Report, we included Quebrada Blanca (QB) Operations and the QB Phase 2 expansion in this table. We did not include them this year because QB does not lie within or adjacent to a claimed or settled Indigenous territory.

(5) The Shuswap Indian band has expressed land-related interests; there is currently no agreement in place.

(6) Trail Operations has embarked on a First Nations engagement process to develop relationships with the First Nations who have territorial claims. This may develop into future formal arrangements or commitments. The Osoyoos Indian Band sent a request to Trail Operations in 2011 to engage in discussions, particularly around business opportunities and employment.

### Indigenous Procurement and Employment

Our Indigenous procurement and employment opportunities provide direct mutual benefits to Indigenous Peoples and our operations.

In 2011, we continued to:

- Engage Indigenous communities to understand their general and specific interests in employment and contracting opportunities
- Notify Indigenous community members of employment and contracting opportunities
- Work towards established procurement and employment targets at Red Dog Operations
- Monitor Indigenous procurement and employment at Red Dog Operations, Highland Valley Copper (HVC) Operations and resource development projects, including the Frontier project in Alberta and advanced exploration such as the GJ resource development project in B.C.

The number and percentage of Indigenous Peoples in our workforce is detailed in Table 12. Note that in many of our jurisdictions it is illegal to inquire about an employee's ethnicity. Therefore, the Indigenous procurement and employment information is often not tracked.

Red Dog is the only operation with a formal tracking system in place. This is part of our agreement with NANA to work towards the goal of 100% NANA shareholder hires.

Since 2011, HVC has tracked the number of new Aboriginal employees. These new hire numbers represent a more accurate and measurable statistic than we have had in past years. The number of new hires who self-identified as Aboriginal at HVC in 2011 and 2010 were 31 and 27, respectively.

Moving forward, we will work towards tracking this indicator across Teck through voluntary self-identification.

**Table 12: Number and Percentage of Indigenous Peoples in the Workforce**

| Operation | 2011 (Number) | 2011 (%) | 2010 (Number) | 2010 (%) | 2009 (Number) | 2009 (%) |
|---|---|---|---|---|---|---|
| Highland Valley Copper | 80 | 2 | 80 | 7 | 61 | 5 |
| Red Dog | 221 | 50 | 245 | 55 | 229 | 57 |
| Other operations | Data not currently available | | | | | |

### Helping Students of Alexis First Nation to Gain Work Experience

Since 1997, Cardinal River Operations and the Alexis First Nation have had a formal relationship, part of which focuses on employment opportunities for First Nation members. In 2010, Teck and the Alexis First Nation began focusing their efforts on livelihoods rather than on direct employment at the mine. Cardinal River annually commits $75,000 to an employment program developed jointly with the Alexis First Nation; its goal is to assist students (primarily post-secondary) in finding long-term, local, meaningful employment opportunities. The program focuses on finding students summer employment relevant to their area of education.

In 2011, Teck and the Alexis First Nation formed a partnership with the City of Edmonton to help support Aboriginal workers. Through this partnership, high school students receive 12 to 16 weeks of work in areas consistent with their education. The City of Edmonton provides workshops on resumé writing and interviewing skills. This program is particularly beneficial to First Nations students who need employment in order to continue their studies in Edmonton. Students in the program stated that it was very beneficial and that it enabled them to learn new skills and gain work experience.

Where appropriate, we enter into business relationships with Indigenous communities. Such business arrangements may allow Indigenous communities and our company to meet respective development goals and objectives.

We have long-term relationships with Indigenous suppliers and contractors. For instance, as part of our new Galore Creek project and exploration work in the Tahltan Territory in British Columbia, Tahltan contract employees and service providers make up a significant portion of the workforce and subcontractors. As part of our agreement with NANA, we also spend a large portion of our budget on locally acquired goods and services at Red Dog Operations in Alaska. In 2011, 44% of total procurement spending at Red Dog went to local Indigenous suppliers. For future reports, we are working to develop a consistent methodology to more thoroughly track and report on Indigenous suppliers and contractors at all of our operations.

## Human Rights

Human rights are a universal value, and as a mining company we work to uphold human rights wherever we explore and operate. The responsibility for managing human rights risks and their potential impact on project development, company reputation and relationships with communities of interest (COIs) is now widely recognized in the sector and at our company.

We consider the United Nations Guiding Principles on Business and Human Rights and follow the principles set out in the United Nations Global Compact (UNGC). Our Human Rights Management Standard is designed to ensure that we conduct business activities in an ethical manner and in a way that supports the fundamental principles of human rights.

In 2011, we had no reported human rights violations at any of our operations. As part of our regular risk processes, we conduct risk assessments for each jurisdiction in which we operate. Our operations and resource development projects are located in Canada, the United States and Chile, politically stable countries with lower risk for human rights violations, including those of child and forced or compulsory labour. We have assessed Peru, the location of our joint-venture asset, Antamina, to be an area of moderate human rights risk. Through our exploration or other business activities, we work in areas of higher human rights risks, such as China, Indonesia, Mexico and the Philippines. We are currently developing a more formal risk assessment process that will allow us to systematically assess social risks, including human rights, for all countries in which operate or explore.

We screen suppliers and contractors for environmental and health and safety policies and compliance. However, we do not specifically screen all of our suppliers or contractors on human rights compliance. In the case of formal tender processes for certain large contracts, we ask for information on their policies, procedures and commitments to promote and respect human rights. We are currently evaluating how we might assess and evaluate other suppliers and contractors against our standards.

### Security Practices

We ensure that all security personnel receive human rights training and that periodic reviews are conducted. In Canada, where employees generally perform security duties as part of their other duties, many are aware of human rights issues (as well as those related to areas such as privacy and labour) but may not have specific human rights training. However, in the U.S., primarily at Red Dog Operations, employees who perform security duties at the airport undergo human rights awareness training as part of the instruction for Homeland Security/Airport Screening. Third-party security personnel working at any of our global operations undergo human rights training. In jurisdictions with higher risk for human rights abuses, training for human rights is included in security workshops.

### Developing a Strategic Approach to Human Rights

In 2009, we embarked on a human rights strategic review with the goal of enhancing our management systems and human rights practices. The review concluded that we are advancing in the areas identified in the UN Business and Human Rights Guiding Principles (i.e., human rights policy, due diligence and assessing impacts, integrating human rights, and measuring and reporting). Table 13 on the next page provides an overview of our 2011 performance against the UN guiding principles.

In 2011, we developed a comprehensive human rights assessment (HRA) tool that will be piloted in 2012 at two of our sites – one in North America and one in South America. In 2012, we will also work to develop a human rights policy statement that outlines Teck's responsibilities, values and key commitments. Additionally, we have a goal of completing an HRA at each site by 2014, along with human rights training by 2015.

Our new HRA tool provides a step-by-step approach to integrating human rights considerations at the operational level. This will help us ensure that any risks, negative impacts, or opportunities to improve are identified early so that necessary action can be taken. The HRA covers all human rights issues across six categories:

- Community/economic/social/civil
- Environment (including community health and safety)
- Indigenous Peoples
- Labour
- Land and property acquisition
- Security

Figure 9 below illustrates the five steps the tool uses to evaluate human rights risks, opportunities and impacts.

**Figure 9: Evaluating Human Rights Risks, Opportunities and Impacts**

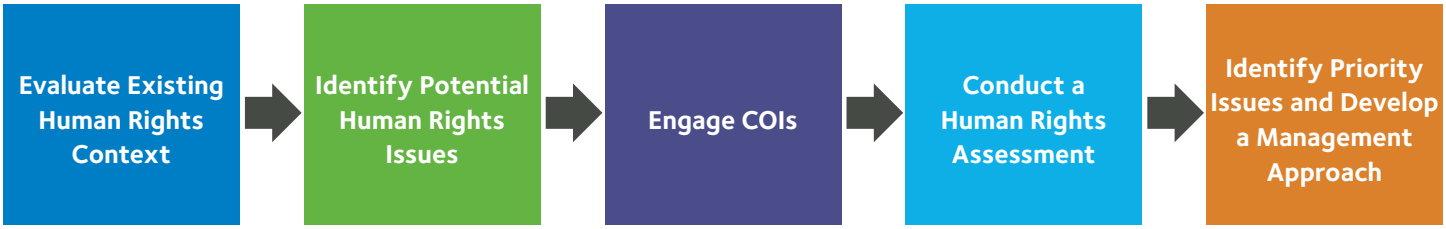


**Table 13: Teck's Performance on UN Guiding Principles on Business and Human Rights**

| Guiding Principle | Teck's Performance |
|---|---|
| A policy commitment to meet the responsibility to respect human rights. | Our overarching commitment to human rights is communicated externally through our charter and codes, and our Human Rights Management Standard sets out our requirements with respect to human rights.<br><br>We currently do not have a formal human rights policy, and we are working with Business for Social Responsibility (BSR) to develop one. |
| A human rights due diligence process to identify, prevent, mitigate and account for how businesses address their impacts on human rights. | In 2011, we developed a comprehensive human rights assessment tool with BSR, which will be piloted at two sites in 2012. All sites will be required to conduct an assessment by 2014, and to update the process annually or when there is a significant change to a site or local context. The process includes engagement with communities of interest (COIs).<br><br>Human rights are currently considered in our risk assessment processes. |
| Processes to enable the remediation of any adverse human rights impacts that businesses cause or contribute to. | In 2011, our feedback mechanism tool and template were launched for implementation at the operational level. Our goal is to have an appropriate process in place at all sites by 2015.<br><br>All feedback mechanisms are linked to our engagement tracking system, TrackLine. |

A community meeting in the Elk Valley of British Columbia.

## Land Use and Access

Balancing access to and use of land for exploration and mining with past, current or potential uses is an important component of our impact and sustainability management. Two of the most significant land use issues relevant to mining are artisanal mining and resettlement that occurs as a result of land acquisition or mining activities. (Land use related to Indigenous Peoples is discussed on page 44.)

### Artisanal Mining

Artisanal and small-scale mining (ASM) ranges from informal subsistence mining by individuals to small formal commercial mining operations. Artisanal miners exist in two areas where we are active in Chile: our Relincho resource development project and our Carmen de Andacollo (CdA) Operations. Artisanal mining on or near our sites raises several key concerns: the health and safety of the artisanal miners and of our people, and the security of the miners' livelihoods.

At Relincho, we are in the process of conducting baseline studies to develop a better understanding of the practices of local artisanal miners, including the number of active miners on the property and their socio-economic characteristics. Early results indicate that both small-scale operators with legal title and individual miners without title are active in the area. We regularly engage with the miners through monthly meetings. Overall, we have a positive relationship with the miners. As the project advances, we will assess their need for access to mineral resources on mine property.

Artisanal miners are also active within and adjacent to CdA. Small-scale gold and copper mining has been a key activity in the area for centuries, and the town of Andacollo itself has developed around abandoned tailings. According to the Union of Artisanal Miners, there were approximately 200 active artisanal miners in the local community in 2010. To support small-scale mining, CdA accepts applications for lease agreements to mine within our property. These applications are submitted to CdA every two years through the Union of Artisanal Miners and Small Miners Association of Andacollo before being sent to the National Service of Geology and Mining to be assessed for health and safety risks. In 2011, CdA reported eight groups of artisanal miners present on or adjacent to the operation, an increase from five groups in 2010. Each group had approximately four miners. The safety of small-scale operations is supervised by Chile's Regional Ministerial Secretariat of Mining and Energy. Resources to support small-scale miners have been established by CdA through the funding of the Technological Transfer and Strengthening of the Metallic and Non-Metallic Small Mining of the Coquimbo Region Project.

### Resettlement

While we try to avoid or minimize the need for physical and economic resettlement, when managed with meaningful consultation and fair negotiation it can represent an opportunity for economic development and an improvement in the quality of life for people being resettled. Where resettlement is unavoidable, we apply practices consistent with local laws and the IFC Performance Standard 5, Land Acquisition and Involuntary Resettlement.

#### Physical Resettlement

There were no significant disputes related to resettlement in 2011.

In 2010, two households were relocated at our CdA Operations in Chile. These relocations occurred in the El Sauce community, which is located along a bypass road used by mines in the area. In 2011, CdA created a Resettlement Action Plan that addressed engagement, compensation and physical resettlement for the two households. An assessment to identify key development priorities was carried out with affected people who were being resettled as well as those continuing to live in El Sauce. This led to the development and implementation of a Vulnerable People's Program and Community Development Plan, which helps ensure that our activities consider vulnerable groups.

#### Resettlement at Carmen de Andacollo Operations

CdA monitors how resettled families are adapting to their new homes and accessing services, as well as any opportunities, benefits or disadvantages as a result of the resettlement. One of the resettled families, consisting of two adults and one child, decided to move to the neighbouring town of Andacollo and now live in their own house with better access to education. The parents were able to find work, and although there were some initial difficulties adapting to the new location, the family has indicated that they are content with their new living situation.

The other family that resettled in 2011 consisted of a grandmother and grandson who also decided to relocate to Andacollo, where there is more readily available access to recreational activities and critical services such as health care.

#### Economic Displacement

The Social and Environmental Impact Assessment (SEIA) for our Quebrada Blanca Phase 2 (QB 2) project identified that our proposed port facilities will have an economic impact on a group of fishermen who have historically used the port area of Patache. Based on this assessment, the QB 2 team has followed IFC guidelines to engage potentially affected groups through interviews, focus groups and ethnographic surveys. The QB 2 team will continue to engage with the fishermen by establishing working groups in order to develop short- and long-term plans.

## **Case Study:** Enhancing Community Dialogue in Northwestern Alaska

Red Dog Operations in Alaska.

The foundation of strong community relationships is dialogue and collaboration based on trust and mutual benefit. At Teck, employees across our company are trained in the people-centred approach to dialogue through the Centre for Social Response. At our Red Dog Operations, the community relations team has put the principles of people-centred dialogue into practice by partnering with representatives of the Northwest Arctic Leadership Team to develop the Building Common Ground (BCG) program.

The program, called Iñuunaiyusriliq in Iñupiat, which means getting into the state of being well, is designed to enhance participants' communication skills so that it is easier to reach "common ground". BCG provides a forum for training and resources for Teck and communities of interest to work together in order to enhance participatory community development and dialogue. The BCG team connects monthly as an ongoing initiative to discuss actions and efforts to support continued sustainable development in the region.

"Ensuring all parties can effectively communicate with each other is critical to the success of any relationship," says Wayne Hall, Manager, Community and Public Relations at Red Dog. "Through the Building Common Ground Program, we have been able to significantly improve the quality of dialogue between Red Dog and the community, which will benefit all of us."

The BCG team has also launched a pilot project involving Teck and John Baker Youth Leaders, which is a youth leadership program and peer support group in Alaska. The goal of the pilot project is to enhance the communication and dialogue skills of youth leaders in Alaska, helping to empower a new generation of leaders.

The BCG program at Red Dog supports our commitment to engaging in sincere and constructive dialogue with communities of interest.

# **Case Study:** Local Procurement Near Carmen de Andacollo Operations

The town of Andacollo, near our Carmen de Andacollo Operations in Chile.

Local suppliers and businesses are being connected with opportunities at our Carmen de Andacollo (CdA) Operations in Chile, contributing to growth and success for businesses and residents in the neighbouring town of Andacollo.

CdA has long-standing ties with the town of Andacollo. The majority of employees from CdA live in the local area, with an estimated 65% of local residents working for CdA. To further strengthen that relationship, we worked with the town of Andacollo and the local area to develop the Carmen de Andacollo local supplier development program.

Together, we have been working to build capacity for local suppliers by identifying businesses that would benefit from funding for programs to help residents develop business plans, build management capacity, and market their services and products.

Today, there are 20 local businesses that participate in the local supplier development program. We provide direct support to these businesses to help them participate in the program, and we also provide advice and ensure that suppliers are able to maintain commitments and increase their capacity to do future business.

As a result of this project, Teck's local purchasing in Andacollo has increased from US$2 million in 2007 to more than US$30 million in 2011 – a 1,500% increase in just four years. By increasing local procurement, we are able to put more money back into the community, thereby increasing the capacity of businesses in Andacollo and strengthening the local economy.

Moving forward, CdA is looking at ways to expand and improve the project by identifying additional local businesses that could participate. This will be accomplished by engaging in monthly dialogue sessions on local purchasing with potential suppliers and by possibly expanding the areas of influence for the project to include other companies along transportation and pipeline corridors.

# Water

**Vision:** We contribute to the ability of present and future generations to enjoy a balance between the social, economic, recreational and cultural benefits of water resources, within ecologically sustainable limits.

A waterway near our operations in the Elk Valley of British Columbia.

Water-related issues affect the way we do business. We use large volumes of water to process and transport minerals and then return it to the environment in different ways. Our activities have the potential to impact other water users in shared watersheds. Therefore, in order to maintain our access to water, it is essential that we manage and minimize our potential impact on water sources and downstream water bodies.

We are increasingly moving from compliance-based water management to collaborative water management practices that focus on sustaining and restoring water resources. When planning new resource development projects, we fully evaluate all viable water supplies and needs, including cumulative impacts to surface water and groundwater source. New resource development projects are designed to minimize water use while maximizing water reuse.

## Water Scarcity and Stress

Water is a valuable resource, one that is subject to growing stresses related to scarcity and quality. Less than 3% of the world's water is fresh, and of this, 83% is in glaciers[6]. This leaves only 17% of the world's fresh water potentially available for use around the world. Furthermore, water is often not available in sufficient quantities where it is needed. In addition, demand for fresh water is increasing. The world's population is growing, and as people become more affluent and urbanized they tend to consume more water and foods that require water-intensive agricultural production. Over 1.2 billion people don't have enough water[6], so ensuring water is fairly allocated is a critical issue, particularly in regions of water scarcity. People and governments are also increasingly engaged in the development of water policies, and there is a growing debate over the role of markets in delivering water.

We use the following criteria to determine which of our operations are located in regions with scarce water resources, and where water supply is under stress:

- Limited availability of fresh water from surface or groundwater sources in the local area
- Broad community concerns over the use of water for purposes other than human consumption and agriculture
- Limited availability of other water sources such as brackish or saline water in the immediate local area
- Very low annual rainfall/precipitation
- Known impacts or stresses on existing surface water supplies and groundwater aquifers

Based on these criteria, our Quebrada Blanca and Carmen de Andacollo operations in Chile are located in water-stressed regions. As a result, we have been actively engaging with the local communities about water supply and have developed an alternative water supply for our Carmen de Andacollo Operations, as discussed on page 56 in the Water Allocation section.

## Our Water Strategy

Our water strategy is focused on two primary components: achieving our sustainability goals for water (see page 16), and continuing to implement our Water Management Standard.

In 2010, we developed and finalized our Water Management Standard, which was incorporated into our Environment, Health, Safety and Community (EHSC) Management Standards. This standard defines our approach to managing water, including:

- Ensuring diverse watershed interests are considered
- Implementing operation-specific water management systems
- Training employees in water management
- Collaborating with local and international organizations to contribute to effective water management

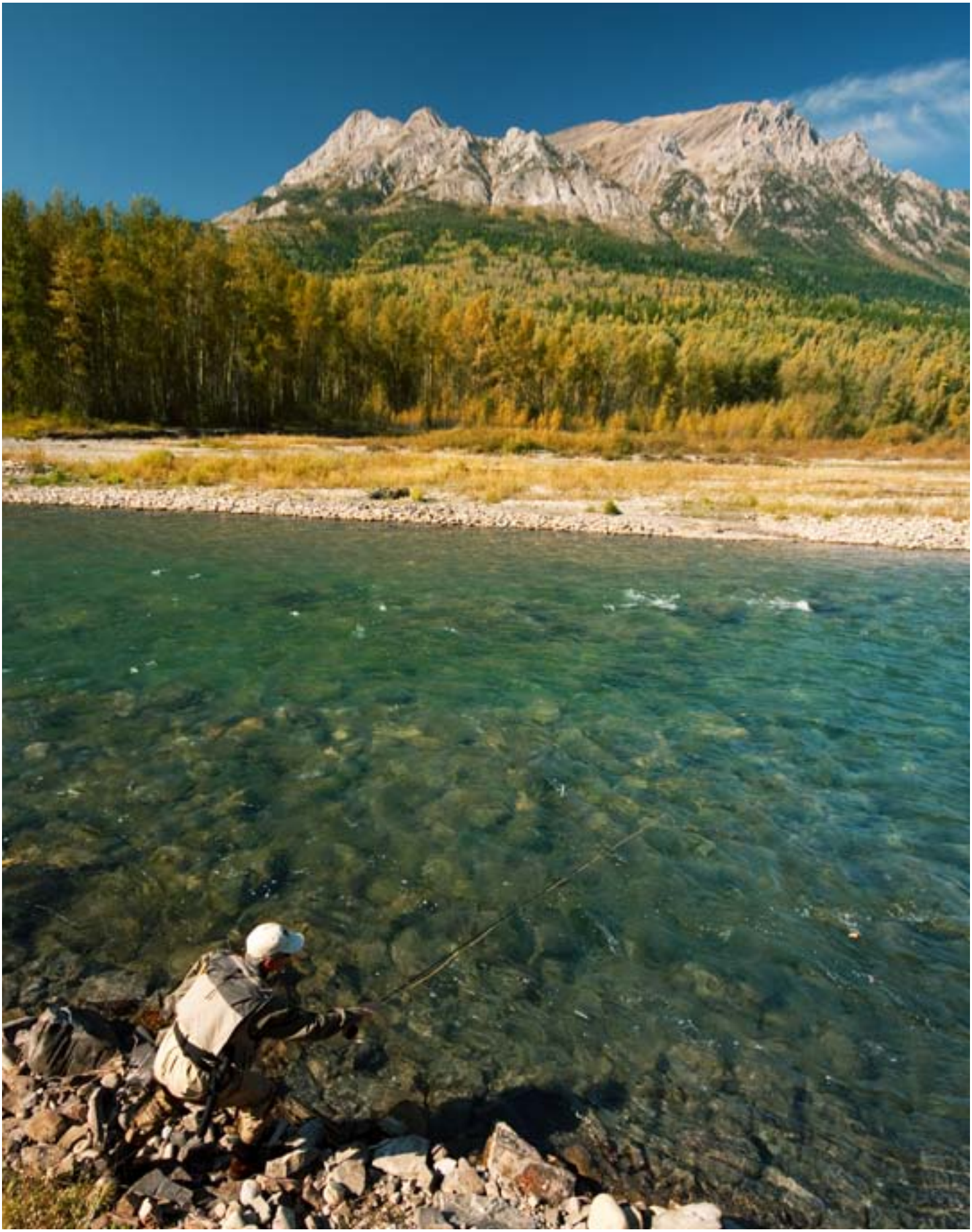
## Water Reporting and Accounting

In 2011, our water practices and performance were shared publicly through our response to the Carbon Disclosure Project (CDP) Water Disclosure program. The program helps institutional investors better understand the business risks and opportunities associated with water scarcity and other water-related issues by increasing the availability of company-specific information. Our response can be found online at their website.

A consistent international water accounting framework and standardized water metrics have not been defined for the mining industry. This lack of consistency makes it particularly difficult to compare operations located around the world with a wide range of climatic conditions. Through our involvement with the International Council on Mining and Metals and its Water Working Group, we are committed to helping develop and standardize water reporting practices in the mining industry.

The following sections summarize our performance in terms of water quality, water quantity and water allocation in 2011. Please see the Performance Overview Table on pages 94–95 to find the data on water withdrawal and recycling and the associated Global Reporting Initiative (GRI) indicators.

6 World Business Council for Sustainable Development, Water Facts and Trends, 2009.



A man enjoying fishing at a river near our operations in the Elk Valley of British Columbia.

## Water Quality and Use

We regularly monitor discharge water quality for compliance with applicable standards, regulations and permits. Our efforts focus on our goals of keeping clean water clean.

The mining of steelmaking coal has been found to increase the levels of selenium in surface waters. Although selenium is an essential element that is beneficial to animals and humans, when selenium is present in elevated concentrations – which can occur in coal mining when water comes into contact with waste rock – there is potential for ecosystems to be negatively impacted. We have identified an increase in selenium concentrations in the Elk River in southeastern British Columbia, near five of our open pit steelmaking coal operations. In recognition of this, we commissioned an independent advisory panel to assist in developing a strategic plan for the sustainable management of selenium at our steelmaking coal operations. More information on our selenium management is available in our case study on page 57. The Strategic Advisory Panel on Selenium Management began its work in January 2010, released a report in June 2010 and, after extensive community consultation, released an addendum in May 2011. This addendum highlighted progress in the previous two years while also recognizing that there is more work to do. These reports are available online.

We continue to follow up on the Panel's recommendations by implementing operation-specific mitigation measures, and expanding research and development of technological solutions for selenium reduction. We also maintain a long-term commitment to the Elk Valley Selenium Task Force, a joint committee of government and industry representatives evaluating selenium monitoring and management in the Elk River Watershed, as well as the Alberta Selenium Working Group, a parallel committee of government and industry representatives working towards similar goals.

In 2011, we implemented two projects designed to protect water quality by reducing selenium levels downstream of our coal operations: the Kilmarnock Creek diversion at our Fording River Operations and the water treatment facility at our Line Creek Operations. The Kilmarnock Creek diversion is a five-kilometre-long water diversion channel that reduces the amount of water that comes into contact with waste rock, thereby keeping clean water clean. After testing several water treatment technologies, we have advanced the design of a water treatment facility at Line Creek, which is aimed at removing selenium from affected water. This system is on schedule for commissioning in 2014. We will be learning from these two pilot projects and will continue to implement strategies to manage selenium and protect water quality.

### The Connection Between Water and Energy

Our sustainability focus areas are interconnected, particularly water and energy. When we have resource development projects in areas of water scarcity, water sources are often far from the project, and significant energy is needed to transport the water to where it is needed. In places where energy is derived from carbon-intensive sources, transporting water can also result in significant indirect carbon emissions.

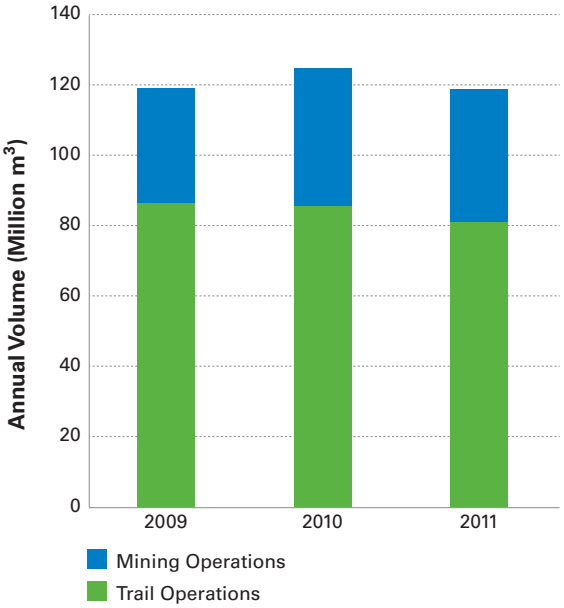
When planning our activities, we consider the connection between water and energy. For example, when we assessed water source options for our Quebrada Blanca Phase 2 (QB 2) and Relincho resource development projects, which are both located in water-stressed regions of Chile, we considered the use of seawater or desalinated seawater for project needs in order to protect and conserve local freshwater sources for community and agricultural use. At the same time, we recognized that conserving fresh water comes at the expense of increased power consumption and associated emissions from coal-fired power plants in the area.

For these two resource development projects, we are focusing on the protection of local freshwater supplies while simultaneously exploring opportunities to offset some of the emissions from electricity generation by using renewable sources. At QB 2, we will be using desalinated seawater as the process water source, and at our Relincho resource development project, we are continuing to assess water source options. Because of the connection between areas such as water and energy, we must make trade-offs in our decisions.

### Water Withdrawal

In 2011, our total water withdrawal from ground, surface and other sources decreased by 5% and totalled 119 million cubic metres ($m^3$), compared to 125 million $m^3$ in 2010 (Figure 10 below). A breakdown of this figure is available in our Performance Overview Table, available on pages 94–95.

**Figure 10: Total Water Withdrawal**




The decrease in water withdrawal was largely driven by more efficient water use at our Trail Operations, including reuse of cooling water (e.g., circulated to remove heat from industrial processes), improved temperature control of transformers, and improved control of water use for cooling molten metal product. At Trail Operations, a significant portion of the water withdrawal (approximately 68%) is for cooling water. This water does not come into contact with chemicals or reagents, so the only change it undergoes is a slight increase in temperature before being returned to the river.

The total water withdrawal for our mining operations (excluding Trail Operations) in 2011 was 38 million $m^3$, compared to 39 million $m^3$ in 2010, representing a 4% reduction in withdrawals. This reduction was achieved by using more recycled water from tailings facilities and other affected water sources.

### Water Recycling

To minimize the amount of freshwater used from wells, surface watercourses and water bodies, we recycle as much water as possible in our industrial processes. In 2011, the total quantity of recycled water was 201 million $m^3$ compared to 202 million $m^3$ in 2010. Of this total, the majority was recycled at our mining operations (187 million $m^3$ in 2011). In 2011, our water recycle rate, expressed as a percentage of total water withdrawals, was 169%. At our mining operations in 2011, our water recycle rate, expressed as a percentage of total water withdrawals, was 498%. This means that our mining operations recycled water approximately five times on average before returning the water to the environment.

### Water Discharge

Our total water discharge[7] in 2011 was 219 million $m^3$.

We continue to work towards better understanding and managing our water consumption, reuse and discharge. This includes installing additional flow meters to measure water use at key locations at each site, and improving our understanding of how our operations manage water by updating site water balances and engaging with other watershed users. In addition, we have initiated efforts to define the water metrics we will use for goal setting at each of our operations, and for future reporting.

## Water Allocation

We are committed to using water responsibly, and to implementing effective water management techniques in consideration of other water users in the watersheds where we operate.

In Chile, dialogue with the community about their concerns regarding water use at the Carmen de Andacollo Operations has led to an agreement to supply water to our process plant from a different source. In 2011, we completed construction of a 27-kilometre-long water pipeline to bring water to our operation, eliminating the need to extract water from a groundwater aquifer we had previously shared with the community.

Through our experience at Carmen de Andacollo, we have developed a greater appreciation of the importance of ongoing dialogue and engagement with our local partners and community members regarding water supply issues.

### Reducing Water Use at Highland Valley Copper Operations

At Highland Valley Copper Operations in British Columbia, potable water is provided from three deep wells connected to a booster station that pumps to a potable water treatment plant.

The original pumping system ran continuously, but in 2011 we added variable frequency drives that only pump what is required based on current demand. This has reduced the water withdrawal from the wells by 57% and has cut the energy required to pump water by 39%, saving 341 megawatt hours of energy per year.

7 Total water discharged does not include Line Creek Operations, as government data was not available at the time of reporting.

## **Case Study:** Managing Selenium at our Steelmaking Coal Operations

A water diversion under construction at one of our steelmaking coal operations located in the Elk Valley of British Columbia.

Selenium is a naturally occurring element essential to humans and animals. However, when present in increased concentrations – which can happen through coal mining when selenium is released from waste rock – it can impact aquatic habitats and impede reproduction in fish.

Water quality monitoring in the Elk and McLeod rivers near our steelmaking coal mines has detected increased selenium concentrations downstream of our operations. We are dedicating resources to stabilize and reduce selenium levels in watersheds downstream of our operations, and we have begun to implement a number of measures, including a water treatment plant, entailing expenditures of $80 million over the next three years.

"We are aggressively pursuing our selenium reduction strategy through construction of water diversion projects and pilot projects that set the stage for the design and construction of full-scale water treatment facilities," said Dr. Robin Johnstone, General Manager, Environment, Community and Aboriginal Affairs. "Substantial research and development resources have been allocated to develop and implement improved designs for new mining facilities that will help us manage selenium at our current operations and legacy sites."

Active water treatment is one of the ways we are taking action to reduce selenium levels. In 2011, we pilot tested four active water treatment technologies at the outflow of West Line Creek at our Line Creek Operations. Based on the results, we are designing a full-scale treatment facility for West Line Creek. The first phase of the treatment facility is scheduled to be commissioned in 2014. In addition, our proposed Line Creek Phase 2 expansion includes an active water treatment facility at Dry Creek. There are also plans for a treatment facility at our Fording River Operations.

Diverting clean water around our waste rock dumps in order to minimize selenium leaching is another way we are working to reduce selenium levels. For example, the Kilmarnock Creek diversion at our Fording River Operations is a five-kilometre-long water diversion channel that reduces the amount of water that comes into contact with waste rock, thereby keeping clean water clean. The diversion's performance will be assessed over the coming years, and additional water diversions are in the planning stages.

"Confronting the selenium challenge head-on – and hand-in-hand – with First Nations, residents, municipal leaders, non-governmental organizations, regulatory officials and our employees has helped us reach a collective vision for the watershed," said Dr. Johnstone. "The water stewardship actions we are taking today promote a healthy watershed for the benefit of current and future generations."

# Ecosystems and Biodiversity

**Vision:** We achieve a net positive impact on biodiversity by maintaining or re-establishing self-sustaining landscapes and ecosystems that lead to viable long-term and diverse land uses in the areas in which we operate.

A bighorn sheep near our Cardinal River Operations in Alberta.

We recognize that landscape changes associated with mining affect ecosystems and biodiversity, and that our activities can influence adjacent environments through air emissions, noise, water use and other factors. We see mining as an interim land use, and our vision is to achieve a net positive impact on biodiversity.

As such, each of our operations establish environmental performance measures, ensuring that we conduct our planning, development, operations and reclamation activities in a manner that demonstrates responsible environmental stewardship. We are committed to using responsible and effective biodiversity conservation practices in all phases of the mining life cycle. These practices include avoiding habitats with high biodiversity value; minimizing our air, land and water disturbance footprint; and creating or enhancing habitat whenever possible. We pursue additional actions in support of biodiversity conservation in regions where we operate, moving us toward a net positive contribution in the long term.

Our Code of Sustainable Conduct includes our commitment to integrate biodiversity conservation considerations into all stages of business and production activities. Our Biodiversity Guidance Manual (BGM) provides practical tools for identifying and addressing key biodiversity concerns at each phase in the mining life cycle. By following the guidelines in the BGM, operating facilities evaluate environmental practices that can impact biodiversity (e.g., land disturbances, air/dust emissions and water utilization), develop a biodiversity baseline, and implement site-specific plans to conserve biodiversity and protect ecosystems. Our BGM includes guidelines for identifying protected areas and engaging communities with respect to biodiversity.

## Management of Known Biodiversity Impacts

Our operations work with local community groups and government agencies to ensure responsible care and protection of ecosystems. We mitigate known, identified biodiversity impacts throughout the mining life cycle, encompassing all phases of mining, from predevelopment baseline studies to post-closure activities. Conservation and mitigation strategies ensure that biodiversity is protected, allowing for the protection of valued ecosystem components and the creation of wildlife habitats necessary for future ecosystem integrity. Such strategies include revegetation programs that result in self-sustaining landscapes compatible with post-mining uses. An example of how we strive for a net positive impact on biodiversity is our Bluebird Nesting Box Monitoring Program featured in the case study on page 63.

Operations that are located near designated protected areas or areas of high biodiversity value are described in Table 14 on page 61. Because we have not yet developed criteria for determining which of our operations are "adjacent" to "areas of high biodiversity value", the table only includes operations that have indicated they are near designated protected areas. Regardless of where our operations are located, however, we manage all known impacts, as previously described.

Young foxes play close to our Red Dog Operations in Alaska.

Reclaimed area at our Cardinal River Operations in Alberta.

**Table 14: Operations Adjacent to Protected Areas or Areas of High Biodiversity Value**

| Operation | Total Area Owned, Leased or Managed (hectares) | Area Disturbed to Date (hectares) | Description and Potential Biodiversity Impact | Actions Taken |
|---|---|---|---|---|
| **Cardinal River** | 6,373 | 3,186 | Cardinal River Operations is a steelmaking coal mine in west-central Alberta, on the front range of the eastern slopes of the Rocky Mountains adjacent to Whitehorse Wildland Park and Jasper National Park. Land disturbance due to our mining activities could impact local vegetation and biodiversity. | We routinely take actions to protect biodiversity on our operating sites, including soil salvage, reclamation techniques, revegetation and the use of non-invasive species. |
| **Red Dog** | 9,900 | 1,055 | Red Dog Operations is a zinc and lead mine with an associated port facility located in Alaska's Northwest Arctic Borough. The area has seen minimal industrial development. The access road from the mine to the port runs through Cape Krusenstern National Monument, a protected area. Dust deposition can potentially impact habitats along the road and adjacent to the port facility. | We have conducted an ecological risk assessment to identify potential impacts that might be associated with dust from our activities, and a risk management plan has been developed in response to the findings. The plan includes monitoring, remediation and public communication actions, as well as future studies to further understand and reduce the potential effects of dust on the environment. |
| **Trail** | 7,200 | 374 | Trail Operations is located near several designated and protected areas, including Beaver Creek Provincial Park, the Fort Shepherd Conservancy Area and Champion Lakes Provincial Park. The potential for biological impacts at Trail Operations stems primarily from historical air emissions and releases to water, rather than physical land disturbances. To date, 374 hectares have been disturbed by operating sites, landfills and materials storage. | In the past few years, we have established ecological conservation covenants on high biodiversity value properties that we own in the area. In order to address impacts associated with historical air emissions, particularly sulphur dioxide, we have begun a joint project with the B.C. Ministry of Environment to develop an Ecosystem Management Plan for the Lower Columbia Valley surrounding our facility. We have created and follow a power line right-of-way management plan in order to address habitat issues for the yellow-breasted chat, a bird species that is listed under the federal *Species At Risk Act* (SARA). The Waneta hydroelectric dam is operated so that it provides enhanced river flows for the SARA-listed white sturgeon during spawning periods. We also participate in the Upper Columbia River White Sturgeon Recovery Initiative (WSRI), which is implementing a recovery action plan for this species. |

### Collaborations

We support biodiversity conservation through ongoing collaborations with conservation organizations. Some examples include:

**Upper Columbia River White Sturgeon Recovery Initiative (Trail, B.C.)**

Trail Operations is involved with the White Sturgeon Recovery Initiative (WSRI) to help develop and carry out a recovery strategy for the endangered white sturgeon species in coordination with a national recovery strategy under the *Species at Risk Act*.

**Southern Interior Weed Management Committee (Logan Lake, B.C.)**

Highland Valley Copper Operations has collaborated with the Southern Interior Weed Management Committee (SIWMC) to improve its weed management. The SIWMC is a not-for-profit organization with members from public agencies, clubs, organizations and private industry. The SIWMC takes a "no borders" approach to noxious weed control, and coordinates weed management with surrounding areas to eliminate any untreated pockets of weeds that re-infest new sites and/or previously treated areas. The SIWMC also has representatives on the Invasive Plant Council of British Columbia. As such, plant invasion can be viewed from a province-wide perspective. This larger scope on weed management allows the SIWMC and Highland Valley Copper to plan and coordinate effective measures to deal with invasive species.

**Canadian Intermountain Joint Venture**

We are an industry participant in the Canadian Intermountain Joint Venture (CIJV), a collaboration between government agencies, Aboriginal groups, non-governmental organizations, industry, universities and landowners. The CIJV complements and facilitates existing conservation initiatives, conserving habitat for the benefit of wildlife and people. The CIJV operates under the umbrella of the North American Bird Conservation Initiative, advocating bird conservation through regional initiatives. It provides regional implementation of the North American Waterfowl Management Plan, the Canadian Shorebird Plan, Partners in Flight North American Landbird Conservation Plan, and Wings Over Water, Canada's Waterbird Conservation Plan.

### Relincho Desert in Bloom

In the spring of 2011, our Relincho resource development project in central Chile experienced a rare natural phenomenon called "desert in bloom". This event sometimes occurs between September and November (spring in the southern hemisphere) when plants emerge and flourish in a desert habitat following periods of higher than usual seasonal rainfall. The extraordinary flower bloom included about 200 species of flowers, many of them unique to the region.

In keeping with our goal to enhance our contributions to biodiversity and conservation knowledge, we financed research projects on local flora species and created a sample collection in partnership with the University of Concepción in Chile.

## Reclamation and Closure

We develop and regularly update reclamation and closure plans for all of our mine sites. Our practice is to progressively reclaim lands once those lands are no longer required for mining activities.

At the closure phase, we conduct the following activities to return the remaining disturbed land to a stable state for post-mining land uses:

- Remove, relocate or demolish buildings and physical infrastructure
- Close pits and shafts
- Stabilize underground workings
- Treat waste water appropriately
- Slope and contour waste rock dumps (where applicable)
- Cap or cover and vegetate waste rock dumps and tailings impoundments

In 2011, a total area of 903 hectares (ha) was disturbed by activities at our operations, and a total area of 84 ha was reclaimed[8]. Of the total area of land disturbed to the end of 2011 by our current operations (28,025 ha), approximately 7,000 ha, or 25%, has been progressively reclaimed[8]. Please see the Performance Overview Table on pages 94–95 for additional information.

We have won a number of industry and government awards for our innovative approaches to reclamation. Our approach to reclamation is consistent with our overall vision of biodiversity conservation, and includes development of diverse wildlife habitats, annual winter wildlife surveys, documentation of wildlife using trail cameras, aerial seeding in mined-out pits, and the development of tracking databases to monitor rare and/or unusual wildlife sightings.

8 This data does not include Quebrada Blanca Operations because the extent of the impact of operations, as well as areas to be compensated, has not yet been fully determined.

# **Case Study:** Highland Valley Copper Operations – Bluebird Nesting Box Monitoring Program

Bluebird in a nesting box at Highland Valley Copper Operations in British Columbia.

For over a decade, Highland Valley Copper (HVC) Operations has been building nesting boxes for bluebirds in reclaimed areas of the mine site and conducting monitoring of the boxes and the birds who make them their homes.

The program, which is now heading into its eleventh year, has had a positive impact on mountain bluebird populations and reproductive success in the area. Future expansion is planned through collaboration with the University of Northern British Columbia (UNBC) Ecosystem Science and Management Program.

The mountain bluebird is one of three bluebird species that can be found in North America, and can be easily distinguished from other birds by the bright blue overall plumage of the males and the grey-blue plumage of the females, mainly on their wings. The birds prefer to breed in open grassy rangelands and will nest in pre-existing cavities or in nesting boxes (such as those offered by HVC), sometimes reusing the same box in subsequent years.

The program initially saw 81 nesting boxes installed at various areas around the mine site, of which 9% were used by the nesting bluebirds. By 2011, a total of 252 nesting boxes were installed, and the percentage of boxes used by nesting bluebirds had increased to 19% that year. Similarly, the rate of bluebirds reaching fledgling status – sufficient feathers and wing muscles for flight – has consistently trended upwards and, in 2011, was three times higher than in 2001.

Building on that success, the proposed partnership between HVC and UNBC's Ecosystem Science and Management Program will include a comprehensive study to determine the factors influencing the increase in the population of mountain bluebirds, with the goal of identifying successful approaches to effective ecological impact assessment and mitigation. This knowledge can help contribute to our vision of achieving a net positive impact on biodiversity.

# Energy

**Vision:** We are a catalyst for introducing new energy and management systems that make a positive contribution to society's efficient use of energy.

The Wintering Hills Wind Power Project in Alberta, Teck's first investment in wind power.

Mining, and the production of minerals that the world relies on, requires the use of large amounts of energy. For example, in the course of production, we require gasoline and diesel to power our vehicles, natural gas to produce heat, and large amounts of electricity to power our mining and metallurgical operations. As a result, we are continuously striving to improve our energy efficiency and reduce our greenhouse gas (GHG) emissions.

In 2011, approximately 25% of our energy requirements were supplied by non-carbon-emitting sources, largely due to our access to hydroelectricity. However, as mineral resources become scarcer, it is likely that new resource development projects will be in remote locations, perhaps with lower grade ore that is more challenging to extract and process. These factors all suggest that mining is likely to become more energy intensive. This will make it challenging to reduce our energy intensity and the associated GHG emissions.

Moving forward, we are looking for opportunities to collaborate with communities to become early adopters of energy-efficient systems and technology, use progressively lower GHG-emitting energy sources, and introduce systematic approaches for efficient energy consumption and the promotion of renewable energy. We want to be a catalyst in sustainable energy – energy that is produced and used in ways that support a sustainable society.

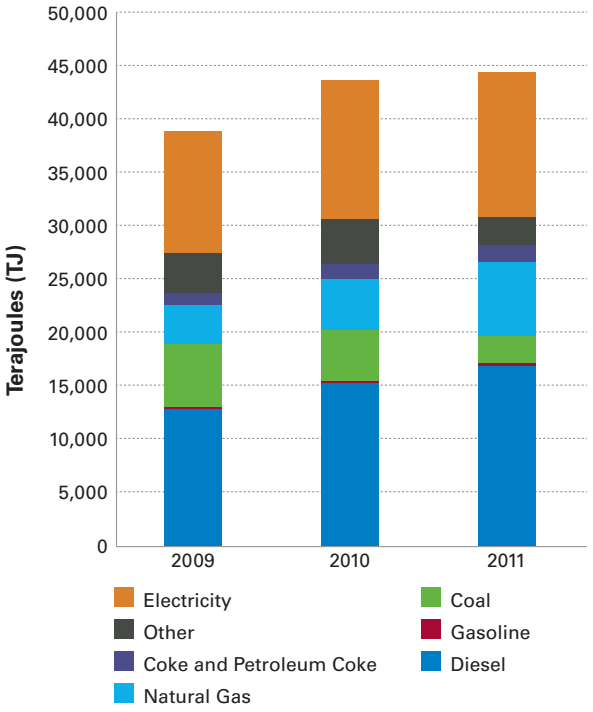
## Energy Use

Trends in fuel[9] and electricity[10] consumption for the past three years are shown in Figure 11. In 2011, we consumed a total of 44,444 terajoules (TJ) of energy, i.e., electricity and fuels, as compared to 43,654 TJ in 2010.

The majority of this increase is attributable to increased movement of materials at our steelmaking coal operations. In 2011, we increased our haul truck fleet size by 23 units and our shovel fleet by two units. In addition, we replaced 21 existing haul trucks and three existing shovels. This new equipment increases the overall productivity and efficiency of our mobile equipment fleets.

Total energy consumption in 2011 is shown by operation and by change in energy consumption from 2010 to 2011 in Figures 12 and 13 on page 66. In Table 15 on page 67, we outline our energy intensity, the amount of energy per tonne of product, which is a measure of efficiency. For a summary of annual energy use, see the Performance Overview Table on pages 94–95.

**Figure 11: Energy Consumption by Fuel Type 2009–2011 (1)(2)**




(1) Other includes propane, waste oil, fuel oils and other process fuels.

(2) Eighty-three percent or 11,274 TJ of our total electricity consumption is hydroelectricity, a renewable primary energy source, while all other energy types used (i.e., fuels) are from non-renewable primary energy sources.

### Energy and Carbon Reporting

For several years, in addition to this sustainability report, we have reported company-wide energy use and greenhouse gas (GHG) emissions to a variety of organizations, including the Mining Association of Canada (MAC) and the Carbon Disclosure Project (CDP).

We report on GHG emissions and energy consumption on facilities emitting more than 50 kilotonnes (kt) of $CO_2e$ per annum under Canadian federal requirements to the MAC. Our data is available at the Government of Canada's Greenhouse Gas Reporting website.

Since 2006, we have responded to the CDP, an independent not-for-profit organization holding the largest database of corporate climate change information in the world. On behalf of participants, CDP seeks and obtains information from the world's largest companies on the business risks and opportunities posed by climate change, as well as GHG data. Our response can be found on the Carbon Disclosure Project website.

9 Fuel encompasses diesel, gasoline, coal, natural gas, coke, petroleum coke, and other fuels. "Fuel" is equivalent to the Global Reporting Initiative's (GRI) definition of "direct" energy.
10 "Electricity" is equivalent to GRI's definition of "indirect" energy.

**Figure 12: Total Energy Consumption 2011 (TJ)**

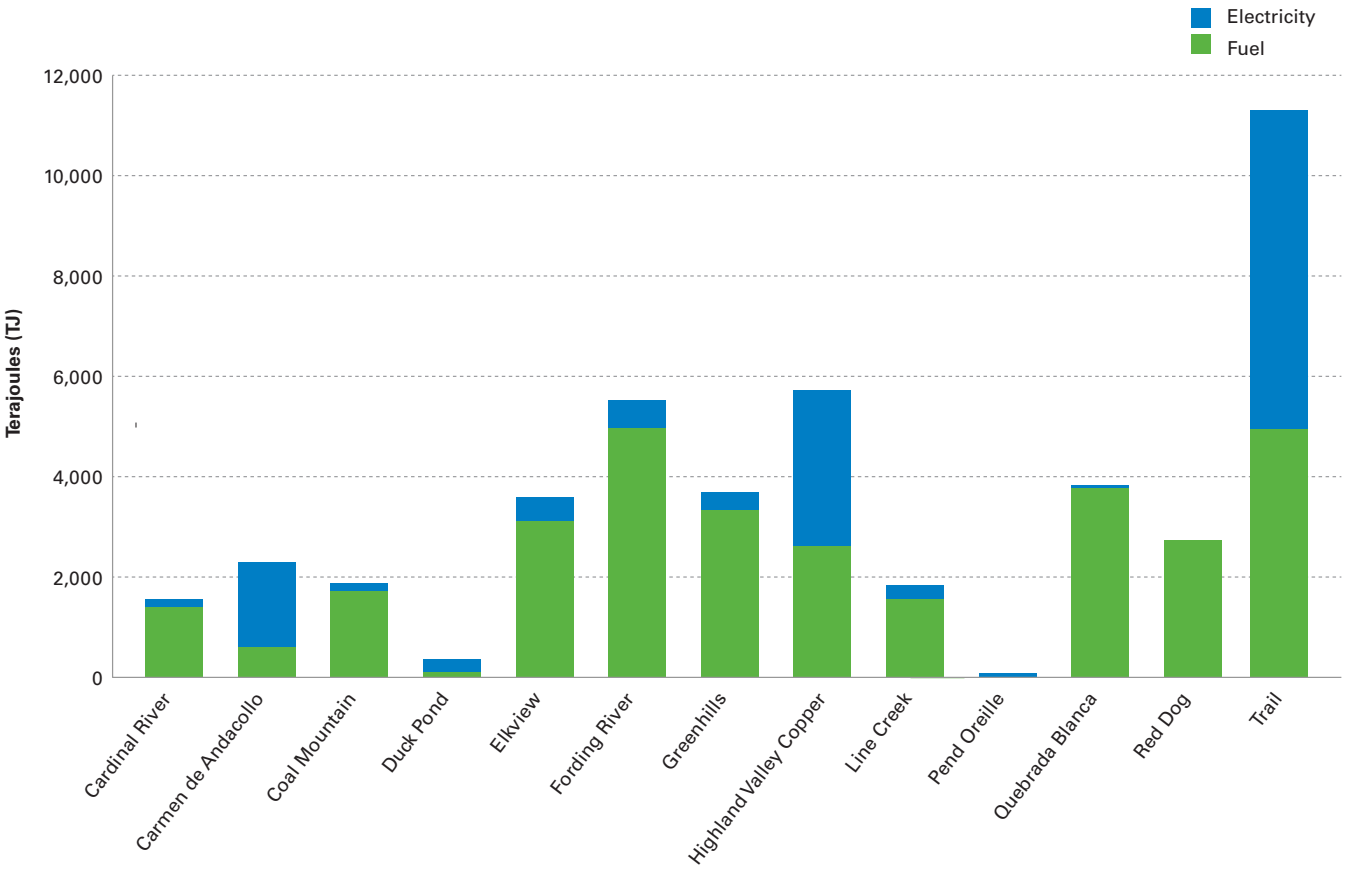



**Figure 13: Changes in Energy Use 2010–2011**

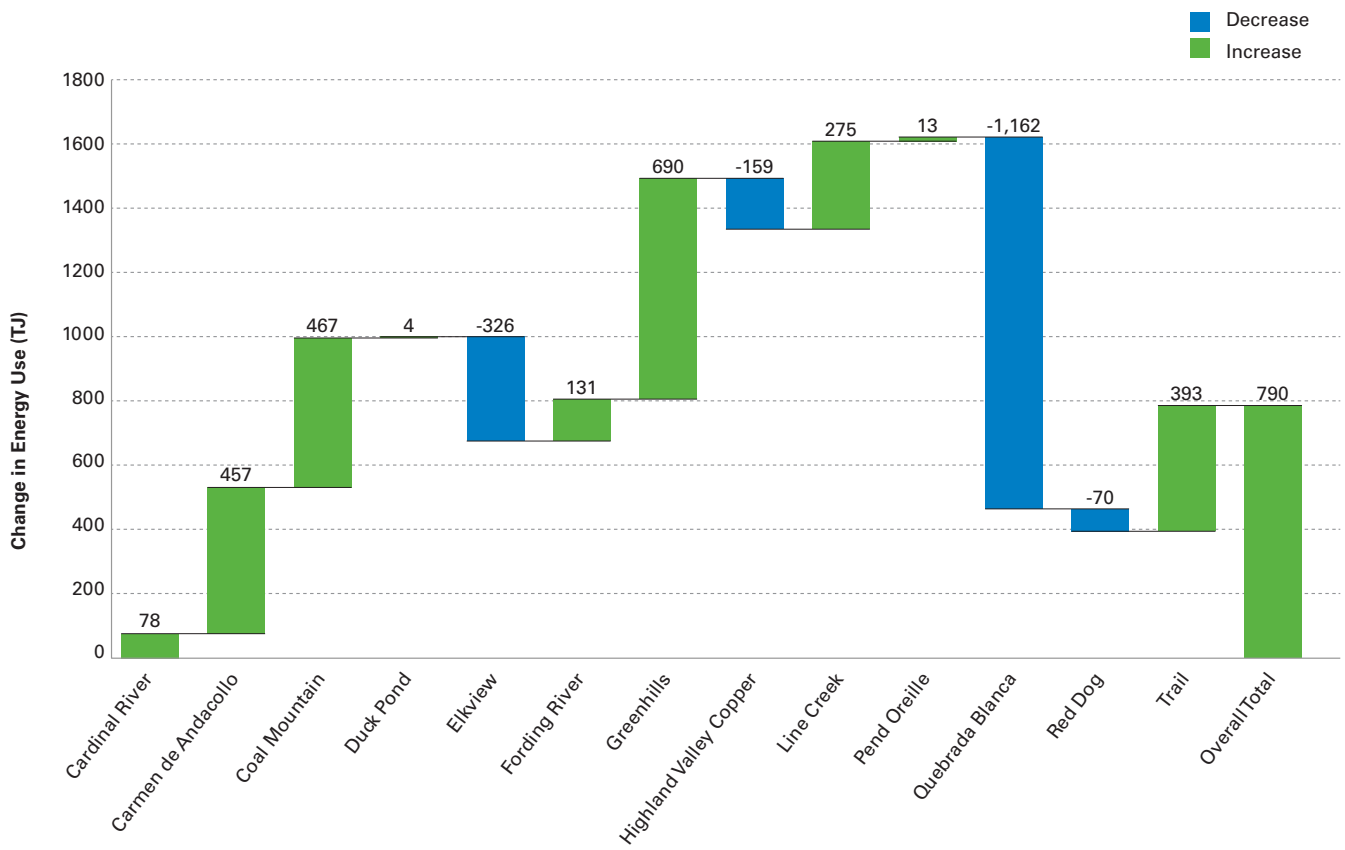


**Table 15: Energy Intensity in Product (terajoules per kilotonne) (Total Energy)**

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| **Smelter** | | | |
| Trail | 30.0 | 31.2 | 37.2 |
| **Large Open Pit Metal Mine** | | | |
| Highland Valley Copper[(1)] | 58.7 | 58.4 | 44.4 |
| **Large Open Pit Coal Mines** | | | |
| Cardinal River | 0.89 | 0.91 | 0.72 |
| Coal Mountain | 0.68 | 0.65 | 0.61 |
| Elkview | 0.86 | 0.72 | 0.84 |
| Fording River | 0.66 | 0.72 | 0.65 |
| Greenhills[(2)] | 1.01 | n/a | 1.27 |
| Line Creek | 0.65 | 0.71 | 0.53 |
| **Open Pit and Underground Metal Mines** | | | |
| Duck Pond | 10.7 | 10.4 | 10.2 |
| Red Dog | 4.2 | 4.3 | 3.7 |
| **Open Pit Mines Producing Final Metal** | | | |
| Carmen de Andacollo | 31.8 | 40.9 | 46.9 |
| Quebrada Blanca | 60.4 | 57.9 | 50.4 |

(1) Energy intensity in product has increased by 32% since 2009, primarily due to additional movement of rock used to address pit-wall stability and increased haul distances for waste rock, ore and overburden.

(2) A major interruption affected production processes and rates for several months in 2010. As a result, the trend in the intensity metric is not meaningful as compared to other years and has been excluded.

## Greenhouse Gas (GHG) Emissions

The key drivers for direct GHG emissions vary significantly by operation. For example, at our coal operations, coal and natural gas for the drying of coal product, diesel for mobile equipment, and methane that is released from coal seams during mining each account for roughly one-third of total emissions. Emissions from the Trail Smelter are dominated by the use of coal in the furnaces and natural gas to produce steam for heating process solutions. At Red Dog Operations, the diesel used to produce electricity and fuel for mobile equipment is the key source of GHG emissions. The primary source at Highland Valley Copper Operations, which receives electricity from the grid, is the use of diesel for mobile equipment. As such, the options for reducing emissions vary significantly across our different operations. Further details pertaining to our initiatives to improve energy efficiency and reduce our emissions are provided in our case studies on pages 72–73.

In 2011, our total emissions from all operations as carbon dioxide-equivalent ($CO_2e$) were 2,955 kilotonnes (kt), compared to 2,969 kt in 2010. Of those totals, our direct GHG emissions[11] were 2,655 kt in 2011, compared to 2,710 kt in 2010. Figure 14 on page 68 shows a detailed breakdown of our emissions by fuel type.

Direct GHG emissions for each operation for 2011 are shown in Figure 15 on page 69. Changes in emissions from 2010 to 2011 are illustrated in Figure 16 on page 69 for each operation. Please see the Performance Overview Table on pages 94–95 for a summary of annual GHG emissions.

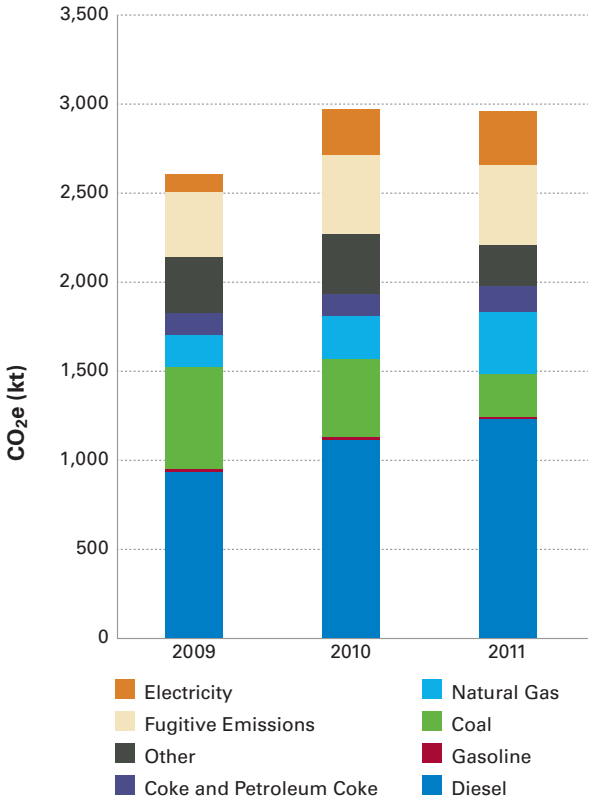
We estimate our 2011 indirect GHG emissions associated with electricity use for 2011 to be 299 kt, or approximately 11% of our direct emissions. These emissions are associated primarily with our Cardinal River and Carmen de Andacollo operations, as their electricity power grids are heavily based on fossil fuels. Elsewhere, our indirect emissions were relatively small, as operations in regions such as British Columbia and Newfoundland obtain a significant proportion of their electricity from hydro generation.

Carbon intensity (tonnes of direct $CO_2e$ emissions per tonne of product) is one measure of efficiency. In 2009, we began reporting our carbon intensity in materials moved, in addition to carbon intensity in product. Carbon intensity based on materials moved is a more meaningful measure of operational efficiency, as it relates emissions to the total amount of work performed on-site for the production of a specific amount of the minerals (e.g., the removal of overburden and waste rock as well as the movement of ore/coal).

Table 16 on page 68 and Table 17 on page 70 show our carbon intensity in product and in materials moved by operation.

11 Fugitive emissions from our coal operations (i.e., estimated methane release) are captured as direct emissions.

## Figure 14: GHG Emissions by Fuel Type 2009–2011

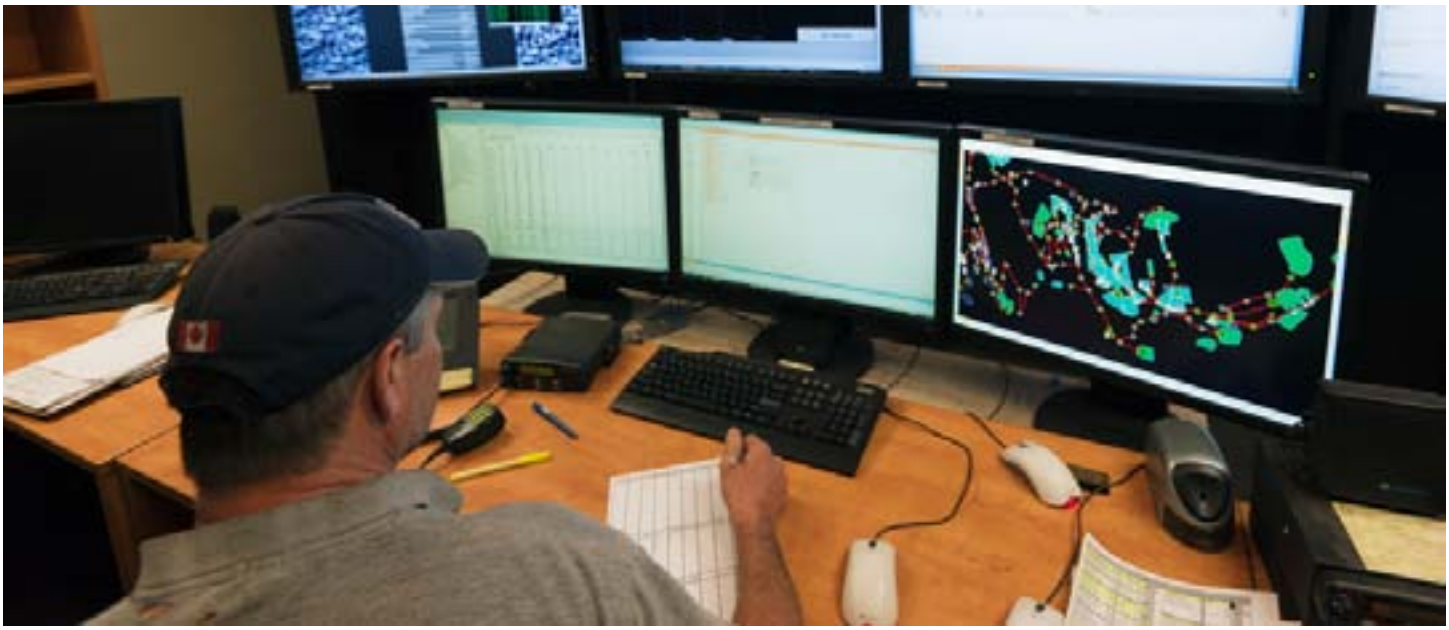



## Table 16: Carbon Intensity in Product ($CO_2e$ in tonnes/tonne of product) (Direct Emissions)

| Operation | 2011 | 2010 | 2009 |
|---|---|---|---|
| **Smelter** | | | |
| Trail | 1.14 | 1.17 | 1.35 |
| **Large Open Pit Metal Mine** | | | |
| Highland Valley Copper[1] | 1.98 | 1.80 | 1.20 |
| **Large Open Pit Coal Mines** | | | |
| Cardinal River | 0.094 | 0.074 | 0.052 |
| Coal Mountain | 0.059 | 0.064 | 0.060 |
| Elkview | 0.069 | 0.060 | 0.072 |
| Fording River | 0.058 | 0.066 | 0.068 |
| Greenhills[2] | 0.063 | n/a | 0.092 |
| Line Creek | 0.055 | 0.050 | 0.051 |
| **Open Pit and Underground Metal Mines** | | | |
| Duck Pond | 0.26 | 0.21 | 0.24 |
| Red Dog | 0.30 | 0.31 | 0.27 |
| **Open Pit Mines Producing Final Metal** | | | |
| Carmen de Andacollo | 3.71 | 4.71 | 3.70 |
| Quebrada Blanca | 4.46 | 4.36 | 3.86 |

(1) Carbon intensity in product has increased by 65% since 2009, primarily due to additional movement of rock used to address pit-wall stability and increased haul distances for waste rock, ore and overburden.

(2) A major process interruption affected production processes and rates for several months in 2010. As a result, the intensity metric is not meaningful as compared to other years and has been excluded.



Control room at our Fording River Operations, British Columbia.

**Figure 15: Indirect and Direct GHG Emissions 2011 ($CO_2e$ kt)**

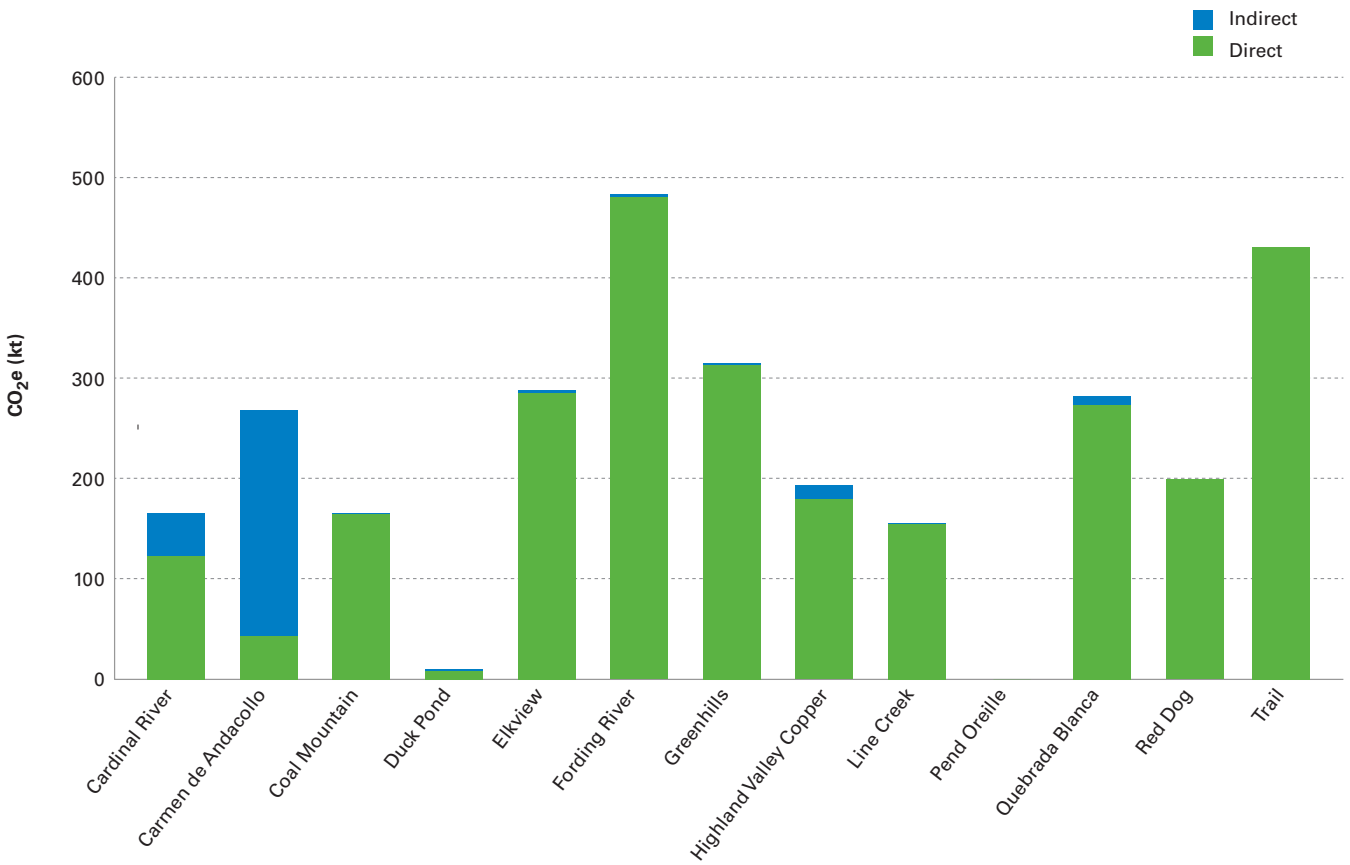
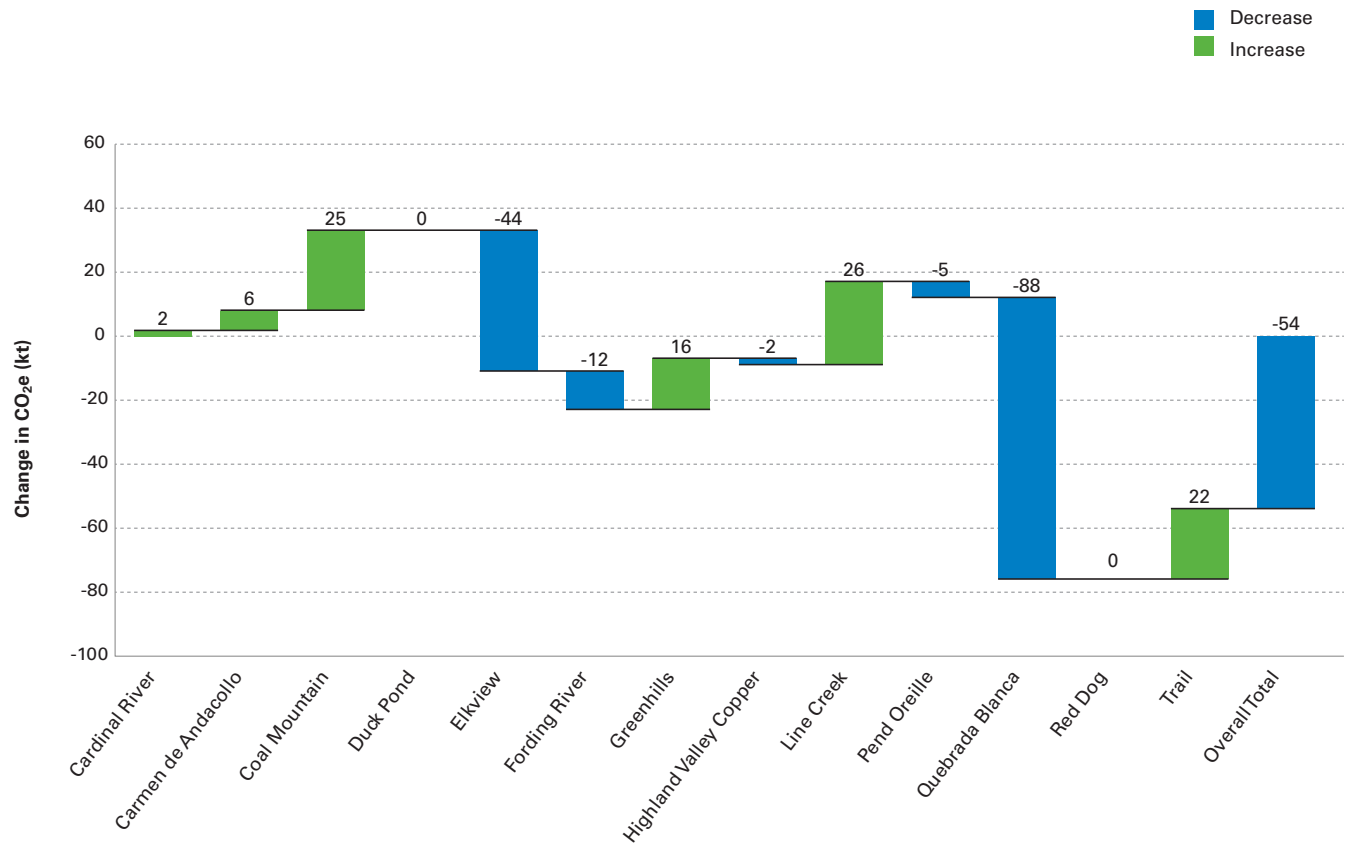



**Figure 16: Changes in Direct GHG Emissions 2010–2011**



## Energy and Carbon Accounting Practices

Our energy and carbon accounting practices follow rigorous standards set by regulators in the United States, British Columbia and Alberta, and across the rest of Canada. The most significant of these is the verification of our greenhouse gas (GHG) emissions to a "reasonable level of assurance" required for B.C. facilities emitting greater than 25,000 tonnes of carbon dioxide-equivalent ($CO_2e$) per annum under the provincial *Greenhouse Gas Reduction (Cap and Trade) Act* (GGRCTA) Reporting Regulation. In 2010, the first reporting year under the GGRCTA, all seven of our B.C. facilities received positive verification statements that their GHG Emissions Reports were materially correct and a fair and accurate representation of the facility's attributable GHG emissions for the reporting year. In 2011, all seven B.C. operations continued to report to the province under the GGRCTA reporting regulation. Due to a revised regulatory scope, only six of our operations required verification to a reasonable level of assurance.

Energy conversion factors are based on the B.C. GGRCTA Reporting Regulation and on Environment Canada's 2010 National Inventory Report. The GHG accounting methodology applied in this report utilized the application of emission factors for the estimation of GHG emissions and, in the case of our operations located in B.C., direct measurement for certain fuels. Scope 1 and 2 emissions are fully represented in this report, while Scope 3 emissions, optional under the World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) Greenhouse Gas Protocol, are only partially reported. Please see our Glossary, starting on page 111, for definitions of Scope 1, 2 and 3 emissions. This methodology is consistent with the Intergovernmental Panel on Climate Change, the WBCSD/WRI Greenhouse Gas Protocol, Canadian federal guidelines, and U.S. Environmental Protection Agency (EPA) guidelines for GHG emissions accounting.

**Table 17: Carbon Intensity in Materials Moved (tonnes/tonne) (Total Scope 1 and Scope 2 Emissions)**

| Operation | 2011 | 2010 | 2009 |
|---|---|---|---|
| **Large Open Pit Metal Mine** | | | |
| Highland Valley Copper | 0.0020 | 0.0018 | 0.0015 |
| **Large Open Pit Coal Mines** | | | |
| Cardinal River | 0.0082 | 0.0078 | 0.0063 |
| Coal Mountain | 0.0078 | 0.0090 | 0.0054 |
| Elkview | 0.0027 | 0.0025 | 0.0028 |
| Fording River | 0.0019 | 0.0027 | 0.0023 |
| Greenhills[1] | 0.0022 | n/a | 0.0032 |
| Line Creek | 0.0016 | 0.0016 | 0.0039 |
| **Open Pit and Underground Metal Mines** | | | |
| Duck Pond | 0.014 | 0.013 | 0.017 |
| Red Dog | 0.015 | 0.018 | 0.020 |
| **Open Pit Mines Producing Final Metal** | | | |
| Carmen de Andacollo | 0.001 | 0.011 | 0.003 |
| Quebrada Blanca | 0.008 | 0.008 | 0.007 |

(1) A major process interruption affected production processes and rates for several months in 2010. As a result, the intensity metric is not meaningful as compared to other years and has been excluded.

## Voluntary Initiatives to Reduce Energy Consumption, Improve Energy Efficiency and Reduce Greenhouse Gas (GHG) Emissions

Energy, particularly diesel, electricity and natural gas, is one of our most significant expenses. As a result, we are focused on improving our energy efficiency for the benefit of our financial and environmental performance. In 2011, we established corporate energy and GHG targets as part of our sustainability goals, creating an incentive to further improve energy efficiency and reduce GHG emissions. Supporting our efforts to achieve our corporate targets is our participation in the Mining Association of Canada's Towards Sustainable Mining (TSM) initiative. TSM's Energy and GHG Protocol requires that operations develop and implement formal energy management systems, including setting energy and GHG performance targets.

In 2011, we initiated and completed numerous resource development projects aimed at reducing energy use and/or GHG emissions, including:

- A number of our operations created energy management teams.
- Elkview and Coal Mountain operations implemented a program to minimize vehicle idling while employees and contractors are working on-site. Elkview is currently estimating how much fuel could be saved through the implementation of this program.
- Elkview Operations completed a feasibility assessment for installing variable frequency drives onto their main dryer exhaust and combustion air fans. These drives will allow Elkview to manually adjust their fans' output to better match airflow to drying requirements. In 2012, Elkview will pursue the installation in partnership with BC Hydro.
- Trail Operations focused on a number of water usage reduction projects that required less energy to pump water from the river.
- Highland Valley Copper Operations reduced energy consumption by 341 megawatt hours per year for the pumping of potable water from the well system. Please see page 56 for more details.
- Several conceptual studies were completed for various alternative energy generation technologies, such as solar and wind.

More information about how adopting new technological design at Coal Mountain Operations has reduced our energy consumption is detailed in our case study on page 72.

## Energy and Greenhouse Gas (GHG) Risks and Opportunities

### Carbon Regulations and Economics

The regulation of GHG emissions inherently establishes a price for carbon. Our Cardinal River Operations meets Alberta GHG compliance requirements through efficiency improvements. Payments, at a cost of $15/tonne of carbon dioxide emitted over the established energy intensity limit for the operation, are also made to Alberta's Climate Change and Emissions Management Fund. Payments to the fund in respect of emissions quantified in 2011 are expected to be approximately $835,000.

In 2011, our seven B.C.-based operations paid $29.7 million in provincial carbon taxes, primarily from our use of coal, diesel fuel and natural gas. Based on forecasted production and the associated greenhouse gas emissions, we anticipate that this will increase to approximately $40 to $45 million per year by 2013 and remain at this amount until 2020, due to anticipated tax rate increases. There is a great deal of uncertainty in determining future financial implications of carbon regulations. In response, we have developed a suite of tools to manage our regulatory risks and their financial implications. More details can be found in our response to the Carbon Disclosure Project on their website.

### Our Position on Carbon Regulations

We have consistently advocated the following positions:

1. Governments should provide a long-term, equitable and stable regulatory framework, providing greater certainty for industry to invest in emissions reductions.
2. Equitability and Competitiveness – Carbon policies should be designed to treat sectors/industries fairly and avoid distortions in trade or investment that result in challenges to industry competitiveness. Innovative approaches should be used to support the economic transition from our current energy use practices to those that are lower in carbon.
3. Facilitating Real Reductions at the Lowest Cost – Policies should seek to optimize price signal effects in changing behaviour, achieving real emissions reductions at the lowest economic cost.
4. We support the reinvestment of funds collected through carbon regulation into climate-change related actions, such as mitigation efforts through research and development of offsets or through adaptation efforts.

## **Case Study:** Energy Management – Improving Dryer Fan Efficiency at Coal Mountain Operations

The dryer fan control room at one of our steelmaking coal operations located in the Elk Valley of British Columbia.

A focus on energy efficiency is paying off in a big way at our Coal Mountain Operations, where a newly designed fan wheel has significantly reduced energy consumption, saving millions of kilowatt hours (kWh) annually.

As part of the preparation for transporting steelmaking coal, the coal must be dried. This process uses large dryers with large fans that use significant amounts of energy. For example, the dryer at Coal Mountain includes a 2,500 horsepower fan that historically used nearly nine million kWh of electricity per year.

In 2011, we achieved a significant reduction in electrical energy consumption through modifications to the way steelmaking coal is dried at Coal Mountain. Replacing the fan wheel with a new energy-efficient design has meant saving approximately three million kWh of energy per year, a 33% energy reduction compared to the original fan equipment. This modification to the dryer fan has improved energy efficiency and, under current operating conditions, saves the operation approximately $300,000 in electricity costs every year.

"Installing the new dryer fan was a real win-win solution for us," said Dave Keller, Electrical Maintenance Foreman. "Not only did the new fan improve our energy efficiency, but it also reduced our operating costs, contributing to the long-term sustainability of our operation."

We will build on the success at Coal Mountain by looking for new opportunities to reduce energy consumption and improve efficiency at our operations, as part of our vision of making a positive contribution to society's efficient use of energy.

## **Case Study:** Reducing Greenhouse Gas Emissions at Our Steelmaking Coal Operations

Greenhouse gas emissions have been reduced in the drying process at our Greenhills Operations in British Columbia.

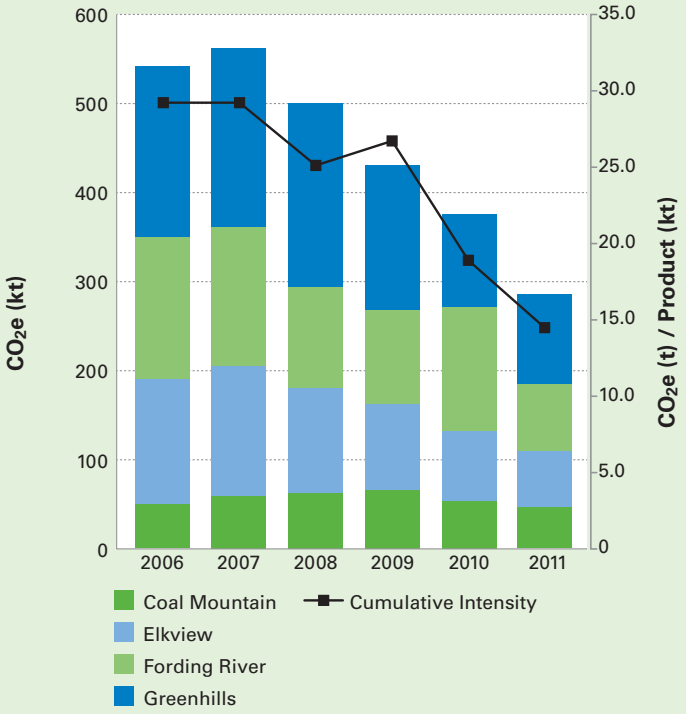
A modification to the fuels used in the drying process at four of our B.C. steelmaking coal operations has dramatically reduced greenhouse gas intensity.

As part of the processing of steelmaking coal, moisture must be removed in preparation for shipment. This is achieved by using dryers that require large amounts of energy to produce heat. The dryers at four of our coal operations are designed to use both coal and natural gas in their product drying process. Since natural gas is a cleaner fossil fuel, the more our operations use natural gas, the lower the emissions associated with the drying process will be.

Following the impressive results achieved by our Elkview Operations, which made the shift to using a greater proportion of natural gas in 2010, four of our steelmaking coal operations are now using more natural gas in their product dryers.

Compared to 2006, the emissions associated with our drying process have been reduced by 256 kilotonnes (kt) of carbon dioxide-equivalent ($CO_2e$) per year. This equates to a 50% improvement in the emissions intensity associated with the steelmaking coal drying process. Compared to 2010, this resulted in an absolute reduction of 90 kilotonnes of $CO_2e$ per year (Scope 1 Emissions), and an intensity reduction of 4.4 tonnes of $CO_2e$ per kilotonne of product per year; these results show an approximate 23% reduction in emissions associated with the drying process.

**Figure 17: Emissions Associated with Product Drying 2006–2011**




As we continue to look for ways to reduce our emissions, we are exploring opportunities to eliminate fossil fuel consumption in our drying process altogether through the use of mechanical drying, thereby taking advantage of the low carbon electricity available to our operations in B.C.

# Materials Stewardship

**Vision:** We offer a range of products and services that create maximum value for society with minimal impact to people and the environment.

Coils of wire waiting to be recycled at Trail Operations.

The mining and metals industry provides products that are essential for improving the quality of life around the world. As the global volume of materials used grows, developing and supplying high-quality materials to meet society's needs is becoming more challenging. These challenges include working in more remote locations, mining lower grades of ore and addressing increased expectations from communities of interest.

Today, companies are increasingly engaged in life cycle management of their products. Companies with the ability to manage products through their life cycle create value, reduce risk for their customers and earn the licence to operate from communities of interest. Extended producer responsibility makes it important to continue developing systems that document detailed information and knowledge of our products, and to readily provide this to our customers.

Our ability to manage these dynamics through materials stewardship, including minimizing waste streams and emissions and ensuring safe working conditions, will be the key to our continued success.

We have embraced the International Council of Mining and Metals (ICMM) materials stewardship definition, which encompasses two concepts:

- Product stewardship – working with others to minimize environmental, health and safety risks and to enable the recovery, reuse and recycling of products and materials beyond the direct control of the company
- Process stewardship – undertaking activities to ensure that the processes to explore, extract and refine minerals and metals are done in a way that minimizes environmental impacts and health and safety risks

Implementation of materials stewardship also supports our commitment to a number of principles within the ICMM Sustainable Development Framework, in particular Principle 8: "to facilitate and encourage responsible product design, use, reuse, recycling and disposal of our products."

For Teck, this means:

- Providing and evaluating information on how we source the primary feed materials for our operations (i.e., concentrates and recycle feeds)
- Providing and evaluating information on how we manage and minimize, wherever possible, waste and byproducts of production
- Tracking and managing information related to products from the mine to our customers and, in certain instances, to our customers' customers
- Providing information to our customers on how to manage work-in-process scrap or consumer waste as it relates to our products

Teck was an early adopter of Product Stewardship, beginning in 1996. The objectives of the Teck Product Stewardship system then and now include: ensuring we are in compliance with all laws governing the production, export, packaging, transport, handling, storage and use of our products; ensuring those who are involved are provided with information necessary to safely manage our products; introducing new products and business ventures in a responsible manner; and investigating and assessing risks associated with their operation, use and management.

In 2011, with an expanded mandate and vision we transitioned the scope of our practices from product stewardship to materials stewardship. As a result, we changed the administration of our stewardship program to best manage this expanded mandate. Teck's Materials Stewardship Committee now consists of an Executive Committee and a Working Group.

The Executive Committee guides and defines Teck's materials stewardship efforts by examining substantive issues such as:

- The extent to which the downstream uses of a product should be investigated
- The extent to which current and potential customers, their facilities and their worker health, safety and environmental management practices should be evaluated
- The extent to which suppliers' work and procurement practices should be investigated

The Working Group oversees the application of materials stewardship at Teck, including monitoring products and regulations and technical, transportation and legal issues, as well as labelling and packaging requirements. Working Group members also provide recommendations on new product applications to the Executive Committee for review and approval. In 2011, new members of the Materials Stewardship Committee were nominated from our Energy and Coal Business Units, as well as from one of Teck's Chilean operations, to ensure that additional products, issues and operational jurisdictions are represented.

## Product Stewardship

### Product Life Cycle Assessments

Managing products through their life cycle creates value and reduces risk for our customers, as well as strengthens our relationships with communities of interest.

One of our short-term goals is to conduct life cycle assessments (LCAs) of key products. This entails analyzing and developing an understanding of key aspects of our products, including utility, use and value, potential hazards and risks, end of use, end of life, and the value of recycling or reusing.

The practice of examining specific components of a product's life cycle is not new to Teck. Over the years, we have conducted partial life cycle assessments of a product's design, manufacture, transport and use (including processing and disposal) by a customer. This includes evaluating whether a potential customer has the ability to safely manage the waste or other byproducts from processing our products. Site questionnaires and site visits to potential customers have often been part of this evaluation.

In 2012, the Materials Stewardship Committee will propose at least one product to take through the LCA process. Our goal for this pilot project will be to create a practical and meaningful assessment procedure that uses in-house systems and resources wherever possible. This pilot will assist Teck in building a framework for use in future LCAs, and in developing metrics and scorecards for measuring our materials stewardship performance. As part of the LCA process, we will examine our actions and responsibilities, beginning with the extraction of raw material from the earth, through transportation and internal sales to processing. The LCA will take into consideration procurement practices, and evaluate service and materials supplier practices.

### Recycling

Our waste management and recycling commitment extends beyond our own operations. Through our technology and know-how, we aim to promote effective, efficient and economic metals use and recycling across the mining industry. Toward this end, we are working to develop engagement programs with governments, downstream manufacturers, recyclers and users of our products. Past activities include liaising with government and third-party recyclers to maximize our recycling efforts in B.C. and across Canada. On a community level, in 2011 we partnered with Free the Children to engage youth in We Day celebrations and teach them the environmental benefits of battery recycling.

At our B.C. Trail Operations metallurgical complex in particular, we have undertaken numerous recycling-related initiatives. Using existing furnace capacity, we established a new business that diverts discarded electronic equipment, or e-waste, from landfills in western Canada and in the United States. In 2011, Trail Operations celebrated the processing of over 50,000 tonnes of e-waste over the past six years. In 2011, we also announced a planned investment of $210 million in Trail Operations' No. 4 Furnace Project, which will include the construction of a new slag fuming furnace and settling furnace that will integrate into the existing lead smelting process. This project will significantly increase our capacity to recycle end-of-life electronic components, helping to keep them out of landfills and allowing for the recovery and reuse of valuable metals. More details on how we are increasing capacity of e-waste recycling is available in our case study on page 81.

Trail Operations has also been recycling lead acid vehicle batteries for over 25 years through its lead smelter. Lead from vehicle batteries now accounts for up to 25% of our lead production. In 2011, we processed approximately 16,000 tonnes of lead in battery products, equivalent to approximately 2.3 million car batteries. This closes the loop in a cradle-to-cradle process, as we are regenerating materials for a new life cycle as a useful product.

### Transportation

One example of materials stewardship relates to the transportation of our products. Our Trail Operations, through its 23-member Emergency Response Team (ERT), assists customers with safety-related transportation incidents even after the material leaves our gate, regardless of who is responsible for the material at the time of transport. Trail's ERT has technical knowledge of the properties and potential hazards of our products, and skills in areas such as leak containment, repair and product transfer procedures, environmental monitoring, rigging, pipefitting, firefighting, and first aid basics. Team members have a wide variety of technical and operating experience. To supplement the extensive in-house training schedule, all members are certified as Dangerous Goods Incident Responders by the provincial Fire Academy.

## Supply Chain

We understand the benefit of working to deepen our relationships with users of minerals and metals to better understand their stewardship requirements relating to our products. We are now beginning to develop and implement a system to analyze the activities of our primary materials suppliers, with the aim of improving the quality of our supply chain. Our goal is to work only with suppliers that have acceptable human rights, labour, health and safety, and environmental practices. In 2011, we held preliminary discussions with our Projects team regarding supplier practices. In addition, we are developing contract clauses to be inserted into certain supplier contracts that will obligate the supplier or contractor to conform to specified human rights, health, safety and environmental practices.

## Health and Safety Aspects of Our Products

We track and manage our compliance with regulations and voluntary codes concerning the health and safety aspects of our products during the following life cycle phases:

- Concept development
- Research and development
- Manufacturing and production
- Marketing and promotion
- Storage, distribution and supply
- Use and service
- Disposal, reuse or recycling

Our Materials Stewardship Working Group reviews all new proposed products, new applications of existing products, and potential new sales jurisdictions. Advocates of new products or new product uses/applications must complete a New Product Application that addresses regulatory issues (e.g., workplace and transportation hazards, labelling and packaging, waste, and export control regulations) as well as information on which to base a risk and liability analysis. As we move towards planning and conducting life cycle assessments of our key products, we will also assess existing products that have to date been "grandfathered".

## Product Labelling, Marketing and Communications

We provide information on the sustainability aspects of our products through several mechanisms, including Materials Safety Data Sheets (MSDSs), product labels/placards and technical specification information. This includes information on potential product-related environmental and human health risks, the chemical composition of our products, recommendations on their safe use, and pertinent disposal information. We have a MSDS for all of our significant products[12]. Each MSDS is periodically reviewed by a third-party expert and updated as required. Where we are responsible for importing products into a sales jurisdiction, or when special circumstances warrant, MSDSs are translated into the customer's primary language.

We established a Labelling and Packaging Committee (LPC) in 2011 to ensure that labelling and packaging for all Teck products conform to applicable regulations, corporate branding guidelines and trademark law. The LPC has begun with Trail products (metals and chemicals) and will expand to other production sites. In 2011, we were not involved in any incidents of regulatory or voluntary code non-compliance (i.e., incidents resulting in a warning letter, court judgment or fines) with respect to product information or labelling.

Andrea Jolly, with stacks of electronic waste that are waiting to be recycled at our Trail Operations in British Columbia.

12 Gold is the only product without an MSDS. Teck gold is refined through a third party and does not require an MSDS as it is not considered hazardous.

Teck is actively responding to the European Union (E.U.) REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) initiative. REACH's goal is to "improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances". We established an internal REACH Implementation Group to oversee and manage our membership in various E.U. REACH Consortia (Zinc, Lead, Copper, Cadmium and Indium). Our financial contribution through these consortia helps to fund robust testing programs that generate essential information regarding the physical/chemical, environment and health properties of our metals and their compounds. This information in turn allows us to more accurately classify our products under the Globally Harmonized System (GHS) of Classification and Labelling, and to provide our customers with the most accurate information on the acute and chronic hazards of each material and advice on appropriate preventative measures to reduce and eliminate these risks.

We also assembled a Marine Transportation Committee in 2011 in response to a growing number of changes to International Marine Organization (IMO) regulations on shipping bulk cargoes (particularly affecting our metal concentrates). During 2011, this Committee worked in association with the Mining Association of Canada, and periodically through Transport Canada, to ensure compliance with the new IMO regulations. For example, somewhat ambiguous legislation was introduced to the International Marine Solid Bulk Cargo Code regarding requirements for some metal sulphide concentrates to be shipped in vessels equipped with $CO_2$ fire suppression systems. In response, we retained two independent organizations to test some of our concentrates for their propensity to present a fire risk during shipping. This testing program, which we developed and implemented, was well received by both Transport Canada and the U.S. Coast Guard.

In terms of non-compliance of regulations or voluntary codes, during 2011 we received two $4,000 fines from the Canadian Border Services Agency (formerly Customs Canada) for export permit exceedances, which we voluntarily disclosed. The first fine was for exporting slightly more than our permitted amount; the second was for a shipment that left Trail within the permit period but was not exported from Canada before the permit expired.

We also received a warning letter from Environment Canada (EC) for not properly depositing documents relating to the exporting of hazardous recyclable materials. All permits were in place, but we did not file copies of them upon export. When we discovered the error, we voluntarily disclosed it to EC.

Our marketing initiatives focus on being our customers' supplier of choice by providing quality products, technical and marketing support, and dependable on-time delivery at competitive prices. We deal directly with customers in most cases, responding to any questions or concerns they have regarding our products. Occasionally, we work with agents and brokers. Advertising and related publications are reviewed by senior management periodically to ensure compliance with corporate governance and conformance with overall branding guidelines. In general, advertising, promotion and sponsorship are directed to customer-related industries. In 2011, we had no incidents of non-compliance with regulations or voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.

## Process Stewardship

Our process stewardship work attempts to minimize the environmental impacts and the health and safety risks of exploring, extracting and refining minerals. In particular, we focus on the minimization of waste associated with our activities.

### Waste

Mining, by its very nature, requires the movement and processing of large quantities of materials to produce the products demanded by society. These processes generate waste streams consisting of waste rock and overburden from mining, as well as tailings produced from our processing plants. Our operations also produce smaller quantities of non-mineral wastes including both hazardous and non-hazardous waste.

Wherever possible, we work to reduce the production of wastes, develop and utilize opportunities to reuse or recycle such materials, and properly manage and dispose of all remaining wastes to avoid environmental impact. All of our operations have waste management plans and procedures in place to reduce, reuse, recycle and responsibly dispose of waste.

In 2011, our operations generated 767 million tonnes of mineral waste, the vast majority of which results from the extraction and processing of ore and coal. Please see the Performance Overview Table on pages 94–95 for a detailed breakdown of waste information.

In addition to our own products (ore), we use a wide range of supplier goods and materials to aid in the production process. In 2011, our operations used the following key process materials that were not recyclable or reusable: explosives (213,463 tonnes), sulphuric acid (134,507 tonnes), lime (56,831 tonnes) and grinding media (27,860 tonnes). In 2011, the list of key process materials used at our Trail Operations refinery and smelter included zinc concentrate (526,119 tonnes), lead concentrate (151,956 tonnes), ammonia (69,920 tonnes) and limestone (45,072 tonnes).

E-waste is sorted on a conveyor belt prior to recycling at Trail Operations, British Columbia.

## Mineral Waste Management

In 2011, mineral waste produced by our operations was characterized as follows:

- Waste rock removed to access metal containing ores and coal – 694 million tonnes
- Tailings and fines from the processing of ore and raw coal – 61 million tonnes
- Coarse coal rejects from the handling of raw coal – 12 million tonnes

Waste rock typically contains trace amounts of metals and must be properly managed to prevent negative impacts on local water bodies and other environmental receptors. The bulk of the waste rock generated from our operations is placed in engineered waste rock dumps or used to backfill open pits and underground workings. Waste rock that is not prone to acid generation and metal leaching is also used for reclamation activities and to construct dams and roads. Long-term storage of waste rock is conducted in accordance with approved closure plans involving contouring, covering and vegetating to achieve established land use objectives.

Tailings and fines from the processing of metal containing ores and coal are discharged to specifically designed tailings storage facilities enclosed by dams. Maintaining the integrity of our tailings dams is of paramount importance to our operations and to local communities and the environment. To this end, all of our operations[13] have formal tailings management programs in place, following the guidance of the Mining Association of Canada (MAC). The programs include monitoring of seepage and groundwater to identify potential environmental impacts, and regular inspections of tailings structures by internal and external specialists. In addition, our participation in the MAC Towards Sustainable Mining (TSM) initiative involves regular self-assessments and external verification audits of our tailings management systems against the TSM Performance Indicators for tailings. External verification audits against the MAC tailings management criteria are conducted on a rotational basis at our Canadian mining operations.

When exposed to air and water, waste rock, tailings, ore stockpiles, leach piles and other exposed rock surfaces containing sulphide minerals can generate acidic drainage that contains metals. In response to this risk, we have management strategies and monitoring programs in place at all of our operations where there is a risk of acid drainage or metal leaching. Examples of operational strategies to prevent and control acid rock drainage include separation of potentially acid-generating or metal-leaching materials from other materials, encapsulation of acid-producing materials, capping and covering, and active water management.

## Non-Mineral Waste Management

We recognize that reducing and recycling waste minimizes the volumes of waste disposed to landfills, conserves resources and represents sustainable business practice. Our waste minimization and reuse/recycling practices are guided by Teck's Code of Sustainable Conduct, which states that we will "promote the efficient use of energy and material resources in all aspects of our business".

Key hazardous waste streams produced at our operations include waste oil, solvents, antifreeze, paint, batteries, fluorescent tubes and electronic waste. This waste is predominantly disposed off-site using licensed contractors. Non-hazardous waste is either recycled or stored in permitted landfill sites. Examples of non-hazardous waste generated by our sites include scrap metal, wooden waste, glass, tires, cardboard and paper. Hazardous and non-hazardous wastes are segregated and disposed of in accordance with waste management plans.

13 Coal Mountain, Line Creek and Trail Operations are not included, as they do not have tailings facilities.

# **Case Study:** Increased Capacity to Recycle E-waste at Trail Operations

Work is underway to expand e-waste recycling at our Trail Operations in British Columbia.

Hidden inside the electronic devices that are so common in our modern world is a source of valuable metals, including lead, zinc, cadmium, indium and germanium. These are just some of the materials found in electronics such as computer monitors, keyboards, cellphones, laptops, old TVs and DVD players. When these items become outdated, they can be recycled and processed to recover those metals. Since 2006, our Trail Operations has processed over 50,000 tonnes of end-of-life electronics, commonly known as e-waste.

In 2011, we announced an investment at Trail Operations to significantly expand our capacity to recycle e-waste. This expansion, known as the No. 4 Furnace Project, includes the construction of a new slag fuming furnace and settling furnace that will integrate into our existing lead smelting process, allowing us to process larger volumes and more kinds of e-waste.

The project will provide Trail Operations with the technology to process e-scrap, a subset of e-waste that contains high-value materials such as gold, silver and copper. The No. 4 Furnace will have the capability to process up to 40,000 tonnes of e-scrap each year, and will give Trail the flexibility to select and process other metal concentrates to further improve metal extraction and recovery. The construction of the No. 4 Furnace is expected to be completed in 2014.

With new technology introduced each year, we are seeing a steady increase of all kinds of e-waste. As a result, e-waste processing has become an increasingly important part of the daily operations at Trail.

"The increase in processing volumes coupled with improvements to our recycling process made it the right time to move the management of the e-waste business onto the same playing field as Trail's more traditional business operations," said Christa Ford, Trail's Senior Raw Materials Chemist.

The expansion of Trail's e-waste and e-scrap processing capabilities will keep large amounts of electronic waste out of landfills. Looking ahead, we will continue to find new opportunities to increase our expertise in e-waste recycling and capacity to extract valuable minerals from end-of-life electronics.

# Our People

**Vision:** We attract, retain and develop people whose passion, skills and motivation lead our journey to a successful and sustainable future.

Loren Langille, Electrician, Greenhills Operations, British Columbia.

Our people are the foundation of our success. It is skilled, engaged and empowered employees who contribute to our business, deliver value for our investors and other communities of interest (COIs), and lay the groundwork for us to be a leader in our industry.

We are proud of our employees and are committed to ensuring that everyone goes home safe and healthy every day. More than a third have been with our company for longer than a decade, and some families have worked with us for generations. Through new recruitment initiatives and a focus on developing our people, we are committed to providing our employees with opportunities to grow their careers and foster their knowledge. Read the See Yourself at Teck case study on page 93 to learn about our newly enhanced recruitment strategy.

## Safety and Health

At Teck, safety is a core value. We believe it is possible to work without injuries and focus on continually improving our safety performance. Our Courageous Safety Leadership (CSL) philosophy empowers every employee to be a safety leader and to play an active role in their own safety and the safety of those around them. It challenges existing beliefs and attitudes and encourages the changes required to instill an ingrained culture of safety.

In 2011, through the collective efforts of thousands of employees and contractors, we achieved an encouraging safety milestone, with the lowest total reportable injury frequency in Teck's history. This is an 18% improvement over the previous year, and represents the fewest number of serious incidents on record. However, until we realize our vision of Everyone Going Home Safe and Healthy Every Day, we know there is more work to be done.

Our CSL journey began in 2009 when employees and many contractors across our operations participated in initial CSL training. Since that time, CSL has become a part of our culture, with over 12,000 employees and contractors participating in CSL training.

In 2011, we continued the second phase of our CSL journey, in which our sites shared their safety stories through videos that were viewed in meetings across the company. These videos are instrumental in sharing knowledge, celebrating success and reinforcing our culture of safety. Our senior management and site management teams also continued to implement our Visible, Felt Leadership initiative, in which management actively engaged with employees in the field to discuss and reinforce safety messages and practices. This open dialogue with our employees is critical to our success in gaining commitment and demonstrating safety leadership. Furthermore, in the spring of 2011, we brought together a cross-section of employees from our operations to begin development of the next phase of CSL. This will build on our existing programs and reinforce our commitment to Courageous Safety Leadership.

### Safety Performance

We use a variety of indicators to monitor our safety performance. Teck completed the year of 2011 without a fatal injury associated with our operations. Although the number of Lost-Time Injuries increased slightly in 2011, our Lost-Time Injury Frequency improved. We also saw significant improvement in the Total Recordable Injury Frequency (TRIF). Please see Table 18 below for a breakdown of our safety statistics and our Glossary, starting on page 111, for definitions of these safety indicators.

**Table 18: Safety Statistics[1]**

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Total Recordable Injury Frequency (TRIF) | 1.45 | 1.76 | 1.46 |
| Number of Lost-Time Injuries (LTI) | 93 | 84 | 62 |
| Lost-Time Injury Frequency (LTIF) | 0.51 | 0.56 | 0.45 |
| Severity | 24 | 76 | 120 |
| Number of Fatalities | 0 | 1 | 2 |

(1) Our safety statistics include both employees and contractors at all our locations (operations, projects, explorations and offices), including the Antamina mine in which we have a partial interest. Our historical 2010 and 2009 data have been restated to reflect this. In 2010, we began weighting safety statistics according to Teck's ownership of each operation. We define incidents according to the requirements of the U.S. Department of Labor, Mine Safety and Health Administration. Frequencies are based upon 200,000 hours worked. Severity is calculated as the number of days missed due to lost-time injuries per 200,000 hours worked. New information or a reclassification of injuries may cause the reported data to change from the data recorded in previous years.

Developing and implementing new technology is also a critical component of our overall approach to safety. In 2011, we began piloting several new technologies aimed at improving the safe operation of equipment. These include fatigue-monitoring systems, proximity sensors and real-time vehicle systems monitoring.

We analyze and learn from injuries or incidents to target areas of highest risk, taking steps to ensure they do not reoccur. These learnings are shared across our company in an effort to continually improve our safety practices. A High-Potential Incident Database launched in 2010 is helping us to better identify the root cause of incidents and undertake corrective measures.

We believe that every injury is preventable. By learning from our history, continually improving our programs and technology, and empowering employees to become courageous safety leaders, we will realize our vision of Everyone Going Home Safe and Healthy Every Day.

### Safety Awards

We are pleased to report that several of our operations received prestigious awards in 2011 for their safety performance between 2010 and 2011:

- Line Creek Operations was awarded the Edward Prior Safety Award for having the lowest lost-time accident frequency for the category of operations that have a minimum of 200,000 hours but less than one million worker hours with no fatalities.
- Coal Mountain Operations was awarded the John T. Ryan Award, a prestigious national safety award and memorial awarded by Mine Safety Appliances Canada Limited for the coal mine that experienced the lowest accident frequencies during the previous year in all of Canada.
- The John Ash Safety Award was presented to our Elkview Operations by the B.C. Ministry of Energy and Mines for being the mine with a minimum of one million worker hours and the lowest lost-time accident frequency rate.
- Elkview Operations was awarded the Overall Surface Mine Rescue Trophy and the Maurice Boisse Memorial Trophy (Best Bench for Surface Team) by the B.C. Ministry of Energy and Mines at the B.C. Provincial Mine Rescue and First Aid Competition.
- Highland Valley Copper Operations was awarded the Overall Surface Mine Champion at the Zone Mine Rescue Competition by the B.C. Ministry of Energy and Mines. Additionally, the Chief Inspector's Recognition Award was presented to the Highland Valley Copper mine rescue team for Outstanding Act in Health and Safety related to assistance rendered outside of the operation.
- Pend Oreille Operations was awarded the Central Mine Rescue (Helmet Award) for the most valuable team member among all the teams at the annual Central Mine Rescue competition.
- Elkview, Greenhills and Highland Valley Copper operations received several additional B.C. Ministry of Energy and Mines Zone, Regional and Provincial safety awards for first aid, fire and rescue competitions.
- Of special note, both the Elkview and Greenhills operations were awarded the RCMP District Commander Certificate of Appreciation for responding to the search and recovery of a missing three-year-old boy in Sparwood, B.C. in September 2011.

### Occupational Health

Occupational Health Systems and procedures at our operations comply with regulatory requirements and our Code of Sustainable Conduct.

Our commitment is to:

- Promote a culture of safety and health and recognize safety as a core value
- Continually reinforce company-wide efforts to achieve zero safety or health incidents
- Ensure that programs addressing workplace hazards are applied to monitor and protect worker safety and health

Our operations have education, training, counselling, prevention and risk-control programs, as well as committees for managing and minimizing potential occupational exposures and diseases. Depending on location and exposures, these may include:

- Dust monitoring
- Noise testing
- Audiometric testing
- Medical surveillance programs
- Annual voluntary flu shots
- Voluntary blood pressure monitoring
- Employee and family assistance programs
- Preventative measures related to stress, repetitive strain injury and HIV/AIDS
- Silica sampling program
- Hepatitis A/B vaccinations
- Biological monitoring programs for potential exposures to lead, arsenic, cadmium, thallium, mercury and fluorine

## Global Workforce

At the end of 2011, there were approximately 10,300 employees working at Teck-operated mining and metallurgical operations and offices, a 10% increase from the number of employees we had in 2010[14,15]. New hires during 2011 are a result of internal expansion at our existing operations, replacement of our retiring employees and employees for new resource development projects. See Table 24 on page 87 for more information on new hires during 2011.

Tables 19–21 and Figures 18–20 provide data on our global workforce, broken down by operation, geographic location and employment type.

14 This employee count includes all union, non-union, full-time, part-time employees, and fixed-term employees and students. We do not break down employee count by these categories as they are a relatively small percentage of total employees. In other publications, Teck's total number of employees is higher because the employee count provided here does not include contractors, casual or inactive employees, or the workforce at the Antamina mine.

15 Historical human resources-related data throughout this report has been restated due to a 2011 enhancement of human resource reporting systems, which resulted in resolving data integrity issues such as duplicate employee records.

### Table 19: Global Workforce by Operation (as at year-end)[1]

| Business Unit | Operation | 2011 | 2010 | 2009 |
|---|---|---|---|---|
| **Coal** | | | | |
| | Cardinal River | 449 | 400 | 341 |
| | Coal Mountain | 321 | 259 | 211 |
| | Elkview | 1,088 | 963 | 873 |
| | Fording River | 1,172 | 1,111 | 983 |
| | Greenhills | 594 | 527 | 494 |
| | Line Creek | 467 | 406 | 353 |
| **Copper** | | | | |
| | Carmen de Andacollo | 821 | 681 | 595 |
| | Duck Pond | 266 | 255 | 236 |
| | Highland Valley Copper | 1,243 | 1,203 | 1,112 |
| | Quebrada Blanca | 932 | 806 | 748 |
| **Corporate and Other[2]** | | | | |
| | Global Locations | 592 | 477 | 382 |
| **Energy** | | | | |
| | Energy | 17 | 11 | 4 |
| **Exploration** | | | | |
| | Global Locations | 82 | 62 | 79 |
| **Technology** | | | | |
| | ART | 51 | 49 | 44 |
| | CESL | 73 | 73 | 56 |
| | Product Technology Centre | 15 | 42 | 40 |
| **Zinc** | | | | |
| | Pend Oreille[3] | 61 | 49 | 34 |
| | Red Dog | 446 | 426 | 399 |
| | Trail | 1,577 | 1,535 | 1,489 |
| **Total** | | 10,267 | 9,335 | 8,473 |

(1) Unless otherwise stated, all human resources-related data in this report is calculated based on this count of employees.

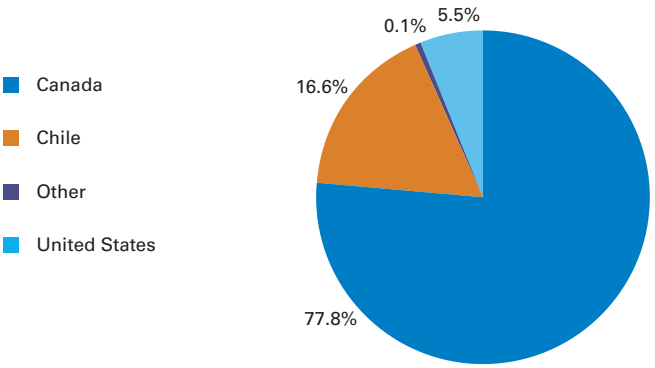
(2) This includes all of our global corporate offices and employees working at resource development projects.

(3) Although Pend Oreille Operations is on care and maintenance, exploration efforts increased during the year, requiring more personnel.

### Table 20: Global Workforce by Geographic Location (as at year-end)

| Country | 2011 | 2010 | 2009 |
|---|---|---|---|
| Canada | 7,826 | 7,241 | 6,591 |
| Chile | 1,885 | 1,562 | 1,403 |
| Other | 8 | 16 | 10 |
| U.S. | 548 | 516 | 469 |
| **Total** | 10,267 | 9,335 | 8,473 |

### Figure 18: Global Workforce by Geographic Location (percentage as at 2011 year-end)




Claire McFee, Environmental Student Engineer, Greenhills Operations, British Columbia.

**Table 21: Global Workforce by Employment Type (as at year-end)**

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Executive | 67 | 65 | 56 |
| Senior Management | 39 | 32 | 28 |
| Management | 1,013 | 882 | 803 |
| Professional | 1,259 | 1,202 | 963 |
| Professional Support | 911 | 707 | 578 |
| Administration | 394 | 274 | 817 |
| Operations | 6,584 | 6,173 | 5,228 |
| **Total** | 10,267 | 9,335 | 8,473 |

**Figure 19: Global Workforce by Employment Type (percentage as at 2011 year-end)**

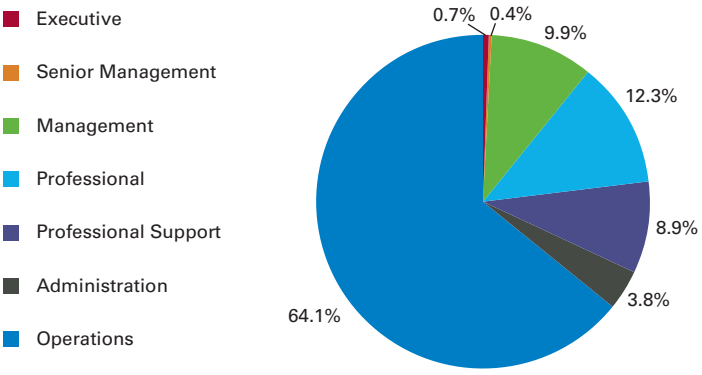
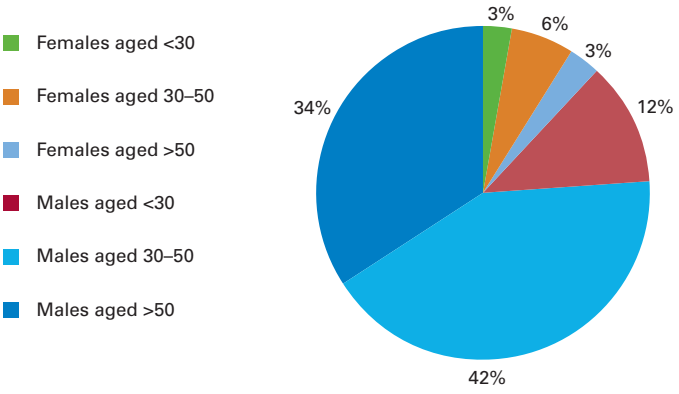



**Figure 20: Global Workforce by Age and Gender (percentage as at 2011 year-end)**




## Employee Diversity

As a participating company of the United Nations Global Compact, we support the Millennium Development Goals (MDGs). These goals aim to address critical global issues including poverty, hunger, disease, illiteracy, environmental degradation and gender inequality. By implementing measures to address diversity and equal opportunities, such as increasing the number of women in our workforce, we can better support the MDG goals and create a more sustainable future.

In December 2010, we formed an internal committee – Building Strength through Diversity – to identify barriers to attracting and retaining women into site operations in both non-administrative (e.g., trades, labourers, equipment operators) and technical roles (e.g., engineers, geologists, geoscientists). In May 2011, we conducted a survey of our female employees and a total of 397 women responded. Overall, our female employees are engaged and enjoy their jobs, but results indicated the importance of amenities for female employees, such as lockers, female-sized gear, and childcare facilities. Our challenge, however, is finding ways to encourage more women to join the mining industry.

Figure 20 provides a breakdown of our global workforce by age and gender and Table 22 below shows the percentage of women working at each of our operations.

We track the percentage of women in our workforce, as well as the percentage of women in management and governance positions, as shown in Table 23.

**Table 22: Percentage of Women in the Workforce by Operation**

| Operation | 2011 (%) | 2010 (%) | 2009 (%) |
|---|---|---|---|
| Cardinal River | 9 | 8 | 7 |
| Carmen de Andacollo | 16 | 14 | 11 |
| Coal Mountain | 15 | 14 | 13 |
| Duck Pond | 11 | 11 | 11 |
| Elkview | 13 | 12 | 9 |
| Fording River | 9 | 9 | 8 |
| Greenhills | 8 | 8 | 9 |
| Highland Valley Copper | 8 | 8 | 7 |
| Line Creek | 7 | 8 | 12 |
| Pend Oreille | 15 | 14 | 12 |
| Quebrada Blanca | 4 | 4 | 4 |
| Red Dog | 11 | 10 | 10 |
| Trail | 8 | 7 | 6 |

In 2011, the number of women in operational and technical roles[16] increased slightly to 4.7% from 4.5% in 2010. The overall percentage of women in roles ranging from administrative to executive levels was 12%, up from 11% in 2010. However, more work needs to be done to achieve the diversified workforce we are striving for.

We continue to promote the hiring of local Indigenous Peoples. Where possible, we track the number of Indigenous employees in our workforce. For example, we operate Red Dog Operations through agreements with NANA Regional Corporation, which is wholly owned by the Iñupiat people in northwest Alaska. These agreements contain practices regarding preferential hiring, contracting and revenue sharing. More than 58% of the workforce at Red Dog is composed of NANA shareholders. For more information on the operating agreement between Red Dog and NANA, see page 43, and for more information on Indigenous Peoples in the workforce, see page 46.

### Non-Discrimination

Our Code of Ethics sets the tone for maintaining an ethical workplace and specifies the kinds of behaviours required on the job, which will assure that Teck business is conducted with honesty, integrity and respect.

Our Doing What's Right program encourages employees to report unethical conduct. It includes an Employee Concerns Disclosure Program (formerly our Whistle-Blower policy), which was updated in 2011 to improve the administration of our Code of Ethics. We also continue to offer a toll-free 24-hour Doing What's Right hotline, which is administered by an independent company, and a secure external website. Both provide anonymous mechanisms for reporting violations. Incidents are managed in accordance with our complaints processes. Annually, all non-union, non-hourly employees are required to certify compliance with our Code of Ethics.

We require a work environment free from discrimination, including harassment and sexual harassment; discriminatory practices are unacceptable and not tolerated. Any allegation made is investigated. We are committed to the proper treatment of employees and to providing a procedure for employees to report incidents of discrimination or harassment, regardless of whether they involve a co-worker, supervisor or any other person. We are also committed to fully complying with all local laws that address discrimination and harassment.

In 2011, there was one incident in which allegations of discrimination were reported. The allegation was investigated in accordance with our Code of Ethics and has since been resolved.

**Table 23: Percentage of Women in the Workforce by Position Type (as at year-end)(1)**

| Job Level | 2011 | 2010 |
|---|---|---|
| Executive | 3% | 2% |
| Senior Management | 9% | 14% |
| Management | 7% | 7% |
| Professional | 18% | 14% |
| Professional Support | 20% | 19% |
| Administration (2) | 63% | 71% |

(1) Historical human resources-related data can change based on the date the report is run as data is based on information available at the date the report is run and we continue to improve overall data integrity. The number of total employees used to generate the percentages in this table may, therefore, differ slightly from our global workforce total on page 85.

(2) 2010 data has been restated to reflect improvements in employee classification.

## Talent Attraction and Development

We continue to grow our business units and create more jobs. Our comprehensive attraction strategy incorporates newly enhanced recruitment programs, as well as a diversity initiative to reach women and groups that are under-represented in our operations. We also implement development programs to cultivate leaders and excellence in our employees and to increase our people management capability through performance management improvements.

A combination of business expansion and workforce demographics has made it challenging for us to attract talent. There is a small pool of talent to draw from, and many companies, including those in the oil and gas industry, are competing for the same people. In addition, our workforce is aging, and many of our employees will be retiring within the next 10 years. To attain the number of skilled workers needed, we are marketing our brand through traditional and emerging technologies. See the case study See Yourself at Teck on page 93 for a description of our new brand strategy.

In 2011, we hired approximately 2,300 new employees (see Table 24 below).

**Table 24: Number of New Hires in 2011**

| | Female | Male | Grand Total |
|---|---|---|---|
| Canada | 317 | 1,289 | 1,606 |
| Chile | 99 | 422 | 521 |
| U.S. | 39 | 145 | 184 |
| **Total** | 455 | 1,856 | 2,311 |

16 Employees included in operational and technical roles include: haul truck drivers, geologists, engineers, etc.

We hire engineering and geology graduates from around the world and actively recruit at major universities in the U.S., Canada and Chile. We also target new professionals through job fairs and other activities, and offer a variety of career path options and training opportunities.

There is a high demand for critical skills and experience at our organization and there is a highly competitive employment market for graduate engineers and technical staff, including geophysicists and geologists, tradespeople and front-line supervisors.
The following strategies have been identified to address our recruitment and employee resourcing challenge and attract the talent we need to sustain our current rate of growth: a total compensation approach, a focus on talent development, and an emphasis on responsible work practices and active community engagement in and with the communities where we operate.

### Employee Development

Over Teck's long history, the skills and passion of our people have been integral to the success of our company, which is why we place a priority on helping our employees develop the skills, knowledge and abilities necessary to meet their career and professional development goals.

Today, 36% of our employees have worked at Teck for 10 years or more. This creates a great environment for new employees to learn from some of the most experienced people in the natural resource sector; however, it also means there will be an increasing number of retirements in the years ahead. As employees retire and our operations continue to expand, it is important to ensure that we have programs in place to develop the skills and knowledge of our workforce.

As a result, our training and development programs place importance on developing new leaders, expanding the skills of managers and providing professional training opportunities.

- In 2011, we launched Leading for the Future, a company-wide leadership development program designed to ensure we are preparing future front-line supervisors across our company to be ready to step into positions opened by retirements and to facilitate the expansion of our operations.
- We have also developed Leading for Excellence, a mid-managers leadership development program, which will equip managers with the skills necessary to maximize the potential of their teams and, in turn, our operations. The first cohort commenced the program in December 2011.
- We continue to provide professional training opportunities across our operations. As part of our Simon Fraser University Business Education Program, our first cohort of Master of Business Administration (MBA) candidates graduated in 2011. This program can lead to employees attaining a Graduate Diploma in Business Administration (GDBA) and/or an MBA. Three GDBA courses and one MBA course are scheduled for 2012.

In 2011, we participated in the pilot of the Canadian Mining Credentials Program. Developed in collaboration with the Mining Industry Human Resources Council (MiHR) and members of industry, this program is the cornerstone of the mining industry's efforts to recognize the skills, knowledge and experience of its workforce. It sets a national standard for skilled worker accreditation, an area that until now had no formal standardization of skill assessment. This accreditation enables an industry-recognized credential that supports mobility and retention within the mining workforce. Employees at two of our sites have participated in the program and 15 people have received this accreditation. We will continue to support this program and have additional employees accredited.

In addition to formal training, our employees' skills and careers are being enhanced by supporting a culture of mobility, where international exposure is a valued facet of our employees' personal and career development. This also contributes to our growth and sustainability as an international operator. We are embedding this culture in programs as well. For example, our technical career development program, Professionals in Training, is geared to mentor and develop our exploration, engineering and technical employees by providing on-the-job training at sites across our company.

### Talent Management

Our talent development and career growth efforts are supported by our Building Strength with People (BSWP) program. This program engages employees in meaningful conversations about performance, development and career to ensure both individual and business success. Employees and their supervisors have annual discussions in which they set performance objectives that drive business results and create development objectives that enable employees to grow and explore career aspirations. In 2011, 83% of our salaried employees utilized BSWP.

In 2011, our talent development work included:

- Improving the quality of conversations between employees and supervisors about performance and career development by providing employees with Meaningful Conversations training
- Training developed to assist supervisors in conducting performance, development and career conversations with their employees
- Piloting succession management software at our Highland Valley Copper Operations; the success of the pilot has resulted in plans to make the software available to remaining sites
- Training on how to better manage succession planning

### Employee Remuneration

Across Teck, we have 14 salary bands for job positions. Positions have been placed in bands based on the complexity of the job, the overall accountability assigned to the position, and internal equity with jobs of similar scope. It is our policy that individual salaries reflect both market conditions and individual performance and the contribution that each employee makes toward the company's objectives. Once in a banded role, all employees, regardless of gender, are compensated within that bands' compensation range. Pay progression is based on increased competence in a role as demonstrated through performance. An employee's compensation ratio (salary/midpoint) reflects individual competence, performance and contributions in the position. A compensation ratio of 100% represents fully competent performance. Employees' salaries generally fall within the range of 90 to 110% of the midpoint. Salary midpoints are reviewed annually against the market, and may be adjusted based on market data, with each band having a designated salary range of 80 to 120% of the midpoint. These ranges are competitive with those in our industry.

We face significant skills shortages for both hourly and salaried positions, including trades and engineering positions across all jurisdictions where we operate. We therefore offer competitive compensation and benefits in order to attract and retain the calibre of employees to meet our business requirements.

### Pension Plans

We provide defined benefit pension plans to permanent union and non-union employees in Canada and some employees in the U.S., as well as defined contribution and 401k plans in the U.S. and Canada. In addition, we participate in defined benefit and defined contribution plans through our joint ventures and partnerships. At the end of 2011, there were approximately 10,300 members in defined benefit plans, of whom 4,110 were active members (3,650 active union members and 460 non-union). Approximately 6,200 retirees receive pension benefits from the defined benefit pension plans.

Employees do not generally contribute to our defined benefit plans. Employer contributions to the defined benefit plans are based on the solvency and going concern actuarial valuations of the plans' obligations. Annual contributions are made in accordance with pension legislation. However, voluntary contributions may also be made from time to time.

Defined benefit pensions are paid through trust funds held and maintained separately from our company. Legislation for defined benefit pension plans requires actuarial valuations to be filed for each separate plan annually in the U.S. and every three years in Canada.

More information on our pension plans is available in our 2011 Annual Report in Note 19 to the Consolidated Financial Statements.

## Employee Recognition Programs

We offer several recognition programs across the company:

- Excellence Awards – Inspired by our sponsorship of the Vancouver 2010 Olympic and Paralympic Winter Games, our Excellence Awards program, established in 2008, is designed to acknowledge the outstanding achievements, leadership and innovation of our employees. In 2011, we introduced a new Mentor category to recognize those who coach, teach or guide their peers and colleagues. We continue to include award categories for Safety in the Workplace, Productivity and Innovation, Environment and Sustainability, and Unsung Hero.
- CEO Awards – In addition to our Excellence Awards program, our Annual CEO Awards recognize individuals and teams for contributions that are extraordinary in nature and significantly support the success of the company.
- Service Recognition – Service milestones achieved by employees are recognized in five-year intervals. In 2012, we will introduce a company-wide service recognition program.

We also recognize and celebrate the excellence of our employees' families by offering a scholarship program to eligible dependents pursuing further education, as well as a fund for athletes who are training to develop their talents and abilities in the hopes of Olympic achievement.

Maximino Martínez, Camp Administrator at our Relincho resource development project in Chile.

## Employee Retention

Employee retention continues to be a challenge across our industry, as many companies and industries are vying for the same talent pool. To retain and engage our employees, we have put more emphasis on our talent management program Building Strength with People (see page 88). We emphasize professional and career development and focus on four key skill areas: technical, operational, business acumen and leadership.

We monitor turnover in order to anticipate our human resource needs and improve our retention strategies. We monitor voluntary turnover to track the loss of employees that we may have been able to retain. The total turnover number reflects the requirements for our staffing, as it includes the number of positions for which we need to source either externally or internally.

The tables below outline turnover number and rates by gender and age group[17].

### Table 25: Voluntary Turnover Number By Age and Gender (as at 2011 year-end) (1)

| | Female | | | | | | Male | | | | | | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | <30 | 30–39 | 40–49 | 50–59 | 60+ | Total | <30 | 30–39 | 40–49 | 50–59 | 60+ | Total | |
| **North America** | 10 | 17 | 13 | 6 | 3 | 49 | 60 | 102 | 67 | 56 | 50 | 335 | 384 |
| Canada | 10 | 15 | 10 | 6 | 3 | 44 | 54 | 95 | 64 | 54 | 50 | 317 | 361 |
| U.S. | 0 | 2 | 3 | 0 | 0 | 5 | 6 | 7 | 3 | 2 | 0 | 18 | 23 |
| **South America** | 0 | 3 | 0 | 0 | 0 | 3 | 3 | 27 | 18 | 9 | 1 | 58 | 61 |
| Chile | 0 | 3 | 0 | 0 | 0 | 3 | 3 | 27 | 18 | 9 | 1 | 58 | 61 |
| **Total** | 10 | 20 | 13 | 6 | 3 | 52 | 63 | 129 | 85 | 65 | 51 | 393 | 445 |

(1) Turnover number is based on full-time, permanent employees only.

### Table 26: Voluntary Turnover Rate by Age and Gender (as at 2011 year-end) (1)

| | Female | | | | | | Male | | | | | | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | <30 | 30–39 | 40–49 | 50–59 | 60+ | Total | <30 | 30–39 | 40–49 | 50–59 | 60+ | Total | |
| **North America** | 6% | 7% | 5% | 2% | 7% | 5% | 6% | 6% | 4% | 2% | 7% | 4% | 4% |
| Canada | 6% | 6% | 4% | 3% | 8% | 5% | 6% | 6% | 4% | 2% | 8% | 4% | 5% |
| U.S. | 0% | 13% | 14% | 0% | 0% | 6% | 8% | 8% | 3% | 2% | 0% | 4% | 4% |
| **South America** | 0% | 3% | 0% | 0% | 0% | 2% | 1% | 6% | 3% | 3% | 3% | 4% | 3% |
| Chile | 0% | 3% | 0% | 0% | 0% | 2% | 1% | 6% | 3% | 3% | 3% | 4% | 3% |
| **Total** | 5% | 6% | 4% | 2% | 6% | 4% | 5% | 6% | 4% | 2% | 7% | 4% | 4% |

(1) Turnover rate is based on full-time, permanent employees only.

17 We did not include a comparison to last year's turnover numbers, as our 2010 count only provided an aggregate number and was not broken down into voluntary and involuntary.

Our voluntary turnover rate has been tracking at 4% for the past year. There is considerable variability in voluntary turnover across operations depending on the geography, the life of the mine and market conditions.

Total company-wide turnover includes involuntary, voluntary (resignations) and retirements. In 2011, we had a high number of retirements, which reflects the age of our workforce – 50% of our employees in North America are over the age of 50. Our total turnover will increase as our workforce continues to age. Please refer to Tables 27 and 28 below for our total turnover numbers and rates.

Trevor Watt, Mill Foreman, Highland Valley Copper Operations, British Columbia.

**Table 27: Total Turnover Number By Age and Gender (as at 2011 year-end) (1)**

| | Female | | | | | | Male | | | | | | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | <30 | 30–39 | 40–49 | 50–59 | 60+ | Total | <30 | 30–39 | 40–49 | 50–59 | 60+ | Total | |
| **North America** | 11 | 21 | 18 | 22 | 11 | 83 | 73 | 117 | 92 | 128 | 151 | 561 | 644 |
| Canada | 11 | 18 | 14 | 21 | 10 | 74 | 56 | 99 | 83 | 122 | 143 | 503 | 577 |
| U.S. | 0 | 3 | 4 | 1 | 1 | 9 | 17 | 18 | 9 | 6 | 8 | 58 | 67 |
| **South America** | 0 | 5 | 2 | 0 | 0 | 7 | 7 | 39 | 27 | 15 | 2 | 90 | 97 |
| Chile | 0 | 5 | 2 | 0 | 0 | 7 | 7 | 39 | 27 | 15 | 2 | 90 | 97 |
| **Total** | 11 | 26 | 20 | 22 | 11 | 90 | 80 | 156 | 119 | 143 | 153 | 651 | 741 |

(1) Turnover number is based on full-time, permanent employees only. Total turnover includes involuntary, voluntary (resignations) and retirements.

**Table 28: Total Turnover Rate By Age and Gender (as at 2011 year-end) (1)**

| | Female | | | | | | Male | | | | | | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | <30 | 30–39 | 40–49 | 50–59 | 60+ | Total | <30 | 30–39 | 40–49 | 50–59 | 60+ | Total | |
| **North America** | 6% | 8% | 7% | 8% | 21% | 8% | 8% | 7% | 5% | 5% | 19% | 7% | 7% |
| Canada | 7% | 7% | 6% | 8% | 23% | 8% | 6% | 6% | 5% | 5% | 19% | 7% | 7% |
| U.S. | 0% | 18% | 18% | 5% | 11% | 10% | 20% | 18% | 8% | 4% | 13% | 12% | 11% |
| **South America** | 0% | 5% | 5% | 0% | 0% | 4% | 3% | 8% | 5% | 5% | 5% | 6% | 5% |
| Chile | 0% | 5% | 5% | 0% | 0% | 4% | 3% | 8% | 5% | 5% | 5% | 6% | 5% |
| **Total** | 5% | 7% | 7% | 8% | 20% | 7% | 7% | 7% | 5% | 5% | 18% | 7% | 7% |

(1) Turnover rate is based on full-time permanent employees only. Total turnover includes involuntary, voluntary (resignations) and retirements.

Augusto Fuentes, Project Geologist, Chile.

## Labour and Management Relations

We aim to achieve positive employee relations in part by providing employees with reasonable periods of notice when their employment is no longer required. Although practice and legislation on minimum notice periods vary considerably by jurisdiction, we ensure our minimum notice periods meets or exceed that stipulated by applicable employment standards.

We fully recognize the rights of employees to freely associate and join trade unions and have embedded this principle in our Environment, Health, Safety and Community (EHSC) Management Standards. Approximately 61% of our workforce is unionized, while the balance is covered by individual employment agreements. As mining has traditionally been a heavily unionized industry, we work to develop good relationships with the local and national union leadership. For example, Trail Operations has a joint union-management wellness committee that is implementing a wellness program for all employees. At Duck Pond Operations, an employee council with representation from management helps us address issues of concern to employees.

In 2011, we identified no operations in which the right to exercise freedom of association and collective bargaining may be at significant risk.

There were three major labour negotiations during 2011:

- In April 2011, Elkview Operations settled a five-year collective agreement following a 10-week strike
- In May 2011, Fording River Operations also settled a five-year collective agreement
- In October 2011, Highland Valley Copper Operations reached a five-year collective agreement

**Table 29: Number and Percentage of Employees Covered by Collective Bargaining Agreements[1]**

| Operation | 2011 (Number) | 2011 (%) | 2010 (Number) | 2010 (%) | 2009 (Number) | 2009 (%) |
|---|---|---|---|---|---|---|
| Cardinal River | 355 | 79 | 322 | 80 | 278 | 81 |
| Carmen de Andacollo | 508 | 62 | 462 | 70 | 383 | 65 |
| Coal Mountain | 228 | 71 | 184 | 75 | 155 | 73 |
| Elkview | 782 | 72 | 693 | 80 | 668 | 77 |
| Fording River | 990 | 84 | 928 | 83 | 836 | 84 |
| Highland Valley Copper | 995 | 80 | 985 | 82 | 916 | 82 |
| Line Creek | 375 | 80 | 322 | 79 | 266 | 73 |
| Quebrada Blanca | 662 | 67 | 624 | 76 | 584 | 77 |
| Trail | 1,310 | 83 | 1,322 | 88 | 1,286 | 84 |

(1) Only operations with collective bargaining agreements in place are included in this table. In previous years, Red Dog Operations was reported in this table, as Red Dog has a group of union-represented employees, but employees in the union have not felt it necessary to negotiate a collective bargaining agreement.

## **Case Study:** Recruitment – See Yourself at Teck

Shane and Ryan Minnabariet, Heavy Duty Mechanics, Highland Valley Copper Operations, British Columbia.

With plans for growth across our company, recruiting skilled, talented employees is critical to our success. The Canadian Mining Industry Human Resources Council also predicts a need for approximately 100,000 new employees across the Canadian mining industry by 2020, due to retirements and growing demand[18].

To meet that challenge and to ensure that we have the skilled people necessary to sustain and grow our operations, we developed and launched a new recruitment campaign in 2011, which includes a new employment brand and recruitment materials. Continued strong support of university recruitment by our operations, international recruitment programs and new recruitment software have also improved our presence and ability to successfully attract employees.

The recruitment campaign was developed based on input from our employees across all levels and sites within Teck and used data from external focus groups. The concept, See Yourself at Teck, highlights how our employees live and work in some beautiful and unique places and have the opportunity to build a lifestyle and a career that support their goals. The campaign features several of our employees telling their story of why they work at Teck. Their stories discuss the communities where they live and work, along with the challenging work and opportunities for professional growth that come with a career at Teck.

We also launched new applicant tracking software to better manage applications across our operations. This software can link applicants with jobs most appropriate for their skills and enables our sites to share applications across operations, helping us work towards our short-term goal of enhancing our recruitment programs.

Our new recruitment strategy is helping us to attract and retain the skilled workforce we need for the future.


Roxana Fernández, Mine Controller, Quebrada Blanca Operations, Chile.

18 "Meeting the Human Resources Challenges in Canadian Mining: A Brief to the 67th Mines Ministers' Conference", Mining Industry Human Resources Council, 2010.

# Performance Overview Table[1]

| Category | | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|
| **Social** | Community investment (CAD$) | 24,503,000 | 20,014,000 | 16,040,000 | 14,179,000 | 16,892,000 |
| | Local procurement – percent of spending on local supplies (%) | 18 | 20 | 18 | n/a | n/a |
| **Safety and Health[2]** | Total recordable injury frequency (TRIF) | 1.45 | 1.76 | 1.46 | 1.52 | 3.07 |
| | Number of fatalities | 0 | 1 | 2 | 1 | 1 |
| | Number of lost-time injuries (LTI) | 93 | 84 | 62 | 75 | 140 |
| | Lost-time injury frequency (LTIF) | 0.51 | 0.56 | 0.45 | 0.49 | 1.20 |
| | Severity | 24 | 76 | 120 | 55 | 79 |
| **Energy and Greenhouse Gas (GHG) Emissions[3]** | Energy – fuel (TJ) | 30,849 | 30,625 | 26,681 | 30,334 | 24,510 |
| | Energy – electricity (TJ) | 13,595 | 13,029 | 11,383 | 13,394 | 12,463 |
| | Total energy use (TJ) | 44,444 | 43,654 | 38,065 | 43,728 | 36,973 |
| | GHG emissions – direct $CO_2e$ (kt)[4] | 2,655 | 2,711 | 2,498 | 2,830 | 2,410 |
| | GHG emissions – indirect $CO_2e$ (kt) | 299 | 259 | 104 | 210 | 159 |
| | GHG emissions – total $CO_2e$ (kt) | 2,955 | 2,970 | 2,602 | 3,039 | 2,568 |
| **Mineral Waste** | Waste rock (kt) | 693,731 | 571,393 | 563,914 | 610,982 | 459,257 |
| | Tailings (dry) (kt) | 61,413 | 57,246 | 52,885 | 57,859 | 61,591 |
| | Coarse rejects (kt) | 11,866 | 10,819 | n/a | n/a | n/a |
| **Environmental Compliance** | Permit non-compliance | 91 | 99 | 84 | 139 | 145 |
| | Regulatory non-compliance | 5 | 3 | 29 | n/a | n/a |
| **Reportable Spills[5]** | Number of spills | 225 | 218 | 229 | 287 | 306 |
| | Volume of spills (L)[6] | 205,846 | 539,222 | 654,656 | 987,684 | 11,625,612 |
| | Weight of spills (kg)[7] | 4,682 | 56,518 | 33,973 | 4,522 | 4,686 |

| Category | | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|
| **Biodiversity**[8][9] | Area reclaimed during the current year (ha) | 84 | 78 | 214 | 164 | 281 |
| | Land reclaimed to date (ha) | 6,987 | 6,818 | 6,193 | 5,979 | 5,815 |
| | Area that is yet to be reclaimed in future (ha) | 19,540 | 18,807 | 18,390 | 18,043 | n/a |
| | Total disturbance to date (ha) | 28,025 | 25,625 | n/a | n/a | n/a |
| | Total reclaimed to date (%) | 25 | 27 | n/a | n/a | n/a |
| **Waste Management and Recycling**[10] | Hazardous waste sent off-site but not recycled (t) | 1,814 | 3,469 | 5,084 | n/a | n/a |
| | Hazardous waste treated/disposed of on-site (t) | 22,998 | 22,077 | 23,871 | n/a | n/a |
| | Hazardous waste recycled (t) | 23,085 | 22,711 | 23,955 | n/a | n/a |
| | Non-hazardous waste sent off-site but not recycled (t) | 2,583 | 1,394 | 658 | n/a | n/a |
| | Non-hazardous waste treated/ disposed of on-site (t) | 84,400 | 97,115 | 103,866 | n/a | n/a |
| | Non-hazardous waste recycled (t) | 26,787 | 16,740 | 25,670 | n/a | n/a |
| **Water**[11] | Groundwater withdrawal ($m^3$) | 20,920,432 | 20,855,319 | 13,133,494 | 18,733,539 | 12,380,410 |
| | Surface water withdrawal ($m^3$)[12] | 97,371,510 | 99,261,187 | 105,923,084 | 112,597,333 | 112,463,175 |
| | Other water withdrawal ($m^3$) | 662,738 | 4,980,655 | 261,000 | n/a | n/a |
| | Total water withdrawal ($m^3$) | 118,954,680 | 125,097,160 | 119,317,578 | 131,330,872 | n/a |
| | Total water discharged ($m^3$)[13] | 218,701,593 | 221,350,753 | 100,562,172 | n/a | n/a |
| | Water recycled/reused ($m^3$) | 200,838,981 | 201,783,949 | 171,577,922 | 123,204,666 | 133,925,155 |
| | Water recycled/reused (%)[14] | 169 | 161 | 144 | 91 | n/a |

(1) Data in this table is accurate as of May 31, 2012. Some historical data has been restated due to changes in calculation methodologies to improve accuracy, or to correct previous errors in recording or calculating data. Historical data is reported based on the scope of the report for the respective year. The scope of the report can change year to year, depending on acquisitions or sales of assets. "n/a" stands for not available.

(2) Our safety statistics include both employees and contractors at all our locations (operations, projects, explorations and offices), including the Antamina mine, in which we have a partial interest. Our historical 2010 and 2009 data have been restated to reflect this. In 2010, we began weighting safety statistics according to Teck's ownership of each operation. We define incidents according to the requirements of the U.S. Department of Labor, Mine Safety and Health Administration. Frequencies are based upon 200,000 hours worked. Severity is calculated as the number of days missed due to lost-time injuries per 200,000 hours worked. New information or a reclassification of injuries may cause the reported data to change from the data recorded in previous years.

(3) Discrepancies noted in Energy and GHG reporting have been restated based on improved calculation methods.

(4) Fugitive Emissions are incorporated in the "direct emissions" category.

(5) The spill events reported on a volume basis are independent of the spill events reported on a mass basis.

(6) The 2007 total comprises mainly (approximately 95%) one very large-volume spill of tailings slurry at the Hemlo mine in 2007. This spill, and the substantial improvements made in response, is described in our 2007 Sustainability Report under the heading "Significant Environmental Incidents".

(7) The large increase in weight of spills for 2009 and 2010 was due to incidents in which tanker trucks hauling sulphuric acid overturned on the access road to Quebrada Blanca Operations.

(8) Reclamation data for 2007 to 2011 include data for operating mines only, per the scope defined by GRI and as used by our industry peers, i.e., reclamation data for sites in active closure are no longer included.

(9) Reclamation data for 2007 to 2011 does not include Quebrada Blanca Operations because the extent of the impact of operations, as well as areas to be compensated, has not yet been fully determined.

(10) Discrepancies noted in waste reporting at a number of sites have been restated based on standardizing categories and improved calculation methods.

(11) Discrepancies noted in water reporting at a number of sites have been restated based on improved monitoring and calculation methods.

(12) A significant portion of the surface water withdrawn is cooling water used by Trail Operations. This water does not come into contact with chemicals or reagents. The only change it undergoes is a slight increase in temperature.

(13) Total water discharged in 2011 does not include Line Creek Operations, as data was not available at the time of reporting.

(14) This percentage calculation is based on the total volume of water recycled/reused divided by the total volume of water withdrawal. The GRI formula for calculation of total percentage of water recycled/reused is inconsistently applied within the industry. We continue to work toward standardizing the methodology. Additional flow monitoring equipment was installed at some operations in 2011 in a continuing effort to ensure more accurate flow measurements.

# Independent Assurance Report

**To the management of Teck Resources Limited:**

## What We Looked At: Scope

Deloitte was engaged by Teck Resources Limited (Teck) to provide limited assurance on selected sustainability subject matter areas presented within the Teck 2011 Sustainability Report (the Report) for the year ended December 31, 2011.

### Selected Subject Matter

- Teck's assertion that it has incorporated the requirements of the 10 Sustainable Development Framework Principles of the International Council on Mining and Metals (ICMM Subject Matter 1) into its own policies, strategies and standards
- Teck's assertions regarding the approach that it has adopted to identify and prioritize its material sustainable development risks and opportunities (ICMM Subject Matter 2)
- Teck's assertions regarding the existence and status of implementation of systems and approaches used to manage the following sustainable development risk areas (ICMM Subject Matter 3) selected by Teck based on perceived stakeholder interest:
  - Safety and health
  - Energy and climate change
  - Water
  - Community and Indigenous Peoples
  - Biodiversity
  - Materials stewardship
- Teck's company-wide reported performance data for sustainable development risk areas identified under ICMM Subject Matter 3 (such reported performance data is referred to as ICMM Subject Matter 4); data for reviewed performance measures, listed below, is included in the addendum "selected performance measures reviewed":
  - Number of work-related fatalities, number of lost-time injuries, and lost-time injury frequency
  - Direct, indirect and total greenhouse gas (GHG) emissions by weight
  - Total water withdrawal by source (including groundwater, surface water and other sources)
  - Total number of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples
  - Area reclaimed during the current year, total disturbance to date
  - Existence and progress of programs relating to materials stewardship
- Teck's self-declaration of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines application level A+ (ICMM Subject Matter 5)

### Reporting Criteria

Teck has described its approach to reporting material sustainability issues, performance measures, statements and claims related to the subject matter in the "About Our Report" section of the Sustainability Report. The subject matter areas above have been assessed against the definitions and approaches contained in the following standards and principles:

- ICMM principles and mandatory requirements set out in ICMM Position Statements
- Global Reporting Initiative G3 Reporting Guidelines (GRI G3)

### Responsibilities

#### Deloitte & Touche LLP

Our responsibility is to express a conclusion on Teck's approach and reported assertions detailed in the description of the subject matter areas.

#### Teck Resources Limited

The report has been prepared by management of Teck who are responsible for the collection and presentation of the subject matter in accordance with the Reporting criteria. Teck is a member of the ICMM and is therefore committed to obtaining assurance over specified subject matter in its Report in line with ICMM's Sustainable Development Framework: Assurance Procedure (the Framework).

## What We Did: Approach

Our limited assurance engagement has been planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000) and ICMM's Sustainable Development Framework Assurance Procedure.

### Primary Procedures Performed

- Making inquiries of relevant management of Teck
- Evaluating the design of the key processes and controls for managing and reporting the performance data within the selected subject matter
- Testing performance data, on a selective basis, substantively at both an operational and corporate level
- Undertaking analytical procedures over the performance data
- Reviewing a sample of relevant management information and documentation supporting assertions made in the selected subject matter

### Limited Assurance

This engagement is aimed at obtaining limited assurance for our conclusions. As a limited assurance engagement is restricted primarily to inquiries and analytical procedures and the work is substantially less detailed than that undertaken for a reasonable assurance engagement, the level of assurance is lower than would be obtained in a reasonable assurance engagement.

### Inherent Limitations

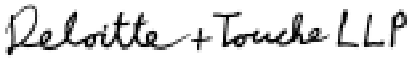
Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

### Restriction On Use

Our responsibility in performing our limited assurance activities is to the management of Teck only and in accordance with the terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the Report is entirely at its own risk.

## What We Found: Assurance Conclusions

Based on the work described above, nothing has come to our attention that causes us to believe that the selected subject matter for the year ended December 31, 2011 has not been prepared, in all material respects, in accordance with the Reporting Criteria.



Deloitte & Touche LLP
Chartered Accountants
Vancouver, B.C.

June 5, 2012

## Addendum– Selected Performance Measures Reviewed

The following corporate-wide performance measures were included in Deloitte's review of selected sustainability subject matter areas within Teck's Sustainability Report for the year ended December 31, 2011.

| Performance Measure | 2011 |
|---|---|
| Number of fatalities | 0 |
| Number of lost-time injuries (LTI) | 93 |
| Lost-time injury frequency (LTIF) | 0.51 |
| GHG emissions – direct ($CO_2e$ kt) | 2,655 |
| GHG emissions – indirect ($CO_2e$ kt) | 299 |
| GHG emissions – total ($CO_2e$ kt) | 2,955 |
| Groundwater withdrawal ($m^3$) | 20,920,432 |
| Surface water withdrawal ($m^3$) | 97,371,510 |
| Other water withdrawal ($m^3$) | 662,738 |
| Total water withdrawal ($m^3$) | 118,954,680 |
| Area reclaimed during the current year (ha) | 84 |
| Total disturbance to date (ha) | 28,025 |
| Total number of significant disputes relating to land use and the customary rights of local communities and Indigenous Peoples | 0 |

# Global Reporting Initiative (GRI) Finder

We are a member of the International Council on Mining and Metals (ICMM) and report according to their Sustainable Development Framework. We are also a United Nations Global Compact (UNGC) LEAD member and have incorporated reporting requirements for the UNGC principles and the Advanced Criteria into our report. The GRI Finder below shows where you can find more information on each GRI indicator and how the indicators relate to the ICMM and UNGC principles, as well as to the UNGC Advanced Criteria. In some instances, reference is made to our 2011 Annual Report, 2012 Annual Information Form and 2012 Management Proxy Circular.

● Indicator fully reported ◐ Indicator partially reported

| GRI Indicator | | Where to Find Page(s) | Level of Reporting | ICMM Principle | UNGC Principle | UNGC Advanced Criteria |
|---|---|---|---|---|---|---|
| **Strategy and Analysis** | | | | | | |
| 1.1 | Statement from the most senior decision maker. | 4–5 | ● | 2, 10 | | |
| 1.2 | Description of key impacts, risks and opportunities. | 8–33<br>Annual Information Form: 45–57 | ● | 4 | | |
| **Organizational Profile** | | | | | | |
| 2.1 | Name of the organization. | Annual Information Form: 1 | ● | | | |
| 2.2 | Primary brands, products and/or services. | Annual Information Form: 8–9 | ● | | | 22 |
| 2.3 | Operational structure of the organization. | Annual Information Form: 1–3 | ● | | | 22 |
| 2.4 | Location of organization's headquarters. | Annual Information Form: 1 | ● | | | 22 |
| 2.5 | Number of countries where the organization operates. | 2–3<br>Annual Information Form: 7 | ● | | | 22 |
| 2.6 | Nature of ownership and legal form. | 7<br>Annual Information Form: 1–2 | ● | | | 22 |
| 2.7 | Markets served. | Annual Information Form: 1–2,7–9<br>Annual Report: 4–5,10–11 | ● | | | |
| 2.8 | Scale of the reporting organization. | 35, 84–85<br>Annual Information Form: 4–8, 43, 59<br>Annual Report: 2, 10–11,14 | ● | | | |
| 2.9 | Significant changes during the reporting period regarding size, structure or ownership including the location of or changes in operations. | 7 | ● | | | |
| 2.10 | Awards received in the reporting period. | 24, 62, 84 | ● | | | |

| GRI Indicator | | Where to Find Page(s) | Level of Reporting | ICMM Principle | UNGC Principle | UNGC Advanced Criteria |
|---|---|---|---|---|---|---|
| **Report Parameters** | | | | | | |
| 3.1 | Reporting period for information provided. | 6 | ● | | | |
| 3.2 | Date of most recent previous report. | 6 | ● | | | |
| 3.3 | Reporting cycle. | 6 | ● | | | |
| 3.4 | Contact point for questions. | 7 | ● | | | |
| 3.5 | Process for defining report content. | 6, 8–10 | ● | | | |
| 3.6 | Boundary of the report. | 6 | ● | | | |
| 3.7 | Limitations on the scope or boundary of the report. | 6 | ● | | | |
| 3.8 | Basis for reporting on other related entities. | 6 | ● | | | |
| 3.9 | Data measurement techniques and the basis of calculations. | 7, 94–95 | ● | | | |
| 3.10 | Explanation of the effect of any restatements. | 7, 94–95 | ● | | | |
| 3.11 | Significant changes from previous reporting periods regarding the scope, boundary or measurement methods applied in the report. | 7 | ● | | | |
| 3.12 | Location of the standard disclosures in the report. | 99–106 | ● | | | 23 |
| 3.13 | External assurance. | 7, 96–97 | ● | | | 24 |
| **Governance, Commitments and Engagement** | | | | | | |
| 4.1 | Governance structure. | 18–19, 21<br>Annual Information Form: Schedule A-1 to A-5<br>Annual Report: 127, 130–131<br>Management Proxy Circular: 12–13, 23–24 | ● | 1,2 | | |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer. | 18<br>Annual Report: 127 | ● | 1 | | |
| 4.3 | How the company defines "independent" and "non-executive" members of the board. | 18<br>Management Proxy Circular: 12 | ● | 1 | | |
| 4.4 | Mechanisms for recommendations to the highest governance body. | 19<br>Management Proxy Circular: Schedule A-2 | ● | 1 | | |
| 4.5 | Linkage between compensation and the organization's performance, including social and environmental performance. | 19<br>Management Proxy Circular: 23–40 | ● | 1, 2 | | 2 |
| 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | 18, 33<br>Management Proxy Circular: 70 | ● | 1 | 10 | |
| 4.7 | Qualifications and expertise of the highest governance body. | 18<br>Management Proxy Circular: 15 | ● | 1, 2 | | |
| 4.8 | Internally developed statements of mission, values, codes and principles. | 20—21, 109–110 | ● | 1,2 | | 5,13,17 |

| GRI Indicator | | Where to Find Page(s) | Level of Reporting | ICMM Principle | UNGC Principle | UNGC Advanced Criteria |
|---|---|---|---|---|---|---|
| **Governance, Commitments and Engagement (continued)** | | | | | | |
| 4.9 | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance including relevant risks. | 18–21<br>Management Proxy Circular: 13<br>The Safety and Sustainability Committee of the Board met four times in 2011. | ● | 1,4 | | 2,6 |
| 4.10 | Processes for evaluating the highest governance body's performance. | Management Proxy Circular: 15 | ● | 1 | | |
| 4.11 | Precautionary approaches or principle. | 14–33 | ● | | 7 | |
| 4.12 | Externally developed charters, principles or initiatives endorsed. | 20–21, 38, 109–110 | ● | | | 4, 9, 13 |
| 4.13 | Memberships in associations. | 7, 20, 109–110 | ● | | | 4 |
| 4.14 | List of stakeholder groups engaged by the company. | 25–32, 107–108 | ● | 10 | | 3 |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | 25–32, 107–108 | ● | 10 | | 3 |
| 4.16 | Approaches to stakeholder engagement. | 25–32, 43–49, 107–108 | ● | 10 | | 3 |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement. | 8–10, 25–32,107–108 | ● | 10 | | 3 |
| **Environment** | | | | | | |
| Disclosure on the management approach, including goals and performance, policy and other contextual information. | | 14–17, 21–25, 52–81<br>Annual Report: 6–9, 17–22 | ● | | 8 | 13,14,15 |
| EN1 | Materials used by weight or volume. | 78 | ● | 6 | 8, 9 | 16 |
| EN2 | Percentage of materials used that are recycled input materials. | Percentage quantification of recycled input materials to new input materials is not a material (significant) number for Teck since our key input materials are not recyclable and therefore are not available as recycled. | ● | 6, 8 | 8 | 16 |
| EN3 | Direct energy consumption by primary energy source. | 65–66 | ● | 6 | 8 | 16 |
| EN4 | Indirect energy consumption by primary source. | 65–66 | ● | 6 | 8 | |
| EN5 | Energy saved due to conservation and efficiency improvements. | 71–73 | ◐ | 6, 8 | 8, 9 | 16 |
| EN6 | Initiatives to provide energy-efficient or renewable energy-based services resulting in reductions in energy requirements. | 71–72 | ◐ | | | 16 |
| EN8 | Total water withdrawal by source. | 56, 94–95 | ● | 6 | 8 | |
| EN9 | Water sources significantly affected by withdrawal of water. | 53 | ◐ | | | |

| GRI Indicator | | Where to Find Page(s) | Level of Reporting | ICMM Principle | UNGC Principle | UNGC Advanced Criteria |
|---|---|---|---|---|---|---|
| **Environment (continued)** | | | | | | |
| EN10 | Percentage and total volume of water recycled and reused. | 56 | ● | 6, 8 | 8, 9 | 16 |
| EN11 | Location and size of land adjacent to protected areas and areas of high biodiversity value. | 59–61 | ● | 7 | 8 | |
| EN12 | Significant impacts to protected areas and areas of high biodiversity value. | 59–61 | ● | 7 | 8 | |
| EN13 | Habitats protected or restored. | 62–63 | ● | 7 | 8 | 16 |
| EN14 | Strategies for managing impacts on biodiversity. | 16–17, 61–63 | ● | 7 | 8 | |
| EN16 | Total direct and indirect greenhouse gas emissions by weight. | 67–69 | ● | 6 | 8 | 16 |
| EN17 | Other relevant indirect greenhouse gas emissions by weight. | 67, 69 | ● | 6 | 9 | |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved. | 71–73 | ● | 6, 8 | 7, 8, 9 | 16 |
| EN19 | Emissions of ozone-depleting substances by weight. | We have been phasing out products that contain ozone-depleting substances at our sites for many years in accordance with provincial and federal legislation. These products are typically in air-conditioning or refrigeration equipment. (Halen 1301 is employed primarily in automatic fixed systems for computer rooms, etc.) We do not emit ozone-depleting substances except in emergencies (fire) or due to an accidental malfunction of Halen 1301 system. Materiality assessment shows this topic is not sufficiently important to our communities of interest to include in our reporting. | ● | 6 | 8 | |
| EN20 | NO, SO, and other significant air emissions by type and weight. | 23 | ● | 6 | 8 | |
| EN21 | Total water discharge by quality and destination. | 56<br>All water discharge destinations are surface water. We have yet to determine an accurate way to summarize and report on total water quality at the corporate level. Improvements in water discharge measurement frequency and accuracy are ongoing at some of our operations. | ◐ | 6 | 8 | |
| EN22 | Total weight of waste by type and disposal method. | 78–80, 94–95 | ● | 6, 8 | 8 | |
| EN23 | Total number and volume of significant spills. | 24 | ● | 6 | 8 | |

| GRI Indicator | | Where to Find Page(s) | Level of Reporting | ICMM Principle | UNGC Principle | UNGC Advanced Criteria |
|---|---|---|---|---|---|---|
| **Environment (continued)** | | | | | | |
| EN26 | Mitigation of environmental impacts of products and services. | 75<br>Information on environmental and health risks associated with our products is provided on our MSDSs. Potential customers of new products are assessed regarding their ability to handle such materials and their byproducts in an environmentally sound manner. | ● | 6, 8 | 7, 8, 9 | 16 |
| EN27 | Products sold and their packaging materials that are reclaimed by category. | Some unknown components of the metal contained in materials we recycle at Trail, such as e-waste and lead acid batteries, may have originated from Teck's metal products; however, it is not possible to determine this percentage. | ● | | 8, 9 | 16 |
| EN28 | Monetary value of significant fines, and non-monetary sanctions. | 22, 24 | ● | 6 | 8 | |
| MM1 | Amount of land disturbed or rehabilitated. | 62 | ● | | | |
| MM2 | Sites identified as requiring biodiversity management plans, and sites with plans in place. | 59, 61 | ◐ | | | |
| MM3 | Total amounts of overburden, rock, tailings and sludge presenting potential hazards. | 78, 80, 94–95 | ● | | | |
| **Economic Development** | | | | | | |
| Disclosure on the management approach, including economic performance, goals, policies and other contextual information. | | 14–17, 34–51<br>Annual Report: 24–57 | ● | | | |
| EC1 | Direct economic value generated and distributed. | 35, 39–41<br>Annual Report | ● | | | |
| EC2 | Financial implications and other risks and opportunities due to climate change. | 71 | ● | 7 | | 4, 22 |
| EC3 | Coverage of defined benefit plan obligations. | 89<br>Annual Report: 50, 92 | ● | | | |
| EC4 | Significant financial assistance received from government. | None. | ● | | | |
| EC6 | Spending on locally based suppliers. | 36 | ● | 2 | | |
| EC7 | Local hiring. | 37 | ◐ | 9 | 6 | |
| EC8 | Development and impact of infrastructure investments. | 41 | ● | 9 | | |

| GRI Indicator | | Where to Find Page(s) | Level of Reporting | ICMM Principle | UNGC Principle | UNGC Advanced Criteria |
|---|---|---|---|---|---|---|
| **Product Responsibility** | | | | | | |
| Disclosure on the management approach, including goals and performance, policy and other contextual information. | | 14–17, 75–79 | ● | | 1 | |
| PR1 | Health and safety impacts of products in their life cycle stages. | 76–77 | ◐ | | 1 | |
| PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products. | 77 | ● | | 1 | |
| PR3 | Product and service information required by procedures. | 76–78 | ● | 8 | 8 | |
| PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product information and labelling. | 77 | ● | | 8 | |
| PR6 | Programs for adherence to laws, standards and voluntary codes related to marketing and communications. | 77–78 | ◐ | 8 | | |
| PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing and promotion. | 78 | ● | | | |
| PR9 | Significant fines for non-compliance related to products. | 78 | ● | | | |
| MM11 | Programs and progress related to materials stewardship. | 75 | ● | | | 21 |
| **Labour Practices and Decent Work** | | | | | | |
| Disclosure on the management approach, including goals and performance, policy and other contextual information. | | 14–21, 25–33, 82–93 | ● | | 1, 3, 6 | |
| LA1 | Total workforce. | 84–85 | ● | | | |
| LA2 | Total number and rate of employee turnover. | 90–91 | ● | | 6 | |
| LA4 | Percentage of employees covered by collective agreements. | 92 | ● | 3 | 1, 3 | 12 |
| LA5 | Minimum notice period(s) regarding operational changes. | 92 | ◐ | | 3 | |
| LA7 | Rates of injury, occupational diseases, lost days, and number of work-related fatalities. | 83 | ◐ | 5 | 1 | |
| LA8 | Education, training, counselling, prevention and risk-control programs regarding serious diseases. | 84 | ◐ | 5 | 1 | |
| LA9 | Health and safety topics covered in formal agreements with trade unions. | Health and safety topics are typically included in collective bargaining agreements. These topics vary by region based on practice and legislation. | ◐ | | | |

| GRI Indicator | | Where to Find Page(s) | Level of Reporting | ICMM Principle | UNGC Principle | UNGC Advanced Criteria |
|---|---|---|---|---|---|---|
| **Labour Practices and Decent Work (continued)** | | | | | | |
| LA10 | Average hours of training per year per employee by employee category. | Data on training hours is collected on a company-wide basis. However, our methodology for tracking training is inconsistent across operations, so we cannot report results at the current time. | ◐ | 2 | 6 | |
| LA11 | Programs for skills management and lifelong learning. | 87–88 | ● | | | |
| LA12 | Percentage of employees receiving regular performance and career development reviews. | 88 | ◐ | | | |
| LA13 | Composition of governance bodies and employees according to indicators of diversity. | 86–87 | ◐ | 3 | 1, 6 | |
| LA14 | Ratio of basic salary of men to women by employment category. | Our operations are staffed predominantly by men, and our representation of women in professional, manager and executive roles is limited. Consequently, the sample sizes within employee categories do not allow for representative comparisons. For more information on employee remuneration, see page 89. | ● | 3 | 1, 6 | |
| MM4 | Number of strikes and lockouts. | 92 | ● | | | |
| **Human Rights** | | | | | | |
| Disclosure on the management approach, including goals and performance, policy and other contextual information. | | 9, 21, 25–33, 47–49, 87, 92 | ● | | 1, 2, 3, 4, 5, 6 | 5,6,7 |
| HR1 | Significant investment agreements that include human rights clauses or that have undergone human rights screening. | None. In 2011, no significant acquisitions or investments occurred. | ● | 1, 3 | 1, 2, 3, 4, 5, 6 | |
| HR2 | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. | 47 | ◐ | 1, 3 | 1, 2, 3, 4, 5, 6 | 8 |
| HR4 | Incidents of discrimination and actions taken. | 87 | ● | 3 | 1, 2, 6 | 12 |
| HR5 | Operations where the right to exercise freedom of association and collective bargaining may be at significant risk. | 92 | ● | 3 | 1, 2, 3 | |
| HR6 | Operations having significant risk for incidents of child labour. | 47 | ● | 3 | 1, 2, 5 | 8,12 |
| HR7 | Operations having significant risk for incidents of forced or compulsory labour. | 47 | ● | 3 | 1, 2, 4 | 8,12 |
| HR8 | Security personnel trained in the organization's policies or procedures concerning human rights. | 47 | ● | | 1, 2 | |
| HR9 | Incidents of violations involving rights of Indigenous Peoples. | None. There were no legal actions, formal complaints or instances of non-compliance involving Indigenous Peoples' rights. | ● | 3 | 1, 2 | |
| MM5 | Operations in or adjacent to Indigenous Peoples' territories, and formal agreements in place with Indigenous Peoples. | 44–45 | ● | | | |

| GRI Indicator | | Where to Find Page(s) | Level of Reporting | ICMM Principle | UNGC Principle | UNGC Advanced Criteria |
|---|---|---|---|---|---|---|
| **Society** | | | | | | |
| Disclosure on the management approach, including goals and performance, policy and other contextual information. | | 14–17, 33, 42–49 | ● | | 10 | 18 |
| SO1 | Impacts of operations on communities. | 14–32, 34–49 | ● | 2, 4 | | |
| SO2 | Business units analyzed for risks related to corruption. | 33 | ● | 1 | 10 | 20 |
| SO3 | Employees trained in anti-corruption policies and procedures. | 33 | ◐ | 1 | 10 | 20 |
| SO4 | Actions taken in response to incidents of corruption. | None. No incidents occurred. No legal cases were brought against Teck in 2011. | ● | 1 | 10 | 20 |
| SO5 | Public policy positions and participation in public policy development and lobbying. | 33 | ● | 1 | | |
| SO6 | Total value of financial and in-kind contributions to political parties, politicians and related institutions by country. | 33 | ● | | | |
| SO7 | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices. | None. | ● | | | |
| SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | None. | ● | | | |
| MM6 | Significant disputes relating to land use and the customary rights of local communities and Indigenous Peoples. | None. For additional information on how we manage our impacts, see pages 44–45.<br>For information regarding environmental litigation, see pages 34, 101 and 102 in our Annual Report. | ● | | | |
| MM7 | Grievance mechanisms used to resolve disputes related to land use and the customary rights of local communities and Indigenous Peoples. | None. For information on our engagement mechanisms and grievances received, see pages 29–32. | ● | | | 6 |
| MM8 | Artisanal and small-scale mining (ASM). | 49 | ● | | | |
| MM9 | Resettlements. | 49 | ● | | | |
| MM10 | Closure plans. | 37, 62<br>Annual Report: 50 | ● | | | |

# Appendix A
# Our Communities of Interest

Below is a table that identifies our communities of interest (COIs), their interests and concerns, and our approach to engaging with them.

| COI Group | Description | Interests and Concerns | How We Engage With Them |
|---|---|---|---|
| **Shareholders and potential investors** | Made up of shareholders, potential investors and financial analysts (both mainstream and socially responsible investors). | Shareholders are primarily concerned with our company's financial returns through good performance and governance. Corporate social responsibility is also a concern, as reputational risk can significantly impact financial success. Socially responsible investors also examine environmental, social, governance, safety performance and progress as part of their investment strategy. | We engage with numerous individuals and institutions, often acting as a resource to individual investors to provide basic shareholder information and shareholder services. We provide institutions with publicly available operational/ corporate and market information. We hold regular phone calls and meetings with investor groups and respond to reports and questionnaires from investors specifically interested in the sustainability aspects of our business. |
| **Employees** | At the end of 2011, we had approximately 10,300 employees globally. Please see page 85 for a more detailed breakdown of our global workforce. | A broad range of employee concerns and interests include remuneration, safety, positive labour relations, and career development and enhancement. | We engage with employees through a number of ways, including regular performance reviews, the President and CEO's "Let's Talk" information sessions with employees, newsletters, focus groups and through the intranet. |
| **Local communities** | These COIs include residents, leaders and members of remote or rural localities and communities in areas where we often work. | The impacts and benefits of our operations, and the interests of surrounding communities, are broad and considerable, ranging from financial to social and environmental. Community interests include economics, employment and business creation, environmental safety and health, support for social/community programs and access to information. | We engage to understand, prevent and mitigate our impacts, as well as ensure long-term benefits and success for local people and our company. Levels of engagement include community and council meetings, focus groups, Operation Performance Reports, media communications, workshops, open houses, operation tours, family days, community giving and participation in other company activities. We also ensure that copies of our Sustainability Report are available and distributed in the communities in which we operate. |
| **Indigenous Peoples** | Indigenous Peoples whose lands or traditional territory is located on or adjacent to our operations and associated infrastructure. | In addition to sharing more general community issues and concerns, the protection of Indigenous Peoples' interests and rights – such as hunting, fishing and gathering – is a priority for them. Other interests include access to benefits, the cultural and spiritual significance of an area, the maintenance of traditional activities and practices, and the stewardship of lands. | The engagement process between our company and Indigenous Peoples is often set out in a Memorandum of Understanding or a Socio-Economic Participation Agreement. |
| **Industry associations** | We are members of commodity-specific associations, sustainability-specific associations and industry sector associations. | Industry association concerns generally relate to issues that affect our sector, from sustainability to commodity- or economic-based topics. | Teck employees with specific expertise are members of related associations such as the International Council on Mining and Metals, the International Zinc Association and the Mining Association of Canada, among others. We participate in council meetings and provide direct input for working groups and task forces. |

| COI Group | Description | Interests and Concerns | How We Engage With Them |
|---|---|---|---|
| **Governments and regulatory staff** | COIs include government regulators at local, national and international levels. | Governments are interested in a number of different aspects of our operations including proactive measures (e.g., pollution prevention), meeting regulatory requirements (mainly permits and assessments), policy formation, and working with host governments to disclose payments (as part of the Extractives Industry Transparency Initiative). | Involvement with local, national and international regulatory staff through regular dialogue, meetings, workshops, operation visits and conferences. |
| **Non-governmental organizations (NGOs)** | Organizations that focus on environmental and social issues at local, regional, national and international levels. | NGOs are predominantly interested in our social and environmental performance, our sustainability values and how we demonstrably act on these values. Some are interested in our human rights record, as well as the commitments and contributions we make as a responsible corporate citizen. | We engage with NGOs through meetings, ongoing dialogue, participation in workshops and programs, and through communication and follow-up on our Sustainability Report. |
| **Peers and business partners** | Customers and business partners (organizations) with whom we have joint ventures. Customers include purchasers of concentrates, refined metals, fertilizers, chemicals, advanced materials, applied technology and equipment marketed by Teck. | Our business partners need assurance that our management practices include risk mitigation and that our operations are profitable and demonstrate good governance. Customers are primarily concerned with product quality, a secure supply and technical innovation. | We engage with our business partners through joint venture boards and operating committees. We are committed to providing the highest quality products, ensuring we meet our customers' most critical requirements. As a full-service supplier, we provide in-depth technical support and marketing assistance to our customers. Our Technology Division incorporates three world-class research and development centres to support mining, refining and smelting, customer service and product development activities. |
| **Suppliers and contractors** | Vendors of materials and services, including energy and transportation. | Core interests are mutually acceptable terms and conditions for continued business relationships. | We work to maintain good relationships and communications with all suppliers. |
| **Academic leaders** | These COIs include universities, researchers, students and subject matter experts. | Universities are interested in developing capacity and opportunities for students, as well as conducting associated research. Experts are generally concerned with issues relating to their research and expertise. | We look for opportunities to collaborate in relevant programs and projects. |

# Appendix B
# Our Memberships, Alliances and Resources

We are members of the following sustainability-related organizations:

## Extractive Industry Associations/Alliances

### Extractive Industries Transparency Initiative (EITI)

EITI aims to strengthen governance by improving transparency and accountability in the extractives sector. The only EITI-implementing country where we currently have operations is Peru, and payments from the Antamina mine in that country to government are publicly disclosed in accordance with EITI standards.

### International Council on Mining and Metals (ICMM)

ICMM, a global industry association, represents leading international mining and metals companies. Member companies are required to implement the 10 Sustainable Development Framework Principles to produce an externally verified sustainability report at the Global Reporting Initiative (GRI) A+ level, as well as to adopt the ICMM Assurance Procedure.

### International Zinc Association (IZA)

IZA is a non-profit organization that promotes the role that zinc plays in product applications, human health and crop nutrition. Representing the global zinc industry, the IZA highlights zinc's contribution to sustainable development. Teck supports Zinc Saves Kids, a program created through a partnership between the IZA and UNICEF to provide inexpensive zinc supplements to children.

### Mining Association of British Columbia (MABC)

MABC represents the collective needs and interests of B.C.'s mining industry. MABC promotes the economic and social value of mining by liaising with government, regulators and the industry. We are active in MABC committees and work with MABC members to discuss issues of common concern.

### Mining Association of Canada (MAC)

Through MAC, we are required to implement the Towards Sustainable Mining (TSM) program, which aids in improving industry performance through the alignment of actions with the priorities and values of Canadians. As a MAC member, we conduct self-audits at our operations and are subject to third-party verification audits in accordance with TSM standards for social and environmental responsibility.

### Prospectors and Developers Association of Canada (PDAC)

The PDAC represents the interests of the Canadian mineral exploration and development industry, providing advocacy, information and networking. PDAC developed the Environmental Excellence in Exploration (e3 Plus), a framework for responsible exploration that integrates exploration with social responsibility and environmental stewardship, as well as health and safety. We incorporated the PDAC framework into the development of our Environment, Health, Safety and Community Management Standards and the Social Management and Responsibility at Teck (SMART) toolkit for exploration.

## Other Industry Associations

### Canadian Council for Aboriginal Business (CCAB)

The CCAB is a non-profit organization committed to the full participation of Aboriginal people in Canada's economy. CCAB promotes business opportunities by providing knowledge, resources and programs that build relationships between the Aboriginal business community and companies operating in Canada.

### Excel Partnership

Founded by Globe Foundation of Canada and Delphi Group, the Excel Partnership of major Canadian corporations is committed to sustainable development leadership through continual improvement of social and environmental performance.

### Industry Council for Aboriginal Business (ICAB)

The ICAB facilitates programs furthering dialogue and relationship building between Aboriginal and non-Aboriginal businesses and communities throughout British Columbia. Teck is a partner in the Aboriginal Business Leadership Exchange (ABLE) program that brings together Aboriginal and non-Aboriginal leaders to learn about each other's workplaces and cultural and social environments, as well as decision-making processes.

### Network for Business Sustainability (NBS)

Teck is part of the Leadership Council of the NBS. The Leadership Council, formed by industry leaders from key economic sectors, collaborates with the federal government and representatives from non-governmental organizations to address pertinent sustainability issues and challenges.

## Other

### Carbon Disclosure Project (CDP)

The CDP is an independent not-for-profit organization working to drive greenhouse gas (GHG) emissions reduction and sustainable water use by business and cities by holding the largest database of corporate climate change in the world. On behalf of participants, CDP seeks and obtains information from the world's largest companies on the business risks and opportunities posed by climate change, as well as their GHG data. Since 2006, we have responded to CDP, and in 2011 "we also submitted a response to CDP Water Disclosure. Our response can be found on their website.

### United Nations Global Compact (UNGC)

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. We became a participating company in April 2007. In early 2011, our participation in the UNGC extended to include Global Compact LEAD, which challenges leading companies to pave the way for new efforts aimed at improving sustainability performance to meet today's challenges in human rights, labour, the environment and anti-corruption. Participating companies are required to submit annual communication on progress towards incorporating the UNGC goals and principles.

## External Standards and Resources

Our policies and practices are informed by the following external standards and resources.

### AA1000 Standards

AccountAbility's standards, the AA1000 Series, are principles-based standards that provide the basis for improving sustainability performance. We follow AA1000 standards to guide our process of our corporation-wide stakeholder engagement program and sustainability reporting.

### Global Reporting Initiative (GRI)

The GRI pioneered what is now the world's most widely used sustainability reporting framework, based on a balance of economic, environmental and social issues. We apply GRI's G3 Guidelines and the Mining and Metals Sector Supplement to ensure that our Sustainability Report presents a complete and accurate picture of our operations.

### Greenhouse Gas (GHG) Protocol for Calculating Emissions

The GHG Protocol for emissions inventory calculations is derived from the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). The Mining Association of Canada (MAC) has developed worksheets for GHG calculations using these protocols. We use these spreadsheets to calculate GHG emissions, ensuring our accounting is conducted in accordance with international standards.

### International Finance Corporation (IFC) Performance Standards on Social and Environmental Sustainability

IFC applies social and environmental performance standards to all projects financed by the IFC and by Equator Principle Finance Institutions in order to minimize impacts on the environment and on affected communities. Where appropriate, the Performance Standards are incorporated into our management standards or associated guidance documents.

### International Labour Organization (ILO)

The ILO is a tripartite UN agency uniting member governments, employers and workers in common pursuit of social justice and internationally recognized human and labour rights. We incorporate several ILO standards (e.g., child/forced labour, Indigenous and Tribal Peoples' issues, minimum wage, overtime and working ages) into our labour standards and practices.

### International Organization for Standardization (ISO) 14001

The ISO 14001 environmental management standards exist to help organizations manage impacts on air, water or land.

### International Organization for Standardization (ISO) 26000

ISO 26000 is designed to establish common guidance on corporate social responsibility concepts, definitions and methods of evaluation for voluntary use by organizations in both developed and developing areas of the world. The standards help define our social responsibility strategies.

### London Benchmarking Group (LBG) Model

The LBG model, an internationally recognized framework, helps companies measure, manage, assess and report on the value and achievements of community investment. The model is used by companies around the world to assess the value and impact of their community investment to both business and society. We are using the model to help us better understand and report on our community investments.

### Millennium Development Goals (MDGs)

Targeted for 2015, eight different MDGs range from halving extreme poverty to halting the spread of HIV/AIDS to providing universal primary education. The goals form a blueprint agreed to by all United Nations Member States and the world's leading development institutions. We use the MDGs as a guide for our sustainable development vision and have tied our community investment program to measurable progress on MDGs.

### Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises

These voluntary principles and standards for responsible business conduct address a variety of issues including employment and industrial relations, human rights, environment, information disclosure, combatting bribery, consumer interests, science and technology, competition and taxation. We apply the OECD Guidelines to inform our research on international best practices.

### United Nations Declaration of Human Rights

Thirty articles outline the view of the General Assembly on human rights for all people, which we publicly support and apply to guide our business practices. This informed the development of our Human Rights Management Standard in the Environment, Health, Safety and Community (EHSC) Management Standards.

### Voluntary Principles on Security and Human Rights

These Voluntary Principles assist companies in maintaining the safety and security of their operations within a framework that ensures respect for human rights. We have incorporated the principles in the development of guidance supporting our management standards.

# Glossary

**Area of Influence:** The range or extent of contractual, political, economic or other relationships through which an organization has the ability to materially impact on others.

**Artisanal and Small-Scale Mining (ASM):** Artisanal mining may involve only individuals and families using pre-industrial techniques compared to small-scale mining, which may be more extensive and more mechanized. However, both are labour intensive, explore small or marginal deposits, and are characterized by poor access to markets, lack of standards for health and safety, and low capital input. ASM activities occupy a spectrum from small informal subsistence activities through to organized small commercial mining activities. Globally, ASM is believed to provide a livelihood for over 100 million people, almost all of whom live in developing countries.

**Biodiversity:** An abbreviation for "biological diversity", biodiversity refers to the variety of life on earth; the different animals, plants and microorganisms, and the ecosystems of which they are a part.

**Cap and Trade System:** A mechanism designed to limit and reduce greenhouse gas (GHG) emissions by setting a decreasing limit on their emissions (the cap) and by allowing entities within the system to trade their excess/debt to meet the overall reduction target.

**Carbon Accounting:** The practice of measuring and quantifying GHG emissions, accounting for both emitting sources (e.g., fossil fuel combustion) and "sinks" that remove GHG from the atmosphere (e.g., forests).

**Carbon Dioxide Equivalents ($CO_2e$):** A unit of measure that converts different GHG emissions into their carbon dioxide equivalent. This allows easier comparison of GHG emissions by using carbon dioxide as a standard unit of reference.

**Closure Plan:** A plan that establishes considerations for the closure of an operation under social, economic and environmental parameters that may change over generations. It requires community engagement throughout the mining life cycle to address the risks and opportunities related to mine closure.

**Community Investment:** A voluntary action or contribution by a company, beyond the scope of their normal business operations, intended to benefit communities of interest in ways that are sustainable and support business objectives.

**Communities of Interest (COIs):** Any individuals or groups that may be affected by, have an interest in, or have the ability to influence our activities. These include academic and thought leaders, employees, government and regulatory staff, Indigenous Peoples, industry associations, investment communities, local communities, non-governmental organizations, peers, and business partners and suppliers. See Appendix A for a more detailed description of our COIs.

**Concentrates:** A product containing valuable minerals from which most of the waste minerals in the ore have been eliminated in a mill or concentrator.

**Electronic Waste (E-waste) Recycling:** The process of recycling end-of-life electronics, also known as e-waste, to recover valuable metals that are then sold for reuse in new products. E-waste recycling diverts recyclable materials from landfills and extends the life of our natural resources by utilizing what has already been mined.

**Engagement:** A process of contact, dialogue and interaction that ensures all parties of interest are informed and participating in decisions that affect their future.

**Environment, Health, Safety and Community (EHSC) Management Standards:** A set of standards that provide a consistent and systematic framework for identifying EHSC issues and helps ensure that EHSC risks are properly and efficiently managed.

**Feedback Mechanism:** A process that allows us to receive and effectively organize our response to feedback from COIs on matters of interest to them related to our operations or projects. These may be questions, issues, ideas, concerns or complaints from COIs.

**Global Reporting Initiative (GRI):** The world's most widely used sustainability reporting framework, consisting of principles, guidelines and indicators to measure and report on an organization's economic, environmental and social performance.

**Greenhouse Gas (GHG) Emissions:** Gases in an atmosphere that absorb and emit radiation within the thermal infrared range. This process is the fundamental cause of the greenhouse effect. The major GHGs accounted for within this report and as identified under the Kyoto Protocol are carbon dioxide ($CO_2$), methane ($CH_4$), nitrous oxide ($N_2O$), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride ($SF_6$). See page 112 for definitions of Scope 1, 2 and 3 GHG emissions.

**Human Rights:** Refers to the concept of human beings having universal rights, or status, regardless of legal jurisdiction or other localizing factors such as ethnicity, nationality and sex. Human rights covers many issues relevant to a mining company including health and safety, discrimination, poverty alleviation, Indigenous rights, access to natural resources and human health. As such, companies have the potential to affect human rights through their relationship to employees, the environment and communities.

**Impact (in terms of environment, health, safety and community)**: Any change to the environment or to the health, safety and well-being of people, whether adverse or beneficial, wholly or partially resulting from our activities or products.

**Impact Assessments:** A study that evaluates the actual or potential impacts (positive or negative) that a site may have on its communities of interest.

**Indigenous Peoples:** Cultural groups and their descendants who have a historical association with, and continuity in, a particular region or part of a region. They have a cultural identity and, as minorities, they may be vulnerable to current social and economic systems. Indigenous Peoples is the globally used term and Aboriginal People is the term used in Canada. There are three Aboriginal groups in Canada: First Nations, Inuit and Métis. Indigenous Peoples are one of our COIs.

**International Organization for Standardization (ISO) 14000:** The family of ISO standards that addresses various aspects of environmental management. It enables an organization of any size or type to identify and control the environmental impact of its activities, products or services, and helps organizations continuously improve their environmental performance and implement systematic approaches to setting their environmental objectives and targets.

**International Organization for Standardization (ISO) 14001:** Provides a framework for a strategic approach to an organization's environmental policy plans and actions, outlining the requirements for environmental management systems that are environmentally sustainable.

**Life Cycle Analysis:** A full assessment of a product's impact at every stage of its lifespan, from mining the product, to process and function, to sales and distribution, and appropriate end-of-life management.

**Local Content:** Refers to local procurement and employment at a given site.

**Lost-Time Injury:** An injury in which the individual cannot perform his/her duties on the next scheduled work shift following the initial date of the injury. Lost time is days lost beyond the day of the injury.

**Materiality:** For the purposes of this report, we regard our material issues and interests as those that may affect the long-term success of our business, including our ability to create and preserve economic, environmental and social value. Material issues and interests include those that have the potential to influence the perception of COIs, including those who intend to make decisions and assessments about our commitment to sustainability. Materiality, in this context, is the threshold at which an issue or interest becomes sufficiently important that it should be reported.

**Non-Governmental Organization (NGO):** A non-profit group largely funded by private contributions and operated outside of institutionalized government or political structures. NGOs focus on environmental and social issues at local, regional, national and international levels.

**Ore Deposit:** Naturally occurring material from which minerals of economic value can be extracted at a reasonable profit.

**Resource Development Project:** A type of major capital project that has the ultimate aim of developing a subsurface mineral or energy resource into a revenue-generating operation. Resource development projects may begin with the identification of a resource through exploration or acquisition and may or may not culminate with construction and commissioning of facilities in preparation for operation.

**Scope 1 (Direct) Greenhouse Gas Emissions:** Emissions that occur from energy sources that are owned or controlled by the company.

**Scope 2 (Indirect) Greenhouse Gas Emissions:** Emissions that occur from the generation of purchased electricity consumed by the company. Scope 2 emissions physically occur at the facility where electricity is generated.

**Scope 3 (Other Indirect) Greenhouse Gas Emissions**: Other indirect emissions not covered in Scope 2, such as outsourced activities, waste disposal, the extraction and production of purchased materials and fuels, transport-related activities in non-corporate-owned vehicles, and electricity-related activities.

**Severity:** A measure of safety performance that illustrates the number of days lost due to injuries. Severity is a frequency measure based on every 200,000 hours worked and is calculated as follows: (number of days missed due to lost-time injuries x 200,000) divided by actual number of hours worked. A fatality is defined as 6,000 days lost.

**Site:** Teck's planned, existing or dormant assets across all phases in the mining cycle, from pre-scoping through to operations, closure and beyond. For the purposes of this report, sites include exploration sites, operating mine sites and resource development project sites.

**Social and Environmental Impact Assessment (SEIA):** A systematic process to assess a project's likely positive and negative social and environmental impacts in quantitative terms, to the extent possible. An SEIA is an input to project decision-making. It examines global, transboundary and cumulative impacts, as appropriate, and includes baseline data, alternatives analysis and management programs.

**Social Baseline:** A study to understand the current socio-economic or human environment around a proposed project, mine or associated infrastructure.

**Social Licence to Operate:** The ongoing approval and broad social acceptance of an organization's activities. Gaining a social licence to operate involves establishing legitimacy, credibility and trust in order to gain acceptance of our activities. A social licence to operate is granted by COIs on a site- or operation-specific basis.

**Social Management:** A management approach that identifies and manages social impacts, which are any positive or adverse consequences experienced by COIs resulting from the existence of, or changes to, our activities. Aspects of social management include our practices, capacity building, structures and systems.

**Tailings:** Ground rock that has no economically recoverable mineral content. Tailings are materials rejected from a mill after recoverable valuable minerals have been extracted.

**Total Recordable Injury Frequency (TRIF):** A key measure of safety performance that demonstrates the total number of recordable injuries per 200,000 hours worked. Recordable Injuries include fatalities, lost-time injuries and injuries requiring medical aid. The types of incidents not included in the TRIF calculation include first aid injuries, high-potential incidents, non-injury property damage, and non-injury mobile equipment events. TRIF is calculated as follows: TRIF = (number of medical aid injuries + number of lost-time injuries + number of fatal injuries x 200,000) divided by total number of hours worked. The factor of 200,000 is derived from the average number of hours worked by 100 people in a one-year period (50 working weeks x 40 hours per week x 100 people). This factor is frequently used in North America.

## Caution on Forward-Looking Statements

Certain statements contained in this report constitute forward-looking statements within the meaning of the *United States Private Securities Litigation Reform Act* of 1995 and forward-looking information within the meaning of the *Securities Act* (Ontario) and comparable legislation in other provinces (collectively, "forward-looking statements") concerning our business, goals, operations and strategy. Some forward-looking statements may be identified by words like "expects", "anticipates", "focus" and similar expressions. Forward-looking statements in this report include statements regarding our plans and goals for 2012 and future years, and are based on current estimates, projections, beliefs, estimates and assumptions of the management team and are believed to be reasonable, though inherently uncertain and difficult to predict. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, experience or achievements of Teck to be materially different from those expressed or implied by the forward-looking statements. Risks and uncertainties that could influence actual results include, but are not limited to: operational problems, regulatory action, changes in laws and governmental regulations, development and use of new technology, natural disasters and adverse weather conditions, general business and economic conditions, labour issues and the future operation and financial performance of the company generally. Certain of these risks and other additional risk factors are described in more detail in Teck's annual information form and its management's discussion and analysis and other documents available at www.sedar.com and in public filings with the United States Securities and Exchange Commission. Teck does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

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