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Export Development Canada
150 Slater Street
Ottawa, ON K1A 1K3
Sent via: ESRMPolicyReview@edc.ca

Re: Teck Feedback for Export Development Canada's Review of Environmental and Social Risk Management Policies

As Export Development Canada (EDC) advances its review of its Environmental and Social Risk Management Policies, Teck is pleased to provide the comments and considerations below in response to the associated Discussion Paper published in January 2022.

Proudly Canadian, Teck is committed to responsible mining and mineral development with major business units focused on copper, zinc, and steelmaking coal, as well as investments in energy assets. Headquartered in Vancouver, we own or have interests in 11 operations in Canada, the United States, Chile and Peru. In Canada, we own: the country's largest open-pit copper mine near Kamloops, B.C.; an integrated zinc and lead smelting and refining complex in Trail, B.C.; and four steelmaking coal mines in the Elk Valley of southeast B.C. We co-own a port facility in North Vancouver and an oil sands operation in Alberta. Teck directly employs over 10,000 people in Canada, and our operations create and sustain tens of thousands of indirect jobs across the country.

As a long-term relationship holder with EDC, we appreciate the opportunity to review and provide feedback on EDC's internal policies, of which the subjects are also important to us. While we have not sought to respond to every question posed in the Discussion Paper, our comments and considerations below are intended to provide perspective in certain areas that reflect our views as a leading Canadian mining company committed to sustainability, climate action, human rights, and positive corporate citizenship.

If you have any questions about Teck or our feedback on EDC's policy review, please do not hesitate to contact me at Amber.Johnston-Billings@teck.com.

Sincerely,

Amber Johnston-Billings
Vice President, Communities, Government Affairs and HSEC Systems

Cc: Justine Fisher, Vice President and Treasurer, Teck Resources Limited
Alex Smirnov, Global Accounts Director, Export Development Canada
Hannah Rundle, Senior Consultant, Sustainability and Climate Change, Deloitte LLP

Teck Feedback for EDC's Review of Environmental and Social Risk Management Policies

Environmental and Social Risk Management Policy

EDC would benefit from reviewing the overall organization, structure and naming convention of the various ESG policies, as well as to the framework of which they are a part. This would provide clarity as to how the policies fit together and interact with each other, which parts relate specifically to risk management, and if expanded, which ones relate to other management expectations.

Teck would be supportive of EDC expanding the scope of its policies or position statements to reflect ESG leadership as well EDC's expectation of its partners in demonstrating ESG leadership. However, this would be more appropriate at the framework level, as opposed to within the Environmental and Social Risk Management (ESRM) Policy itself. The linkage between the ESRM Policy and the Environmental and Social Risk Review Directive is clear and makes sense.

In terms of the ESRM Policy and the Human Rights and Climate Change policies, the linkage is less clear. In these cases, there are references to risk both pertaining to risk-based decision-making (e.g., in evaluating transactions) and to risk considerations that should be incorporated into project design (e.g., climate change).

In terms of biodiversity, Teck agrees with the importance of addressing impacts and managing expectations around biodiversity. We would support inclusion of language and expectations related to achieving net-positive biodiversity, and suggest EDC review the most appropriate way of incorporating this into EDC's framework, the ESRM Policy, or as a standalone policy. It is not clear whether EDC envisions this as part of risk-based decision-making or as a more generic issue that is expected to be addressed.

Refer to below related to sector-based positions and exclusions.

Climate Change Policy

EDC participation in industry initiatives and climate-related commitments to improve global competitiveness

Teck supports climate action policies that can deliver meaningful greenhouse gas (GHG) emissions reductions and that prevent carbon leakage (when there is an increase in GHG emissions in one country as a result of an emissions reduction by another country with strict climate policy).¹

We support the Government of Canada's pursuit of various climate change policies that will help guide Canada to reduce its GHG emissions from all sectors of the economy. However, for emissions-intensive trade-exposed (EITE) sectors like Teck and the markets we compete in, we are not seeing comparable climate policies emerge in the jurisdictions where our competitors operate.

This is leading to cost increases in Canada – a jurisdiction with some of the lowest carbon-intensity in product – that are not incurred by our competitors, thus eroding our competitiveness. As such, EDC could consider participating in industry initiatives that help advocate for improved EITE sector competitiveness that prevents carbon leakage.

¹ Teck Resources Limited: "[Taking Action on Climate Change](#)".

Thermal vs. steelmaking coal

EDC's Climate Change Policy includes a position that restricts financing of thermal coal-based power, and we are supportive of this approach. For clarity, it should be noted that Teck produces coal for steelmaking purposes (e.g., not thermal coal), where there is no near-term viable substitute. Our steelmaking coal is produced at a lower carbon intensity compared to the global average, and the use of our high-quality coal in the steelmaking process results in lower emissions in the steelmaking process. As such, we encourage EDC to ensure it distinguishes between thermal coal and steelmaking coal in its commitments.

Sustainable finance taxonomies

The Discussion Paper includes some references to sustainable finance criteria, definitions and taxonomies. We believe EDC would benefit from further work to map out the equivalencies from these sustainable finance criteria, so that EDC can be clear with stakeholders as to which criteria they expect conformance.

Environmental and Social Review Directive

Adjusting scope to ensure appropriate due diligence

We believe it makes sense to align with the Equator Principles for Project Related Corporate Loans, and we agree that having an approach to guide review of transaction where funds may be used for multiple purposes would be beneficial.

Updating to reflect new international developments

We support the alignment of EDC policies with leading international standards. In driving alignment, EDC should determine the best approach for referencing those standards versus incorporating requirements directly in the EDC policy documents. Consistency of level of detail included across the EDC policies, and clarity on aspects covered in the Review Directive as opposed to the ESRM Policy is warranted. References to specific international standards should also be consistent, particularly as requirements cascade from one policy level to another (or are the same between policies).

Human Rights Policy

The United Nations Guiding Principles on Business and Human Rights

EDC developed its Human Rights Policy in line with corporate expectations of the United Nations Guiding Principles on Business and Human Rights (UNGPs). The UNGPs framework is to "protect, respect and remedy", premised on the state duty to "protect" human rights and corporate responsibility to "respect" human rights. In our view, EDC appears to focus on both the state's duty to protect and the corporate responsibility to respect. This causes some degree of uncertainty regarding EDC expectations. Consideration should be given to the intent of the policy and clear definitions for the same.

Identify and assess risks in customer relationships

We believe the EDC approach could consider a process to identify and assess risks in the business relationship, such as how EDC:

- takes action to prevent, mitigate or remediate the human rights risks identified
- monitors actions to determine effectiveness
- communicates on progress

EDC could consider how it interacts with customers rights holders (e.g., workers in the supply chain) to further understand risk and ensure the rights holders have a voice. This could include access to their own mechanisms where workers can bring their grievances forward with protection from retaliation, and that EDC is hearing about the grievances and how they are managed. This would be aligned with the remedy pillar of the UNGPs.

Forced labour and modern slavery

EDC could consider focusing on supply chain due diligence related to modern slavery because of growing ESG expectations and increasing global legislation with compliance requirements (e.g., the European Union, the United Kingdom, Australia, etc.). The European Union *Due Diligence Act* could have an impact on EDC's customers given the value chain implications.

Salient human rights

If EDC is focusing on areas of salient human rights (e.g., where it is the most negative and most likely to impact people), it should consider focusing on those experiencing these impacts. Salient human rights risks should be considered in the Human Rights Policy, of which gender and Indigenous Peoples could be featured more prominently.

Transparency and Disclosure Policy

Addressing a broader range of EDC's corporate priorities and core values in the Transparency and Disclosure Policy

As commented under the ESRM Policy section, it is not clear how or where EDC wishes to document the EDC corporate priorities and core values. We understand this is being considered as part of the policy review, and Teck has suggested that this may have a place in the overall framework (but not necessarily within the ESRM Policy itself).

Metrics and disclosure frameworks stakeholders consider best practice

Global Reporting Initiative (GRI)² standards consider interests of a wide group of stakeholders and incorporates a holistic view of sustainability performance. Other frameworks – including those by the Sustainability Accounting Standards Board (SASB)³ and the Task Force on Climate-Related Financial Disclosures (TCFD)⁴ – align well with the interests of financial stakeholders and consider financial materiality of ESG topics.

Improving accessibility of disclosures for stakeholders

EDC could consider publishing a report suite with options for print and digital (including dynamic disclosures on digital platforms). This could also consider translation of disclosures into the languages commonly used by EDC customers and stakeholders.

² Global Reporting Initiative: "[About GRI](#)".

³ Sustainability Accounting Standards Board: "[Value Reporting Foundation](#)".

⁴ Task Force on Climate-Related Financial Disclosures: "[About TCFD](#)".