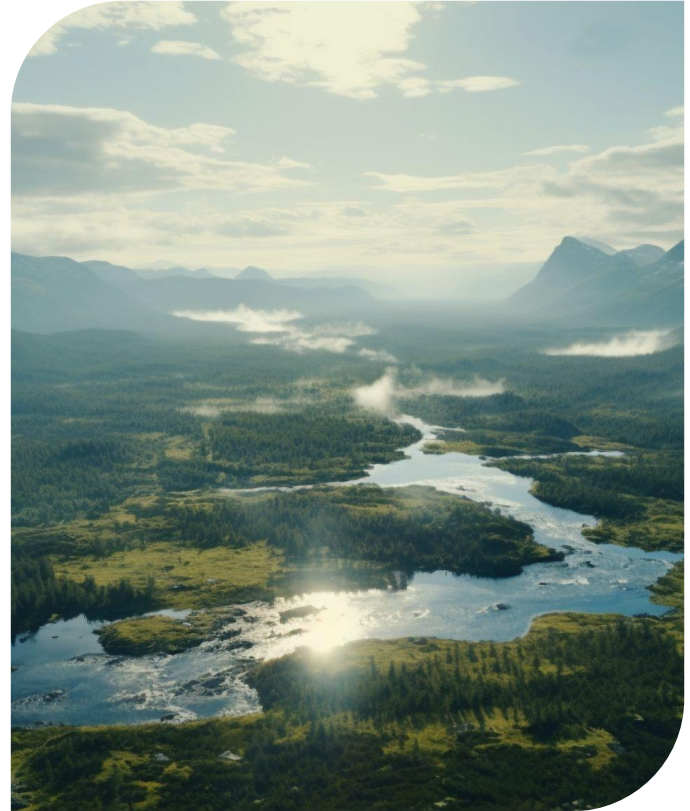


Sustainability and Financial Analysis of TECK Resources Ltd



Company Overview

Company Base: Vancouver, British Columbia

Sector: Basic Mining

Industry: Other Industrial Metals & Mining

Employee Size: 12,600 full-time employees

Basic Business Info: The company's primary focus is on the production of essential metals, notably copper and zinc

Basic Sustainability Info: The company has set long-term goals to achieve net-zero emissions across its operations



Source: <https://www.canadianminingjournal.com/news/teck-resources-becomes-teck-metals-as-it-spins-off-coal-unit/>

MARKET TRENDS

Politics

- Government conditions heighten transaction scrutiny
- Tariffs disrupt global supply chains

Economy

- Prices impact revenues and profitability
- Renewable energy drives mineral demand

Society

- Positive relations ensure project success
- Retaining skilled labor boosts operations

Technology

- Advanced tech improves efficiency, sustainability
- Data protection become increasingly vital

Environment

- Net-zero goals drive operational priorities
- Stricter rules require continuous adaptation

Legal

- Compliance prevents fines, protects environment
- Ensures safe conditions for workforce

SWOT ANALYSIS

Strength

- Diverse Commodity Portfolio
- Sustainability Initiatives
- Technological Innovation
- Strong Financial Position

Weaknesses

- High Exposure to Market Volatility
- Environmental and Regulatory Challenges
- Capital-Intensive Expansion
- Geopolitical and Jurisdictional Risks

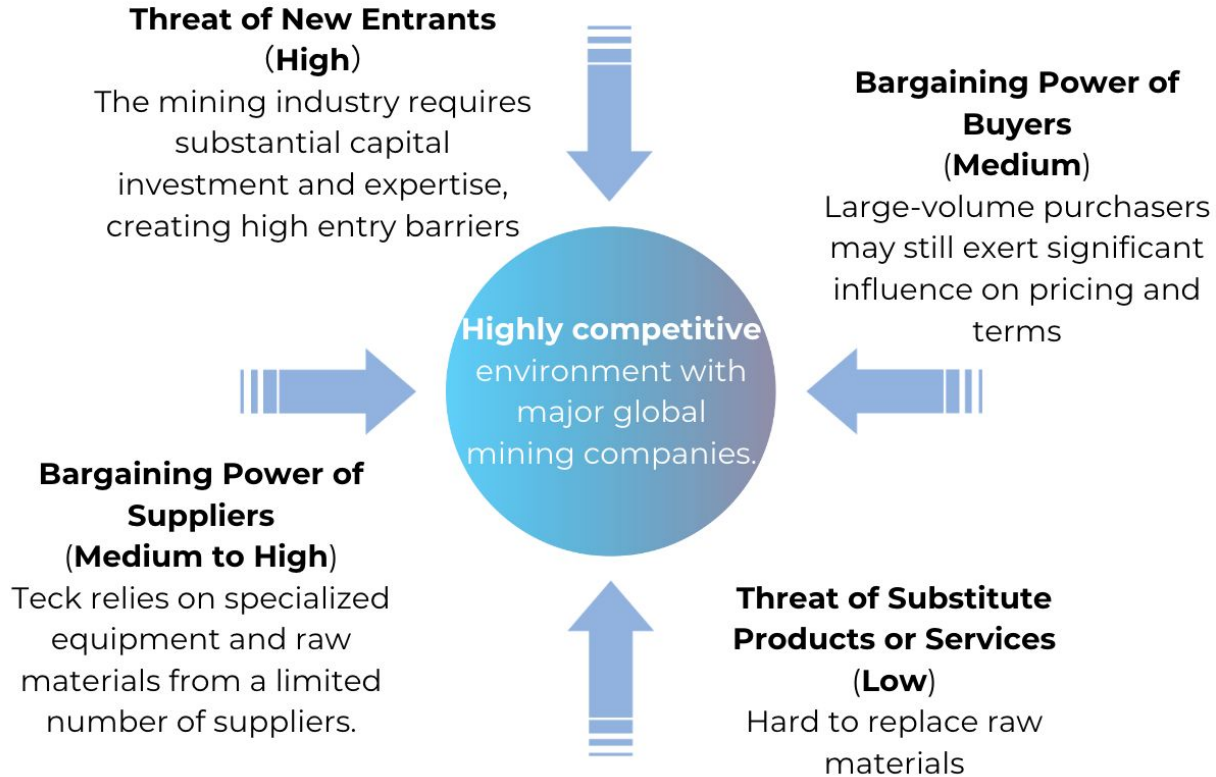
Opportunities

- Transition to Green Metals
- Green Technology Integration
- Technological Innovation in Mining

Threats

- Regulatory Challenges
- Competitive Pressures

PORTER FIVE FORCES



Financial Analysis

Key Drivers of Financial Trend:

- Commodity Prices
- Capital Expenditures
- Operational Disruptions
- Strategic Shifts

Current Ratio:

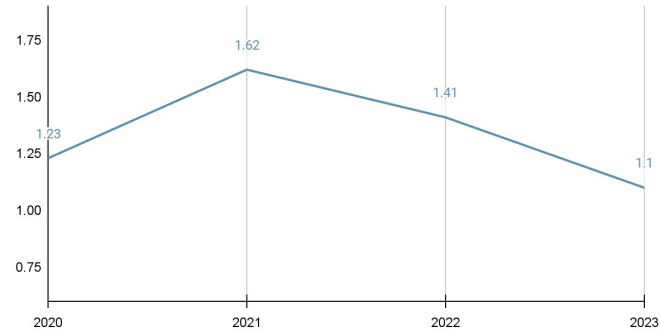
2022: Higher cash outflows for capital expenditures and shareholder returns

2023: Largely driven by a reduction in current assets, specifically cash levels

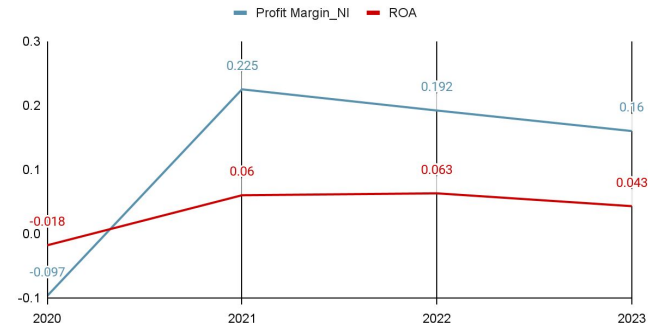
Profitability Ratios:

- Driven by commodity price fluctuation and operational disruption
- High profit margin compare to industry average
- Declining ROA possibly due to the expansion of copper mining and sale of steelmaking coal business

Liquidity (Current Ratio)



Profitability



Current Financial Health & Comparison

DuPont Ratio

Sum of Amount \$	Column Labels
Row Labels	2023-12-31 00:00:00
Asset Turnover	0.267132917
ROE-DuPont	0.085147745

Profitability Ratio

Sum of Amount \$	Column Labels
Row Labels	2023-12-31 00:00:00
Profit Margin_NI	0.160482313
Gross Margin	0.342615415
ROE	0.085147745
ROA	0.042870108

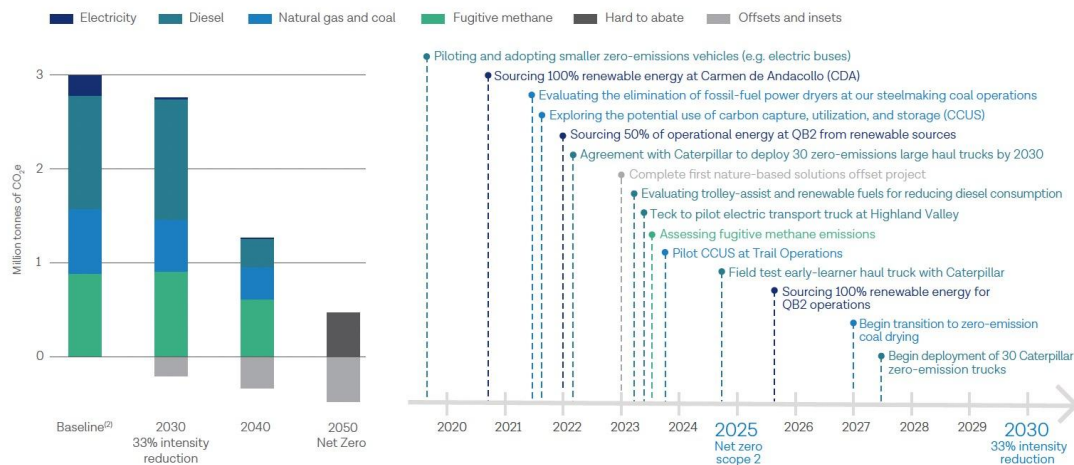
Solvency Ratio

Sum of Amount \$	Column Labels
Row Labels	2023-12-31 00:00:00
Equity to Asset	0.503479081
Leverage Ratio	0.986179839
Equity Multiplier	1.986179839
Debt Ratio	0.496520919

- Teck's profit margin was 10.60%, higher than the industry median of 6.06%.
- As of January 2024, the ROE for the metals and mining sector was 12.17% and Teck is clearly lower than industry average.
- Stable capital structure, the company relies more on equity than debt for financing its assets
- High equity multiplier suggests that Teck is not overly reliant on debt, balancing financial risk while maintaining flexibility for investments in growth projects
- Asset turnover ratio is 0.267, lower than industry average (0.5). Teck's assets are not being fully utilized to maximize revenue generation due to ongoing expansion plan

Sustainability Analysis

Figure 6: Our Pathway to Net-Zero by 2050⁽¹⁾



Air Quality Improvements

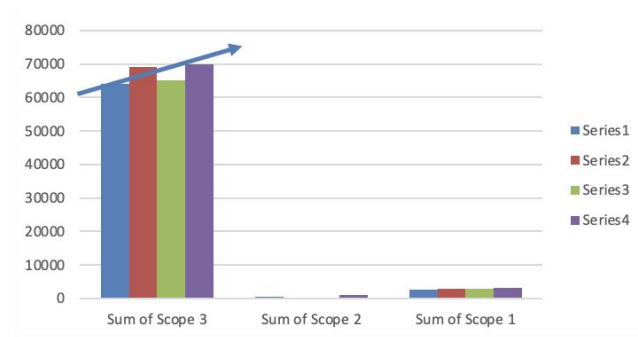
Operational changes led to a 20% reduction in sulfur dioxide emissions in 2023.

Water Stewardship

Expand the seawater desalination plant at Quebrada Blanca Operations

Table 10: Total Emissions (kilotonnes CO₂e)^{(1),(2),(3),(4),(5)}

	2023	2022	2021	2020
Total Emissions — Direct (Scope 1)	3,032	2,822	2,949	2,725
Total Emissions — Indirect (Scope 2) Market-Based	620	128	80	211
Total Emissions — Indirect (Scope 2) Location-Based	327	219	296	306
Total Emissions (Scope 1 + Scope 2) ⁽⁶⁾	3,652	2,950	3,029	2,936
Total Emissions — Scope 3 (Use of coal product sold)	70,000	65,000	69,000	64,000



Social Responsibility Performance 2023

Investments & Engagement

- \$67M in employee training
- 4,800 community engagements at San Nicolás
- \$32M invested in local communities and Indigenous Peoples
- 216 hours of security personnel human rights training

Table 14: Health and Safety Performance — Teck-Operated ^{(2),(3),(4),(5),(6),(7),(8)}

	2023	2022	2021	2020
Total Recordable Injury Frequency	0.73	0.55	0.66	0.73
Lost-Time Injuries	105	104	107	81
Lost-Time Injury Frequency	0.29	0.24	0.29	0.31
Disabling Injury Frequency	0.11	0.10	0.10	0.14
Lost-Time Disabling Injury Frequency	0.40	0.34	0.40	0.45
Lost-Time Injury Severity	41.64	18.52	31.95	21.64
Number of Fatalities	1	0	1	0
Fatality Rate	0.003	0.00	0.003	0.00

Table 18: Occupational Disease Cases ^{(1),(2),(3)}

Disease Category	2023	2022	2021	2020
Respiratory Diseases	1	0	3	2
Hearing Loss ⁽⁴⁾	3	0	2	0
Musculoskeletal Disorders	12	11	14	23
Cancer	1	0	0	0
Other Medical Disorders	10 ⁽⁵⁾	0	3	5
Total	27	11	22	30

Source: 2023 sustainability report. (n.d.). <https://www.teck.com/media/2023-Sustainability-Report.pdf>

Increases across all injury categories

Vehicle high-potential incidents increased by 122%

Financial and Sustainability Integration

Teck's financial success directly supports its sustainability initiative

- **\$2.2 billion investment in Quebrada Blanca Phase 2 (QB2) Project:**
 - Focuses on producing low-carbon copper, essential for renewable energy technologies like wind turbines and electric vehicles.
- **Secure a 100% clean power with AES QB2 in Chile**
 - Long-term agreement with AES Corporation in Chile.
 - Transitioning QB operations to 100% renewable energy by 2025.
- **\$1.4 billion in water treatment and other Innovation investment ...**

Balancing Sustainability and Profitability

- **Challenges:**
 1. **Carbon Pricing:** \$114.8 million in carbon taxes in 2023 in British Columbia.
 2. **Emerging Regulations:** Introduction of the Output-Based Pricing System in BC in 2024.
- **Strategy :**
 1. **CleanBC rebate** returned \$21.7 million, reducing financial burden
 2. **Business Transition:** Shifting its portfolio to low-carbon metals like copper to help reduce carbon emissions and contribute to the global transition to a low-carbon economy.

IN-DEPTH

\$1.2B later, Teck Resources has barely put a dent in its pollution problems, documents show

The mining giant's water treatment facilities have been plagued by delays and unexpected water quality issues

B.C. fines Teck Coal \$16 million for contaminating Kootenay waterways

The company failed to treat effluent for selenium, says

[Winston Szeto](#) · CBC News · Posted: Feb 08, 2023 5:08 PM P.

Teck facing 5 charges tied to allegations of dumping harmful substances

Environment Canada alleges coal firm polluting fish-bearing streams in southeastern B.C.

The Canadian Press

Jul 12, 2024 8:50 AM

Updated Jul 12, 2024 10:14 AM

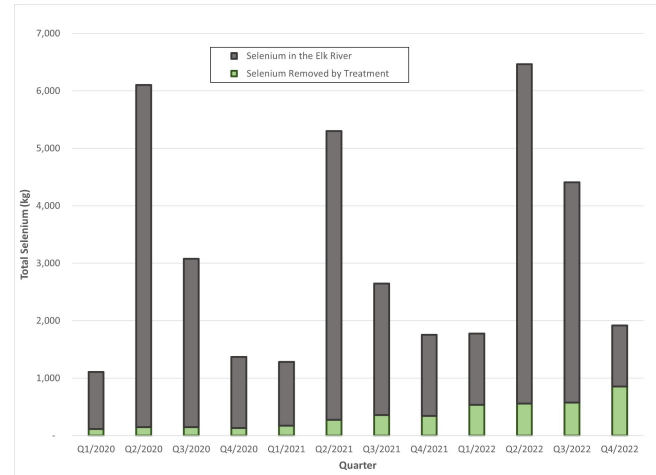


Ethical Dilemmas: Greenwashing ?

"To date, total spend related to water treatment in the Elk Valley has been more than **\$1.4 billion**; in 2024, we plan to invest up to a further \$150 to \$250 million of capital to protect the watershed." (Teck Sustainability Report 2023)

BUT :

- **\$1.2 billion investment in water treatment facilities plagued by delays and issues.**
- **Only Removing 5-10% of the of selenium the mines release into local waterways each year.** (The Narwhal, n.d.)
- **\$16 million fine for polluting Kootenay waterways** (CBC News, 2023)
- **Teck facing five charges for dumping harmful substances** (The Free Press, 2023) ...



<https://thenarwhal.ca/bc-teck-selenium-water-treatment/>