

Teck

NAVIGATING EVOLVING ESG AND CLIMATE REPORTING REQUIREMENTS

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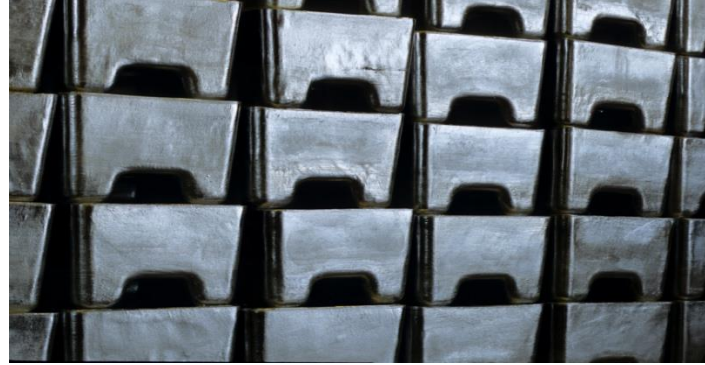
EXTERNAL EXPECTATIONS CONTINUE TO EVOLVE

What do investors, regulators, customers and rights-holders want?



Climate Remains Top ESG Issue

Strong climate performance and a clear strategy is a base expectation, including net-zero commitments and transparent disclosures



Increasingly a Commercial Consideration

Emergence of green product marketing and branding.

Robust, transparent, and assured data essential for commercial purposes.



North American Regulators Eyeing Mandatory Disclosures

While also introducing anti-greenwashing legislation

Requirements like the Corporate Sustainability Reporting Directive and Sustainable Finance Disclosure Regulation are pushing more detailed disclosure on climate

REGULATORY DISCLOSURE REQUIREMENTS AND TIMELINE REMAIN UNCERTAIN IN NORTH AMERICA

Both CSA and SEC proposals currently stalled

- Previously, CSA published draft NI 51-107 based on TCFD, but implementation was paused while SEC rules were in progress
- SEC final rule was published in March 2024 then voluntarily stayed in April 2024 pending resolution of litigation alleging SEC lacks the jurisdiction to impose climate-related disclosure rules
- Following CSSB draft publication, the CSA indicated it would consider the outcome of the CSSB consultation but would make its own rule and conduct its own consultations, reasserting its jurisdiction as rule maker in Canada
- SEC has indicated that the earliest possible implementation date for its rule, if it survives, is March 2026

Figure 1: Timeline of Climate-related disclosure proposals



POTENTIAL CANADIAN REGULATORY REQUIREMENTS REMAIN UNCERTAIN

- Though CSA proposed IN 51-107 mirrored the recommendations of the TCFD, the requirements were left broad, with a “comply or explain” model adopted.
- The SEC requirements are far more detailed and prescriptive, as were the draft CSDS2 requirements drafted by CSSB (which mirrored IFRS S2).

Table 1: Governance Disclosure Requirement Pertaining to Board Oversight

TCFD & CSA	IFRS S2 & CSSB (CSDS)
Describe the board's oversight of climate-related risks and opportunities	Describe the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about: (i) how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s); (ii) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; (iii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; (iv) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and (v) how the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets (see paragraphs 33–36), including whether and how related performance metrics are included in remuneration policies (see paragraph 29(g)).

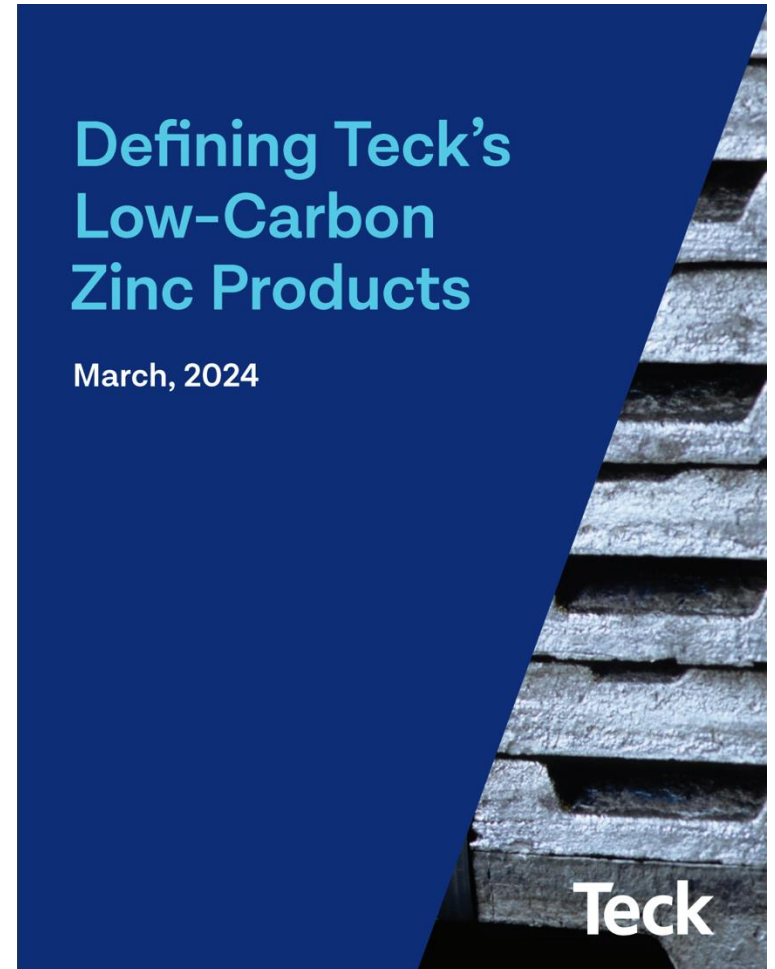
BILL C59 AND THE COMPETITION ACT

June 2024: amendments to the Competition Act in Canada were brought into force on June 20, 2024.

Amendments added a new form of reviewable conduct related to ***general environmental representations*** to the public about the ***benefits of a business or business activity*** for protecting or restoring the environment or mitigating the environmental and ecological causes or effects of climate change that are not based on adequate and proper substantiation in accordance with “***internationally recognized methodology***”.

Originally focused on product claims, was later adjusted to encompass businesses and business activities.

Creates direct tension between meeting customer demands and disclosure risks; Legal support is critical and transparency on basis for assertions is required



TECK DISCLOSURES ON CLIMATE CHANGE AND NATURE

- Teck has a portfolio of disclosures that include materials on Climate and Nature, including the Sustainability Report, Annual Information Form, and CDP
- These disclosures tend to be backwards looking and cover a wide range of topics, limited the depth on climate and nature and our ability to fully deliver on the breadth of information sought by investors
- Teck's Climate Change and Nature Report:
 - Provides greater breadth and depth
 - Aligns with disclosure frameworks and standards
 - Must be designed to balance meeting external demands with disclosure risk.



TOOLS FOR SUCCESS



Clarity and alignment on drivers



Executive engagement



Internal expertise and familiarity



Peer learning



Partnering with external experts

Teck

