

## EDC PROJECT REVIEW SUMMARY: Compania Minera Teck Quebrada Blanca S.A.

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| <b>Project Description</b>                             | Development and operation of the Quebrada Blanca Phase 2 (QB2) sulphide copper project in Chile |
| <b>Project Sponsors</b>                                | Teck Resources Limited, Sumitomo Metal Mining, and Sumitomo Corporation                         |
| <b>Country</b>   | Chile   |
| <b>Project Category</b>                                | A   |
| <b>Canadian Exporter(s)</b>                            | Teck Resources Limited  |
| <b>Description of capital goods and/or services</b>    | Canadian Direct Investment Abroad (CDIA)  |
| <b>EDC Product</b>                                     | Project Financing   |
| <b>Date of publication on EDC's website (dd/mm/yy)</b> | 15/02/2019  |
| <b>Date of Signing (dd/mm/yy)</b>                      | 30/05/2019  |

### Project Categorization

The Project is an expansion of an existing open pit copper mine located in northern Chile and consists of the construction of a 140,000 tonnes per day concentrator and associated mine expansion infrastructure that will extend the life of mine for another 25 years. The Project was classified as Category A since it is large in scale and has the potential for significant adverse environmental and social impacts. Category definitions can be found [here](#).

### Summary of EDC's Review

EDC reviewed the Project in accordance with our *Environmental and Social Review Directive (ESRD)* and the *Equator Principles (EPs)*. For this project, to meet the requirements of the diverse lenders group, benchmarking was undertaken against both host country standards and IFC Performance Standards. Where gaps against international standards were identified, the Project Sponsors committed to address them via time-bound commitments in an Environmental and Social Action Plan (ESAP).

EDC's Environmental and Social Risk Management (ESRM) group has determined that with the fulfillment of ESAP measures, the Project will meet the requirements of the ESRD and the EPs for Category A projects and will continue to comply with applicable host country requirements. To reach this conclusion, EDC reviewed the Project's Environmental and Social Impact Assessment, Lender's Independent Environmental and Social Consultant (IESC) reports, and various project management plans. In addition, the due diligence included a site visit in March 2019 and the Project will be subject to monitoring by EDC and the IESC throughout the life of the loan.

## Summary of Key Environmental and Social Risks and Mitigants

EDC due diligence determined that the Project Sponsors have demonstrated a strong capacity to manage their environmental and social risks and have suitably avoided and minimized impacts per the mitigation hierarchy. The following table summarizes key risks identified for the Project along with the most pertinent mitigations that were applied for each.

| Key Risk   | Key Mitigants  |
|--|--|
| <i>Loss of wetlands, including wetland habitat, vegetation and soils</i>   | <ul style="list-style-type: none"> <li>• Compensation of lost area at a ratio of 4:1 (4 hectares of compensation area for each 1 hectare lost)</li> <li>• Wetland Monitoring Plan to ensure compensation area success for all variables (vegetation, wildlife diversity and use, water quality, etc.)</li> </ul>   |
| <i>Loss of individual specimens of endangered flora</i>  | <ul style="list-style-type: none"> <li>• Avoidance through road realignment</li> <li>• Transplantation of individual species</li> <li>• Research project for <i>in vitro</i> germination of sensitive species</li> <li>• Monitoring of transplantation success</li> </ul>  |
| <i>Loss of low mobility and endangered fauna species and their habitats</i>                                      | <ul style="list-style-type: none"> <li>• Rescue and relocation of animals</li> <li>• Training of staff on protection of species</li> <li>• Species abundance monitoring</li> <li>• Additional ESAP assessment to confirm alignment with Performance Standard 6 (Biodiversity and Natural Resources) for an endangered lizard species</li> </ul>  |
| <i>Impacts to marine species</i>   | <ul style="list-style-type: none"> <li>• Avoidance through port placement</li> <li>• Marine ecosystem monitoring plan</li> <li>• Additional ESAP assessment to confirm alignment with Performance Standard 6 (Biodiversity and Natural Resources) for a threatened otter species</li> </ul>  |
| <i>Loss of cultural heritage</i>   | <ul style="list-style-type: none"> <li>• Avoidance of the four most important sites through linear works alignment</li> <li>• Monitoring during construction activities</li> <li>• Chance find procedures and archeological and paleontological management plans, including monument enhancement and donation of artifacts to local museums</li> </ul>   |
| <i>Impacts to indigenous peoples' traditional land use, particularly grazing and access to natural resources</i> | <ul style="list-style-type: none"> <li>• Avoidance through road realignment</li> <li>• Traffic and road safety measures, including low speed limits, digital tracking of vehicles and signage</li> <li>• Livestock development programs which include infrastructure improvement, sanitary management (i.e., deworming, vitamins) and livestock tracking</li> <li>• Impact Benefit Agreements signed with communities</li> </ul> |



## Documentation Reviewed:

The following is an illustrative list of key documentation that was reviewed as part of the current confirmation of the ESRD.

- Project's Environmental and Social Impact Assessment (August 2016)
- *Resolución de Calificación Ambiental (RCA)* (September 2018)
- Independent Environmental and Social Consultant Reports, prepared for Lenders (RPA, September 2018 through to April 2019)
- Equator Principles Review, prepared for Teck (Hatch, February 2018)
- US Department of State Human Rights Report for Chile (2017)
- Responsible Mining Index Report (2018)
- Community Consultation Notices
- Environmental and Social Management Plans and reports (Teck)