



INVESTED

2020 ANNUAL SUSTAINABILITY REPORT

HUDBAY

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CEO Message


Beyond the Pandemic Challenge

In 2020, like the rest of the world, Hudbay was confronted by the challenge of COVID-19. Thanks to the dedication of the many people across our organization, we were able to meet that challenge successfully and protect the well-being of our employees and communities while continuing our operations. Beyond COVID-19, 2020 was a year defined by delivery, in which we met our guidance, delivered on our commitments, made progress on key projects, and continued to invest in our organization and culture. Against a background of challenging political situations, we acknowledged the imperative of addressing climate change, and a renewed expectation that businesses must contribute to building a more inclusive society. While this combined annual and sustainability report focuses on what we achieved in 2020, I see these accomplishments as the foundation for long-term growth and exceptional results.

A Year of Achievements

Manitoba Business Unit

Throughout 2020, the Manitoba Business Unit (MBU) delivered solid performance – at the Lalor and 777 mines, at the Stall and Flin Flon mills and at the Flin Flon zinc plant – allowing us to meet or exceed the business unit’s guidance. Much of this success can be attributed to the leadership Manitoba showed in introducing rigorous COVID-19 protocols early in the year. Through disciplined enforcement, the MBU did not experience any pandemic-related delays or interruptions, and it maintained this preparedness level throughout the year. When the number of cases in the province subsequently increased, the MBU was well positioned to prevent transmission both within and from the workplace.

 In 2020, like the rest of the world, Hudbay was confronted by the challenge of COVID-19. Thanks to the dedication of the many people across our organization, we were able to meet that challenge successfully.

PETER KUKIELSKI



In a challenging year, we achieved record throughput at Lalor and the Stall mill. We also steadily expanded our gold output, in line with a new mine plan that will eventually allow us to more than double our annual gold production as the New Britannia mill comes on stream.

The rapid advancement of the New Britannia mill project was another highlight for the MBU. Refurbishment proceeded ahead of schedule, and the mill is now on track to be commissioned in mid-2021. Once fully operational, the New Britannia mill will support the transition of the Lalor mine and Snow Lake area into a highly productive gold and base metals producer, which will help provide strong returns to our investors and greatly increase optionality and flexibility for Hudbay. This outlook is

supported by exploration at Lalor and the Snow Lake satellite deposits, which indicate strong potential for extending mine life in the region.

In October, production at 777 was interrupted due to an incident with the mine’s skip hoist. Consistent with the MBU’s prompt action during the year, the issue was addressed, and production resumed in late November without impacting Manitoba’s ability to meet its production or cost guidance for the year. During the shutdown, a number of 777 personnel and pieces of equipment were reassigned to Lalor, where their skills were used productively and helped to further highlight Lalor’s potential. The 777 mine remains scheduled for closure in mid-2022, and we continue to work with the community to help them successfully manage this

transition. It is important to note that, after the closure, the Flin Flon mill and tailings facility will be placed on care and maintenance, reaffirming that our confidence in the potential of the region remains strong.

South America Business Unit

Peru was hit hard by the COVID-19 virus and, as part of its response, the Peruvian government declared a state of emergency that required a shutdown of non-essential businesses across the country in March 2020. Due to the limited availability of critical supplies, we initiated a temporary and orderly shutdown of the Constancia mine, which lasted eight weeks. During the shutdown, a reduced on-site crew of employees was permitted to perform maintenance and related activities. Thanks to their efforts, we could resume full production almost immediately after the mine was reopened. More importantly, over the year, the team at Constancia did an exceptional job of keeping the mine employees and nearby communities safe. But while we kept our operations and on-site employees safe, we are saddened to report that a passenger in a company vehicle driven by one of our employees was killed in a highway accident.

As with Manitoba, the pandemic impacted but did not define the year at Constancia. We implemented technical improvements to our processing facilities that will contribute to increased copper, molybdenum and gold recoveries. We also completed a drill program to better understand the northern extension of the Constancia deposit, and the results have been incorporated in the March 2021 update of our mineral resource and reserve estimates.

For the long-term future of Constancia, the most significant achievement was the progress we made with community agreements. In February, we announced a surface rights agreement with the community of Chilloroya for the Pampacancha satellite deposit near Constancia, and over the course



of the year we concluded the majority of the individual land user agreements required to commence development. Although the pandemic delayed the required Consulta Previa government consultation process, this was concluded at the end of the year. In 2020, we also worked with the communities of Uchucarcco and Anahuichi toward securing five-year exploration agreements for the Caballito, Maria Reyna and Kusiorcco properties, while advancing our plans for exploration drilling at the Quehuincha and Llaguen properties.

Arizona Business Unit

Hudbay continues to believe in the potential of the Rosemont project in Arizona. In 2020, Hudbay and the United States federal government filed briefs

appealing the unprecedented District Court decision, which rejected the US Forest Service's issuance of a Final Record of Decision for Rosemont. Oral arguments were completed in February 2021, and we anticipate a decision later in 2021.

While awaiting a positive outcome of the appeal, we conducted a drilling program on our wholly owned private land near Rosemont to test for copper and other minerals and to better understand the area where we plan to run power and water lines for the mine. We also advanced activities at our Mason project in Nevada with a positive preliminary economic assessment completed in April 2021, and we will expand our efforts in the years ahead.

The Growing Case for Copper

During the first half of 2020, the pandemic-driven stoppages and slowdowns of construction, infrastructure development and other projects worldwide led to a decline in copper prices. Demand, and consequently price, increased in the second half of the year. I believe a growing recognition drove these increases – that copper fundamentals are strong and getting stronger. Ductile, durable and highly conductive, copper is essential in producing the high-capacity wiring needed for computers, smart devices, wind turbines, solar panels and electric vehicles; it is a crucial building block of the green economy. Copper is also naturally antimicrobial, making copper touch surfaces ideal in combatting the transmission of disease-causing pathogens. All of these properties will help drive the demand for copper beyond the current level of supply. With our existing mines and enviable project pipeline, Hudbay is ideally positioned to participate in meeting that demand, today and in the future.

Invested in a Bright Future

2020 was a year of investment – not only of financial resources but of effort, time and planning. Early in the year, we negotiated a gold forward sale and prepay transaction that provided almost the entire capital budget for the New Britannia refurbishment at a very attractive rate. Later in the year, we moved to protect our balance sheet and improve our liquidity position by renegotiating our revolving credit facility's covenants. We also completed a successful offering of \$600 million in unsecured notes, which enabled us to redeem \$400 million of senior notes, reduce our interest rate by more than 1% and add six years to our debt maturity. These steps, combined with our growing gold revenue and increased prices and demand for copper, place Hudbay in a solid position as we move forward into the next decade. We have

been in business for close to a century and are among an increasingly select set of companies with expertise at every stage of the mining cycle. Our Constancia mine progressed its tailings management practices to rise to the "AA" level in the Mining Association of Canada's Towards Sustainable Mining program, and our Mason project activities received a 2020 Nevada Excellence in Mine Reclamation Award. Applying our expertise, coupled with the investments made this year in infrastructure, exploration and expansion, set us up to deliver strong near-term results and steady long-term growth.

A Year to Remember. A Year to Look Forward To.

Confronted by the challenges of unprecedented demands and obstacles, the resilience and commitment of Hudbay's employees made the achievements of

2020 possible. They didn't just keep our operations working; they kept them thriving. If I open and close on the same point, I am unapologetic because I cannot do enough to acknowledge their efforts. I also want to thank our Board for their continued support and guidance in a year that has positioned Hudbay for a remarkable period of long-term growth.

Sincerely,



Peter Kukielski
President and Chief Executive Officer



Constancia: Expanding the Resource Base, Improving the Operation

Throughout 2020, while also managing the challenge of the pandemic, the team at Constancia reached key agreements with local communities, invested in technical innovations and upgrades, and drilled the Constancia north target adjacent to the Constancia pit. These achievements will help position the mine as the hub of a multi-generational mining operation.

In February, we secured a surface rights agreement with the community of Chilloroya. The agreement, which gives Hudbay access to the Pampacancha deposit near Constancia, further demonstrates the strength of Hudbay’s relationships with local communities. In keeping with International Finance

Corporation standards (**PSS** and **PS7**), we also conducted individual negotiations with each land possessor and worked to make sure we made offers consistent with our framework, and we completed this process in April 2021. Once it comes on stream, Pampacancha will add high-grade copper and gold ore to the Constancia mine plan, lowering future cash costs and increasing operating cash flows.

In 2011, Peru enacted the Consulta Previa (Prior Consultation) process, which regulates prior consultation with Indigenous populations on matters where their collective rights could be affected. While these consultations, which also involve Hudbay, are

time consuming, they contribute to the development of projects that are sensitive and responsive to local concerns, which, in turn, contributes to the success and sustainability of the project over the long term.

COVID-19 delayed the Consulta Previa consultation process conducted between the communities adjacent to Pampacancha and the Peruvian government, but it was completed at the end of 2020, and mining began in the second quarter of 2021. During 2020, Hudbay made progress toward establishing exploration agreements for the properties of Maria Reyna, Caballito and Kusiorcco and concluded an agreement to commence drilling at Quehuincha.

Our exploration team completed a successful drill program, defining the northern extension of the Constancia deposit (Constancia North) in 2020. The encouraging results have been integrated into our 2021 update of mineral resource and reserve estimates. We also pursued a wide range of production-focused efforts within the mine. Our efforts included measuring and mapping ore hardness across defined blocks with Constancia’s orebody, improving the performance of the mine’s advanced process control system, and doing early-stage work on recovery improvement projects and tonnage capacity increases. Even at this early stage, we have identified an opportunity to potentially improve copper recoveries by up to two to three percent.

The common thread that runs through all these measures and achievements is that they help expand the resource base available to Constancia’s processing infrastructure while extending the mine’s viability. At Constancia, Hudbay is set up to do what we do best: optimizing a low-cost, long-life mining operation that will create lasting value for our stakeholders.



Snow Lake: Expansion to Gold

For close to a century, Hudbay Minerals has been associated with base metals, primarily copper and zinc. We still identify ourselves as a copper company, and that metal remains the primary focus of our operations and our strategy. However, the extensive gold reserves we have been able to define at our Lalor mine and other wholly owned properties in the Snow Lake region are helping Lalor evolve from a zinc producer to a gold producer.

In 2020, we took several steps that will enable us to further enhance operational efficiency at Lalor and improve gold recoveries from Lalor and other Snow Lake gold deposits. Our most significant progress has been with respect to refurbishing the New Britannia mill, which we acquired for \$10 million in 2015. By the end of 2020, refurbishment was 73% complete, and commissioning is planned for mid-2021, well ahead of the original schedule. Once it is fully up and running, New Britannia, combined with the Stall mill, will provide Lalor with a milling capacity of approximately 5,300 tonnes per day. In turn, this will enable Hudbay to more than double gold production from Lalor – to 180,000 ounces per year by 2022.

Additionally, a number of continuous improvement projects have been completed at our Snow Lake operations that have positioned Lalor and Stall for record throughputs in 2021; these projects include:

- conducting mine-wide Kaizens to access the collective insight of Lalor team members in order to overcome potential bottlenecks and identify opportunities for introducing best practice in everything we do
- setting up a state-of-the-art mobile garage facility that can support a 5,300 tonnes-per-day mining operation that keeps the fleet running at top efficiency

- using digital solutions from Mobilaris Mining Intelligence™ to get an unsurpassed real-time look at mine operations in order to optimize safety and productivity
- employing X-ray fluorescence spectroscopy to analyze the makeup of minerals for stockpile blending and management in order to help maximize recoveries at the Stall mill

In 2021, we will continue to move our Lalor and Snow Lake operations toward peak efficiency to get the best possible return on gold, copper and zinc that we find in the region. We will also draw upon our proven skills in finding new resources and extending the mine life of our operations, so our stakeholders can benefit from our efforts for many years to come.



Responding to COVID-19: Resilience in Action

Identifying, adapting to, and overcoming challenges is an essential characteristic of miners and mining companies. Early in 2020, Hudbay recognized the challenge posed by the COVID-19 pandemic, particularly to its operations in remote locations. We mounted a coordinated, company-wide response that enabled us to meet our top priority: keeping our employees, contractors and communities safe while still remaining productive and profitable.

In early March, we formally invoked our corporate crisis management plan in response to the pandemic. The leadership of Hudbay's overall business response, including engagement with financial markets and coordination with the Board, was taken on by our Executive Committee, including our CEO, COO and CFO. Our established corporate and business unit crisis management teams (including the VP of Corporate Social Responsibility and the leaders of our business units) handled the operational response, which included targeted support and stakeholder communications, general monitoring and providing information and policy recommendations to the Executive Committee. This structure remains in place, and Executive Committee participants still meet virtually on a regular basis.

Also in March, our offices in Lima, Peru, and Tucson, Arizona, as well as our Head Office, shut down and staff moved to working from home. To support their transition and help them work efficiently, employees were encouraged to take whatever equipment they needed to work from home, including computers and monitors. Thanks to earlier investments in technology and security across our operations and business unit offices, we already had networks in place that enabled employees to securely connect to our network while working remotely. Throughout 2020, we greatly increased cybersecurity training for staff, with several training modules required throughout the year.



By design, Hudbay's business units operate with a significant degree of autonomy, and each has its own pandemic crisis team. The business unit leaders are accountable for risk assessment, response planning, employee and local stakeholder communications, and response management within each business unit.

In Manitoba and Peru, our mines are located in comparatively remote regions. Many of the employees come from nearby communities, but the mines also rely on employees and contractors from outside the

region who travel to and from site for their work rotations. Mindful of potential impacts on local communities, both our Manitoba and Peru operations developed rigorous protocols for testing, quarantining and workplace conduct in order to prevent the transmission of COVID-19. As a testament to the success of their efforts, over the course of 2020 there were no identified cases of transmission within our workplaces or transmission between rotational employees and local communities.

The background of the page is a photograph of a woman in a laboratory setting, looking through a microscope. The image is overlaid with a semi-transparent blue filter. The text "OUR COMPANY" is written in large, white, bold, sans-serif capital letters across the middle of the image.

OUR COMPANY

Hubbay is a diversified mining company primarily producing copper concentrate (containing copper, gold and silver) and zinc metal. Directly and through its subsidiaries, Hubbay owns three polymetallic mines, four ore concentrators and a zinc production facility in northern Manitoba and Saskatchewan (Canada) and Chumbivilcas (Peru), and copper projects in Arizona and Nevada (United States). The Company's growth strategy is focused on the exploration, development, operation and optimization of properties it already controls, as well as other mineral assets it may acquire that fit its strategic criteria. The Company is governed by the *Canada Business Corporations Act*, and its shares are listed under the symbol "HBM" on the Toronto Stock Exchange, New York Stock Exchange and Bolsa de Valores de Lima.



Chumbivilcas, Peru

Constancia

- 100% ownership
- Open pit copper/molybdenum mine and concentrator

Pampacancha

- 100% ownership
- Open pit copper/gold mine

Manitoba, Canada

Lalor

- 100% ownership
- Long-life, underground gold/zinc/silver/copper mine
- Stall and Flin Flon concentrators process Lalor base metal ore
- New Britannia mill is being refurbished to process Lalor gold-rich ore

777

- 100% ownership
- Underground copper/zinc/gold/silver mine
- Flin Flon concentrator
- Hydrometallurgical zinc plant

United States

Rosemont project (Arizona)

- 100% ownership
- Open pit copper project

Mason project (Nevada)

- 100% ownership
- Open pit copper project

Exploration properties

- Peru
- Chile
- Arizona, USA
- Nevada, USA
- Manitoba, Canada
- Saskatchewan, Canada

Vision, Mission, Values

Vision

We will be a responsible top-tier operator of long-life, low-cost mines in the Americas.

Mission

Our mission is to create sustainable value through the acquisition, development and operation of high-quality, long-life deposits with exploration potential in jurisdictions that support responsible mining, and to see the regions and communities in which we operate benefit from our presence.

Values

Dignity & Respect

We treat each other in ways that bring out the very best in each of us.

Caring

We sustain and contribute to the well-being of people and the environment in which we operate.

Openness

We speak freely and listen with care about opportunities, issues and concerns.

Trustworthiness

We can count on each other to do the right thing, and we follow through on our commitments.



ONE HUDBAY
how we work

Corporate Governance

We recognize that strong governance is critical to Hubday's success. It serves as the foundation of our ability to mitigate risk, protect stakeholders' interests, and operate efficiently and effectively.

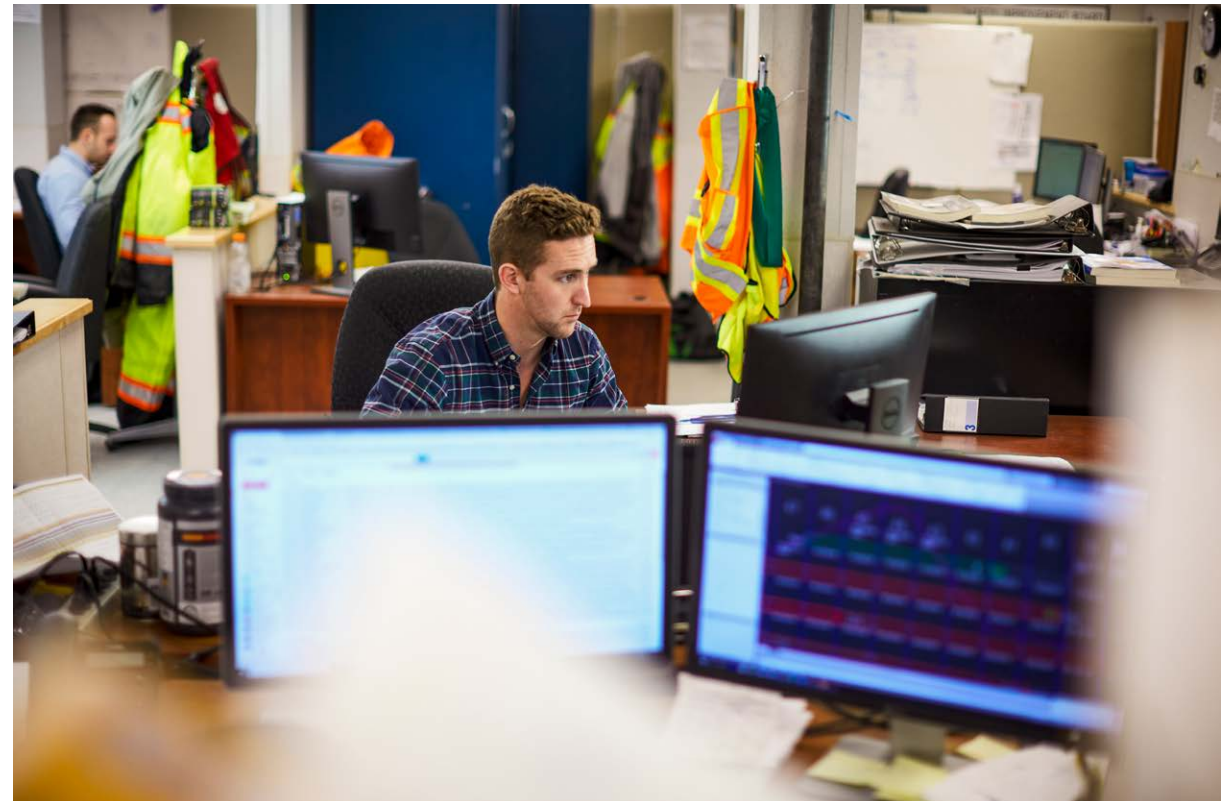
Hubday's Board of Directors is committed to acting in the best long-term interests of the Company, avoiding conflicts of interest, and providing timely and accurate disclosures to shareholders and other key stakeholders.

Members of our Board are highly qualified individuals with sound judgment, integrity and strong character, and have expertise and knowledge useful to the oversight and safeguarding of the Company's business. Hubday's Board of Directors' **Diversity Policy** states the Board's commitment to setting a tone at the top that leads to greater diversity of gender, viewpoints, backgrounds, experiences and other demographics (including representation of Indigenous peoples, persons with disabilities and visible minorities) on the Board, as well as on the senior management team and across the organization.

The Board fulfills its responsibilities directly and through five committees: Audit; Compensation and Human Resources; Corporate Governance and Nominating; Environmental, Health, Safety and Sustainability; and Technical.

In 2020, Hubday ranked seventh among mining companies in the Globe and Mail's 2020 Board Games, the publication's annual assessment of the governance quality of Canada's corporate boards. Hubday ranked first among base metal mining companies and was the only base metal company in the top 100. Moody's Investor Services assessed Hubday's overall governance practices at GA-1 – the highest level of the scoring framework.

See our [Management Information Circular](#) to learn more.



Board of Directors

As of December 31, 2020, the following were members of Hudbay's Board of Directors:

Stephen A. Lang*

Board Chair
Compensation and Human Resources Committee
Corporate Governance and Nominating Committee
Technical Committee



Carol T. Banducci*

Audit Committee (Chair)
Environmental, Health, Safety and Sustainability Committee



Igor Gonzales*

Environmental, Health, Safety and Sustainability Committee
Technical Committee



Richard Howes*

Compensation and Human Resources Committee
Technical Committee



Sarah B. Kavanagh*

Environmental, Health, Safety and Sustainability Committee (Chair)
Corporate Governance and Nominating Committee



Carin S. Knickel*

Compensation and Human Resources Committee (Chair)
Corporate Governance and Nominating Committee



* Independent

Peter Kukielski

President and Chief Executive Officer



Colin Osborne*

Technical Committee (Chair)
Audit Committee



Daniel Muniz Quintanilla*

Audit Committee
Environmental, Health, Safety and Sustainability Committee



David Smith*

Corporate Governance and Nominating Committee (Chair)
Compensation and Human Resources Committee



More information on our Board of Directors

Learn more:

- [Governance policies, standards, guidelines and committee charters](#)
- [Management Information Circular](#)

Business Conduct

Our values are reflected in our **Code of Business Conduct and Ethics** (the Code of Business Conduct or the Code), which states the principles of ethical conduct expected of everyone working on behalf of Hudbay, its subsidiaries and its affiliates. The Code of Business Conduct aims to promote a culture of integrity and accountability; avoid conflicts of interest; ensure compliance with all applicable laws, rules and regulations; protect Hudbay's confidential and proprietary information, assets, systems and property; and foster a work environment of respect and dignity.

Upon joining the Company, all Board members and employees confirm that they understand and will comply with the Code. Directors and executive officers are required to disclose any direct or indirect conflict of interest to the Board. Every year, directors, officers, and employees with a Hudbay email address must annually confirm compliance with the Code, our **Confidentiality and Insider Trading Policy**, our **Statement on Anti-Corruption** and our **Whistleblower Policy**.

Personnel who report concerns about unethical or illegal behaviour are protected by our Whistleblower Policy, which expressly prohibits discrimination, harassment and/or retaliation against anyone reporting conduct they believe violates our Code of Business Conduct or any laws.

Hudbay respects diverse political views and the right for personnel to participate in the political process as private citizens; however, our Code of Business Conduct prohibits political contributions made on Hudbay's behalf. As a company, Hudbay is nonpartisan and is committed to engaging with all relevant government officials regardless of political affiliation.



Compliance Training

Under our compliance program, which is managed by our legal function, all employees with a Hudbay email address, as well as members of our Board of Directors, are provided compliance training on our Code of Business Conduct and related policies. Training on the Canadian Corruption of *Foreign Public Officials Act* (CFPOA) and the US *Foreign Corrupt Practices Act* (FCPA) is given to all employees as part of the Code of Business Conduct training and targeted at specific groups as the Company deems appropriate.

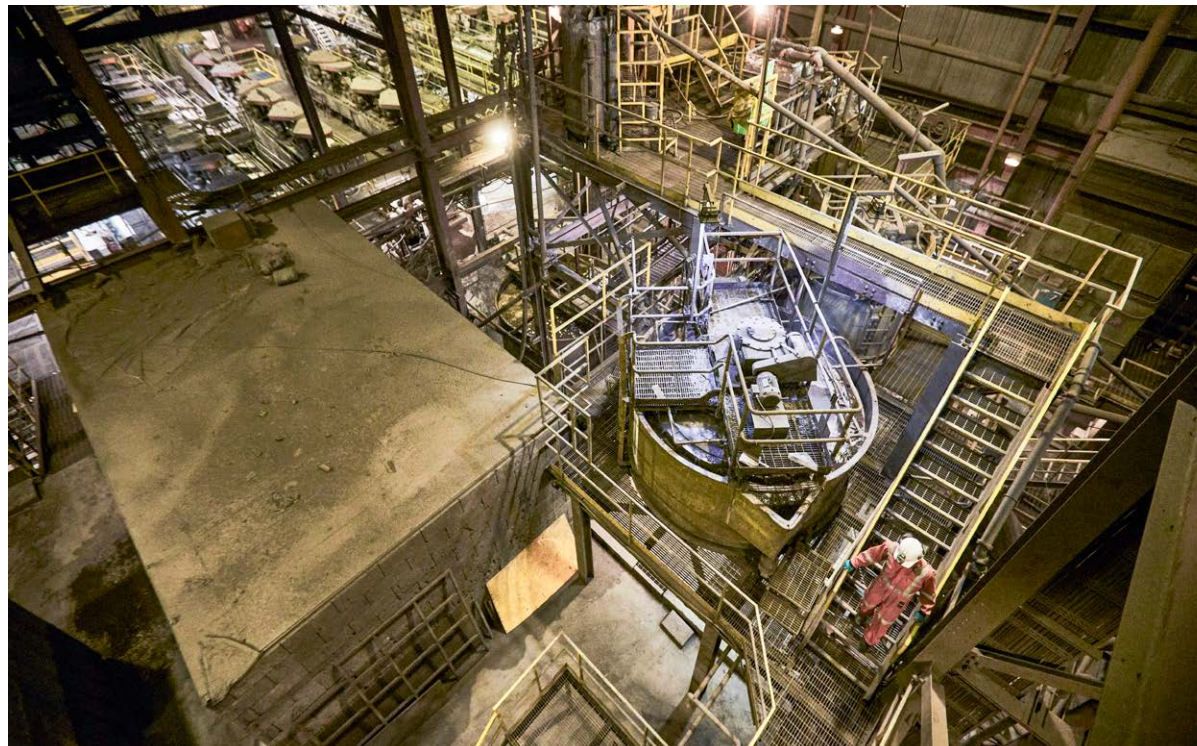
We expanded our 2020 compliance training (which was conducted in early 2021) beyond policy compliance topics to delve more into the diversity and inclusion aspects of our Code of Business Conduct. The training aimed to create a dialogue around how we define diversity and inclusion, and how better to include and advance marginalized groups within the workplace. The training was mandatory, and managers were notified of any employees who did not complete the tasks. Our Peru Business Unit also conducted training targeted at the compliance issues most relevant to its operating environment.



Risks, Issues or Complaints

Each year, we identify and assess the bribery and corruption risks applicable to our business units and corporate office. These risks continue to be most significant in Peru due to difficulties in monitoring compliance among contractors and agents (and, potentially, employees as the Company grows), along with increased enforcement of anti-corruption legislation. Our Code of Business Conduct – supported by policies, standards and training programs with a particular emphasis on functions and/or roles that may pose a higher risk for violating the CFPOA and FCPA – aims to mitigate this elevated risk. We also have internal controls in place to detect activities that might lead to a violation so we can take action before a significant issue arises.

There were no incidents of corruption reported in 2020, and no accusations of corruption involving employees, business partners or legal cases were brought against the Company. Through our third-party whistleblower reporting service, 15 incidents were reported in 2020, all of which were investigated and resolved with corrective action where necessary. None of these incidents involved significant allegations of fraud or violations of our Code; however, some allegations were brought forward related to business, health, safety and environmental practices, violations of company policies or procedures, and potential conflicts of interest.



Stakeholders may report an issue via one or more of the following ways:

- Community concerns are addressed through our grievance process at each project and operating site. For details about community concerns during 2020, see the **Community Relations** section of this report or look for locally available information.
- Our Board of Directors can be contacted by mail or by email at chair@hubbay.com. As well, the Chair of Hubday's Audit Committee reviews confidential reports about perceived violations of the Company's internal and accounting controls, auditing matters or violations of the Company's Code of Business Conduct or Supplier Code of Conduct through our whistleblower hotline. Reports are handled under our Whistleblower Policy, and the Chair of the Audit Committee is responsible for ensuring that they are appropriately investigated. Reports can be submitted by calling +1 877 457-7318 or visiting www.clearviewconnects.com.
- Canada's National Contact Point (NCP) for the Organisation for Economic Co-operation and Development (OECD) provides a forum where multinational enterprises, Canadian businesses, non-governmental organizations and labour organizations can voice their views and concerns. The NCP facilitates access to resolution and mediation procedures to help companies and communities settle issues. Canada's NCP can be reached by email at npc.pcn@international.gc.ca or by telephone at +1 343 203-2341.
- The independent Canadian Ombudsperson for Responsible Enterprise (CORE) investigates human rights complaints related to Canadian companies operating overseas. More information about CORE's roles and responsibilities and complaint process is available on its [website](http://www.core.ca).

Risk Management

As a mining company operating and exploring in multiple jurisdictions, Hudbay's risks and opportunities are broad and complex, extending beyond financial and operational considerations to include geopolitical, social and environmental matters. Because we recognize that material sustainability matters (e.g., climate change, water use and community conflicts) can impact our operations and financials, our risk management approach includes identifying and managing sustainability risks to ensure we achieve our business objectives.

Our enterprise risk management (ERM) process:

- Helps identify existing and emerging risks to our business
- Promotes alignment across the organization
- Embeds effective risk management practices and tools into our culture, systems and processes
- Maintains processes to consolidate risk assessments into enterprise-level risk analysis
- Provides assurance to our executives and relevant committees of the Board of Directors on its effectiveness

Our Board of Directors provides oversight of our risk management approach. The Board's charter states its responsibility for reviewing the Company's principal risks and, with the assistance of the Audit Committee, implementing policies and overseeing the design of systems to effectively monitor such risks. Each Board committee is responsible for monitoring the critical risks assigned to it by the Board or the Audit Committee and for periodically reviewing with management how those risks are being managed and communicating findings to the full Board.

Hudbay executives are responsible for:

- Conducting business in accordance with the risk appetite set by the Board of Directors
- Integrating risk management into strategic business planning, budget and resource allocation, operating performance, and human resources, financial and compliance processes
- Actively monitoring and managing principal business risks

Identified risks are assigned to the individuals who have the most knowledge and experience to effectively manage and monitor the risk. Each business unit has a risk register, which is managed by the vice president of the business unit. Risk information from each register is aggregated to identify the high-level risks.



Precautionary Approach

Our ERM process supports Hudbay's commitment, throughout the mine lifecycle, to conduct our activities under the precautionary approach – a risk management principle to avoid actions that pose a hypothetical risk to human health or the environment when it is within our power to do so and when harm is scientifically plausible but uncertain.

We use baseline environmental and social impact studies to evaluate how to avoid, mitigate or control potentially significant impacts; implement appropriate monitoring and management systems; and responsibly conduct land reclamation and mine closure. In all cases, we solicit stakeholder input. More information about how Hudbay takes a precautionary approach to our material sustainability matters is provided throughout this report.

Emergency Response and Crisis Management

In the event of a crisis involving the health and safety of Hudbay's personnel and/or the Company's assets, operations and reputation, each business unit maintains a crisis management and preparedness plan. The plans help sites identify potential crises and develop responses best suited to the local circumstances. Under Hudbay's corporate crisis management plan, a team at the corporate level provides oversight of the business unit plans and centrally manages potential enterprise-wide risks such as cybersecurity and global pandemics. The crisis management teams at the business unit and corporate level conduct regular training and exercises to maintain a state of readiness.

In January 2020, we began monitoring the outbreak of COVID-19 cases in China, and by early March we activated crisis management plans in the business units and at the corporate level once the spread of the virus reached pandemic levels. We highlight the actions we took to, first and foremost, keep personnel and community members safe and minimize operational impacts to the greatest extent possible in the **Responding to COVID-19: Resilience in Action** case study.

Hudbay's long-term and emerging risks and their potential business impacts are detailed in the Risk Factors section of our **Annual Information Form**.



Management Team

Hudbay's skilled and experienced management team leads the Company's efforts to set long-range goals, deliver growth, manage costs, operate safely and responsibly, and invest in the future.

As of December 31, 2020, the following were members of Hudbay's management team:

Peter Kukielski

President and
Chief Executive Officer



Steve Douglas

Senior Vice President
and Chief Financial Officer



Cashel Meagher

Senior Vice President
and Chief Operating Officer



Eugene Lei

Senior Vice President,
Corporate Development
and Strategy



Peter Adamek

Vice President, Finance



Peter Amelunxen

Vice President,
Technical Services



Robert Assabgui

Vice President,
Manitoba Business Unit



David Clarry

Vice President,
Corporate Social Responsibility



Javier Del Rio

Vice President,
South America Business Unit



Patrick Donnelly

Vice President
and General Counsel



Jon Douglas

Vice President
and Treasurer



Elizabeth Gitajn

Vice President,
Risk Management



Andre Lauzon

Vice President,
Arizona Business Unit



Olivier Tavchandjian

Vice President,
Exploration and Geology



Learn more:

- [Management team biographies](#)

A large yellow mining truck is shown in a desert landscape, with a smaller truck visible in the distance. The scene is overlaid with a semi-transparent orange filter.

BUSINESS AND FINANCIAL REVIEW

2020 was an unprecedented year, but Hudbay still achieved its revised production and operating cost targets, maintaining a record of strong operating and financial performance. At the same time, we were able to make several key investments to drive future production growth.

Our operations in Peru demonstrated exceptional perseverance in the face of the pandemic. The team successfully completed the Consulta Previa process for Pampacancha and received the final permit required to begin the mine's development and operation. Pre-development activities commenced in January 2021, and pre-stripping activities commenced in April 2021 after completion of the final individual land user agreements. Additionally, our exploration team completed a drilling program to define the northern extension of the Constanca deposit, and we have incorporated the results into our 2021 update of mineral resource and reserve estimates.

Our Manitoba operations showed strength and resilience in successfully managing the challenges

of COVID-19 and in quickly remedying the 777 skip hoist incident. The team confirmed the potential for increasing Lalor's long-term production rate and made rapid progress in refurbishing the New Britannia mill, which is on track for its first gold pour in the summer of 2021.

Looking ahead, we anticipate 2021 to be a year of further investment, building on the investments we made in 2020. We also expect to begin seeing the benefits as we grow production through Pampacancha and New Britannia. We have committed \$40 million to exploration, and will conduct an expanded program that includes targeted drilling of promising sites in Arizona, Peru and Snow Lake.

Key Accomplishments

- Achieved 2020 production and unit cost guidance in Peru and Manitoba; Manitoba copper production exceeded the top end of the guidance range, and refined zinc metal production was higher than it has been in over 10 years.
- Constancia’s copper production was within the revised guidance range, and the Pampacancha satellite deposit was significantly advanced with the signing of the community surface rights agreement in February and the subsequent completion of the Consulta Previa consultation process.
- The Lalor mine and Stall concentrator both achieved record quarterly and annual production because employees and equipment from our 777 mine were redeployed to Lalor during the 777 shaft repair period.
- Full production resumed at the 777 mine on November 25 following a skip hoist incident in early October; shaft repair activities were completed well ahead of schedule and below expected costs.
- Manitoba annual gold sales volumes increased by 24% in 2020 compared to the prior year.
- Cash and cash equivalents of \$439.1 million as at December 31, 2020 show that the Company is well placed to capitalize on the investments it made over the year and to deliver growing returns in the future.

2020 Operations and Financial Summary

Operations Summary

For the years ended December 31

Production (contained metal in concentrate) ^{1,2}	2020	2019
Copper (000 tonnes)	95.3	137.2
Gold (000 ounces)	124.6	114.7
Silver (000 ounces)	2,750.8	3,585.3
Zinc (000 tonnes)	118.1	119.1
Molybdenum (000 tonnes)	1.2	1.3

¹ Metal reported in concentrate is prior to refining losses or deductions associated with smelter contract terms.

² 2020 copper production was impacted by the government of Peru’s mandated eight-week shutdown of the Constancia mine at the outset of the pandemic.

Financial Summary

Financial Condition (in \$000s)	Dec. 31, 2020	Dec. 31, 2019
Cash and cash equivalents	\$ 439,135	\$ 396,146
Working capital	306,888	271,284
Total assets	4,666,645	4,461,057
Total long-term debt	1,135,675	985,255
Equity	1,699,806	1,848,123

Financial Performance (in \$000s, except per share and cash cost amounts)	Dec. 31, 2020	Dec. 31, 2019
Revenue	\$ 1,092,418	\$ 1,237,439
Profit before tax	(179,089)	(452,763)
Basic and diluted earnings (loss) per share	(0.55)	(1.32)
Profit (loss)	(144,584)	(343,810)
Operating cash flows before change in non-cash working capital	241,863	307,284
Production		
Contained metal in concentrate ¹		
Copper (tonnes)	95,333	137,179
Gold (ounces)	124,622	114,692
Silver (ounces)	2,750,873	3,585,330
Zinc (tonnes)	118,130	119,106
Molybdenum (tonnes)	1,204	1,272
Metal sold		
Payable in metal in concentrate ^{1,2}		
Copper (tonnes)	88,888	128,519
Gold (ounces)	122,949	108,999
Silver (ounces)	2,585,586	3,452,926
Refined zinc (tonnes)	109,347	104,319
Molybdenum (tonnes)	1,321	1,186

¹ Metal reported in concentrate is prior to deductions associated with smelter contract terms.

² 2020 copper production was impacted by the government of Peru's mandated eight-week shutdown of the Constancia mine at the outset of the pandemic.

Strategy

Our mission is to create sustainable value through the acquisition, development and operation of high-quality, long-life deposits with exploration potential in jurisdictions that support responsible mining, and to see the regions and communities in which we operate benefit from our presence.

We believe that the greatest opportunities for shareholder value creation in the mining industry are in the discovery and development of new mineral deposits, and through highly efficient low-cost operations that profitably extract ore from those deposits. We also believe that our successful development, ramp-up and operation of the Constancia open pit mine in Peru, along with our long history of underground mining and full lifecycle experience in northern Manitoba, provide us with a competitive advantage in these respects relative to similar-sized peers.

Hudbay has built a world-class asset base by employing a consistent long-term growth strategy. We aim to sustainably grow Hudbay through exploration and development of our enviable project pipeline, as well as through the acquisition of other properties that fit our stringent strategic criteria. Furthermore, we continuously work to generate strong free cash flow and to optimize the value of our producing asset portfolio through exploration, brownfield expansion projects, and efficient and safe operations.

To ensure that any capital allocation or acquisition we undertake creates sustainable value for stakeholders, we have established several criteria for evaluating mineral property opportunities. These include the following:

Geography: Potential acquisitions should be located in jurisdictions that support responsible mining activity and have acceptable levels of political and

social risk. Given our current scale and geographic footprint, our current geographic focus is on select investment-grade countries in the Americas, with strong rule of law and respect for human rights consistent with our longstanding focus on environmental, social and governance (ESG) principles.

Commodity: Among the metals we produce, we believe copper has the best long-term supply/demand fundamentals and the greatest opportunities for sustained risk-adjusted returns. While our primary focus is on copper, we appreciate the polymetallic nature of deposits and, in particular, the counter-cyclical nature of gold production in our portfolio.

Quality: We are focused on adding long-life, low-cost assets to our existing portfolio of high-quality assets. Long-life assets can capture peak pricing of multiple commodity price cycles, and low-cost assets can generate free cash flow even through the trough of price cycles.

Potential: We consider the full spectrum of acquisition and investment opportunities from early-stage exploration to producing assets, but they must meet our stringent risk-adjusted criteria for growth and value creation. Regardless of the stage of development, we look for mineral assets that we believe offer significant incremental potential for exploration, development and optimization beyond the stated resources and mine plan.



Permitting and Sustainability Context: We evaluate the legal, environmental and eco-efficiency context of acquisitions and major investments. Behind our financial analysis, we assess risks and opportunities related to the criteria and clarity of processes for obtaining formal permissions; the compatibility between mining activities and sensitivities of local environments; technical efficiencies along key parameters of energy, water and waste management; and structure of energy supply.

Process: Through a robust due diligence and capital allocation process, we develop a clear understanding of how we can create value from the investment or the acquired property through the application of our technical, social, operational and project execution expertise, as well as through the provision of necessary financial capacity and other operational optimization opportunities.

Operatorship: We believe real value is created through leading efficient project development and operations. Hudbay's leadership team is well positioned to drive value and to deliver effective capital allocation with our proven track record of successful project development and operational excellence.

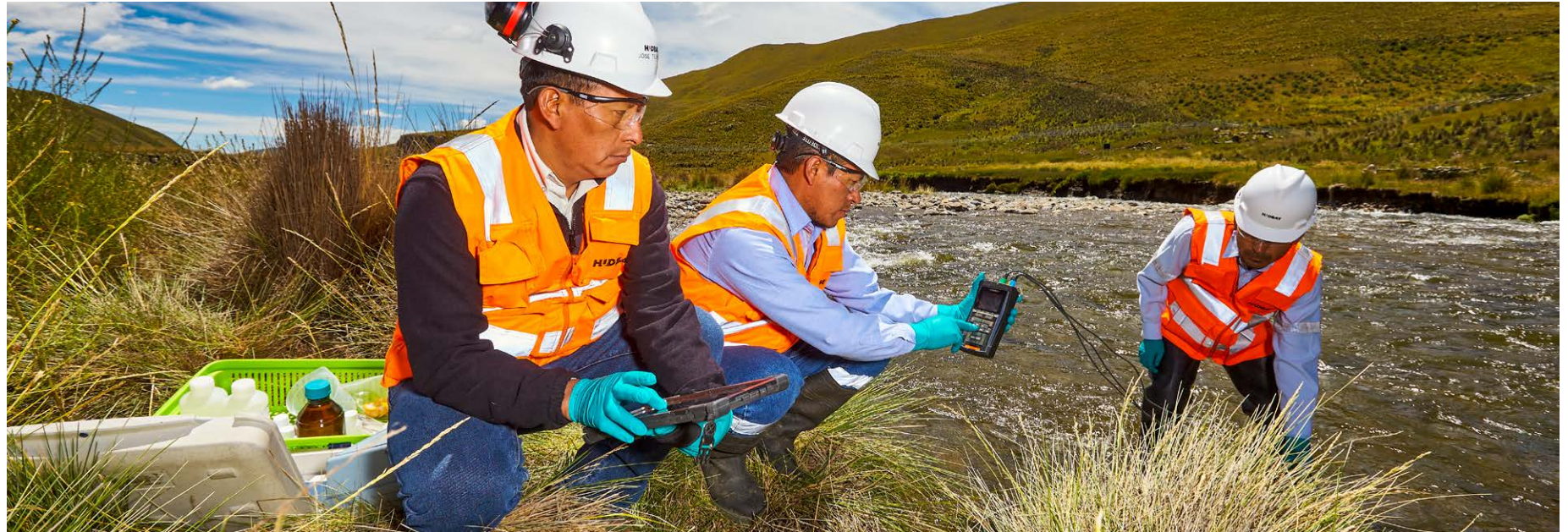
Financial: Investments and acquisitions should be accretive to Hudbay on a per share basis. Given that our strategic focus includes capital allocation to non-producing assets at various stages of development, when evaluating accretion we will consider measures such as internal rate of return (IRR), return on invested capital (ROIC), net asset value per share and the contained value of reserves and resources per share.

Financial and Business Objectives for 2021

Moving ahead in 2021, we intend to:

- Focus on operational efficiencies and maintain our low costs of production to continue to generate positive cash flow and strong returns on invested capital
- Execute development and commence mining activities at the Pampacancha satellite deposit, further enhancing Constancia's production and cost profile
- Deliver the refurbishment of the New Britannia gold mill to significantly increase gold production from Lalor, completing the second phase of the Snow Lake gold strategy
- Advance the appeals process and alternative options to unlock value at Rosemont
- Progress the third phase of our Snow Lake gold strategy to further increase annual production scale by advancing studies to optimize recoveries, throughput, resource conversion and exploration
- Maintain Constancia's industry-leading efficiency metrics by identifying areas of upside through continuous improvement initiatives at the mill and ongoing near-mine exploration
- Drill regional copper exploration targets near Constancia, in northern Peru and near Rosemont while continuing to advance exploration programs in the Snow Lake region, Peru and Nevada
- Support our workforce, their families and the communities in which we operate by continuing to make health and safety a priority and providing ongoing COVID-19 support
- Evaluate exploration, organic growth and acquisition opportunities that meet our stringent strategic criteria and allocate capital to pursue those opportunities that create sustainable value for the Company and our stakeholders

Business Activities



Over the course of 2020, we delivered strong operating performance in a challenging year. On a consolidated basis, our copper, zinc and precious metals production met revised 2020 guidance ranges. In Manitoba, copper production exceeded the top end of the guidance range; in Peru, copper production was within our revised guidance range. Combined unit costs in Manitoba and Peru were within guidance. Still, total capital expenditures were above 2020 guidance, largely due to costs associated with individual land user agreements in Peru that, due to the ongoing nature of the negotiations, as previously disclosed, were not part of the initial growth capital guidance for the Company. In Manitoba, the New Britannia mill's refurbishment proceeded ahead of schedule, with work 73% finished

by the year's end. At Constancia, the Consulta Previa process was completed for Pampacancha, and we received final permits for development and mining.

- Across Hudbay, Company produced 95,333 tonnes of copper in concentrate, 118,130 tonnes of zinc in concentrate and 124,622 ounces of gold in concentrate
- Achieved unit operating cost guidance in both Manitoba and Peru, resulting in a consolidated cash cost per pound of copper produced of \$0.60 and an all-in sustaining cost of \$2.16 per pound¹
- Maintained our strong sustainability performance
- Advanced several near-term growth initiatives

¹ All-in sustaining cash cost per pound of copper produced, net of byproduct credits, is a non-IFRS financial performance measure with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under "Non-IFRS Financial Performance Measures" beginning on [page 53 of Hudbay's Management's Discussion and Analysis](#) filed February 18, 2021.

Manitoba Business Unit

- Achieved record annual production at Lalor and Stall
- Announced phase two of the Snow Lake gold strategy
- 35% increase in gold reserves
- 41% increase in life of mine gold production at Lalor
- Average annual gold production increased to over 150,000 ounces at first quartile cash costs; recent 2021 mine plan estimated a further increase to gold production to over 180,000 ounces annually
- Fully funded the New Britannia investment through gold prepay and advanced project to 73% completion
- Identified early gold opportunity at New Britannia
- Upgraded the 1901 base metal resource estimate and defined initial gold resource
- 777 shaft production interruption in Q4
- Identified opportunity to achieve higher production rates at Lalor beyond 4,500 tonnes per day
- Initiated work on the Stall recovery improvement program

Peru Business Unit

- Signed community agreement for Pampacancha surface rights
- Eight-week production interruption at onset of the pandemic due to government-mandated civil shutdown
- Encouraging Constancia North drill results showed potential for pit extension

- Advanced exploration on Quehuincha North and Llaguen targets
- Completed the Consulta Previa process for Pampacancha
- Received the final mining permit for the development and operation of Pampacancha

Arizona Business Unit

- Advanced Rosemont federal permits appeals process
- Initiated exploration drilling program on lands near Rosemont
- Consolidated land near Mason and advanced preliminary economic studies

Corporate

- Safely and efficiently implemented and adapted to COVID-19 protocols in all operations
- Solidified our management team, confirming Peter Kukielski as our permanent CEO and adding an experienced mining company CFO in Steve Douglas
- Completed the refinancing of \$400 million of 2023 bonds through the issuance of \$600 million 2029 bonds, and in early 2021 completed the refinancing of \$600 million of 2025 bonds to significantly reduce the annual interest costs
- Signed the BlackNorth CEO Pledge, a key affirmation of the Company's commitment to diversity and inclusion

Financials

In 2020, Hudbay again achieved our revised production and unit cost guidance in Manitoba and Peru. Copper production in Manitoba exceeded the top end of our guidance range, and refined zinc metal was higher than it has been in more than 10 years. We were also able to capitalize on higher gold prices, as Manitoba's annual gold sales volumes increased by 24% in 2020 compared to the previous year. Hudbay's full-year revenue for 2020 was \$1,092.4 million, \$145 million lower than 2019 due to lower copper sales volumes that were only partly offset by higher realized sales prices for copper and precious metals. The all-in sustaining cash cost per pound of copper produced, net of byproduct credits, was \$2.16, an increase from \$1.86 in 2019¹. The increase was mainly driven by increased cash-sustaining capital expenditures and lower copper production year-over-year.

¹ All-in sustaining cash cost per pound of copper produced, net of byproduct credits, is a non-IFRS financial performance measure with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under "Non-IFRS Financial Performance Measures" beginning on [page 53 of Hudbay's Management's Discussion and Analysis](#) filed February 18, 2021.

Consolidated Financial Statements

Management's Discussion and Analysis



SUSTAINABILITY APPROACH

Hubbay believes that continuously improving how we manage the social, environmental and economic risks, impacts and opportunities associated with our activities is critical for our long-term success. Our focus on sustainability helps us meet stakeholder expectations, benefit from positive developments and navigate challenging circumstances.

HIGHLIGHTS

\$45.3 million spent on local procurement

\$5.3 million in community investments and charitable donations

17% reduction in lost time severity

Strengthening Tailings Facilities in Manitoba

Our Flin Flon Tailings Impoundment System (FFTIS) in Manitoba, which has been in service for more than 90 years, holds around 100 million tonnes of tailings. Recent tailings storage facility (TSF) failures around the world have accelerated efforts throughout the mining industry to improve the safety of these structures.

In 2019, Hudbay initiated a multi-year, C\$80 million dam investment project, divided into annual expenditures of \$20 million, to improve our facilities' factor of safety (FOS) – a metric used by engineers to measure a structure's robustness against unexpected events. The project incorporated recommendations from Hudbay's engineer of record (EOR), which reflected the EOR's re-examination of Hudbay's TSFs in light of higher industry standards and learnings from recent TSF failures at other mining operations. The project is expected to be completed in 2022.

The first phase focused on protecting people. The town of Creighton, Saskatchewan, resides on the south side of the FFTIS. Based on an analysis of impacts from a hypothetical dam failure, our top priority was to construct control berms that would redirect the flow of slurry and water away from residential and other public areas should there be an unlikely trigger event causing a dam failure and an uncontained release of tailings.

Once we completed the berm construction, which greatly reduced the risk rating for impacts to the public, we were able to take the next step. Phase two of the project focused on areas with a higher risk rating for impacts to the public, the environment and our operations. This work included stabilizing areas near the Hanson Lake highway and along the south perimeter of the FFTIS. At the end of 2020, both phase one and phase two construction activities were complete, and phase three work was initiated.

Phase three projects will complete the legacy upgrades and bring all of the dams in the FFTIS up to the required FOS, based on an analysis of the Canadian Dam Association's criteria. Two of these projects are expected to be completed in 2021, with the three remaining structures completed in 2022.

Community members and other local stakeholders were kept apprised of the dam stabilization work. In mid-2020, Hudbay held an open house that followed strict COVID-19 safety protocols, in which participants were able to ask questions of Hudbay's EOR and members of the tailings management team.



Our Flin Flon Tailings Impoundment System (FFTIS) in Manitoba, which has been in service for more than 90 years, holds around 100 million tonnes of tailings. Recent tailings storage facility (TSF) failures around the world have accelerated efforts throughout the mining industry to improve the safety of these structures.

Hudbay Aligns with New Sustainability Reporting Frameworks

Hudbay has long believed that transparently disclosing our sustainability performance is good business and essential to earning and maintaining stakeholder trust.

For several years, Hudbay has published its environmental, social and governance (ESG) disclosures in accordance with the Global Reporting Initiative (GRI) guidelines and standards. We have also participated in CDP's annual questionnaires on our greenhouse gas (GHG) emissions, water management practices and forest-related risks and opportunities.

For many years, the GRI and CDP have been considered two of the most credible sustainability reporting frameworks – and have been the most widely adopted. However, two other frameworks have recently emerged that reflect how sustainability reporting is evolving to include issues of interest to investors. The Sustainability Accounting Standards Board (SASB) created a standardized methodology for reporting sustainability information that is material to investors and that allows stakeholders to compare peer performance within an industry. The Task Force on Climate-related Financial Disclosures (TCFD) framework seeks to provide stakeholders in the financial markets (e.g., investors, lenders, insurers and regulators) climate-related information useful to decision-making.

As investor interest in ESG matters (from climate change to the strength of community relationships) increases, SASB and TCFD are emerging as equally credible standards and frameworks to GRI. As a result, our 2020 Annual Sustainability Report disclosures were mapped to the GRI, the SASB Metals & Mining industry standard and the TCFD.



Hudbay has long believed that transparently disclosing our sustainability performance is good business and essential to earning and maintaining stakeholder trust.

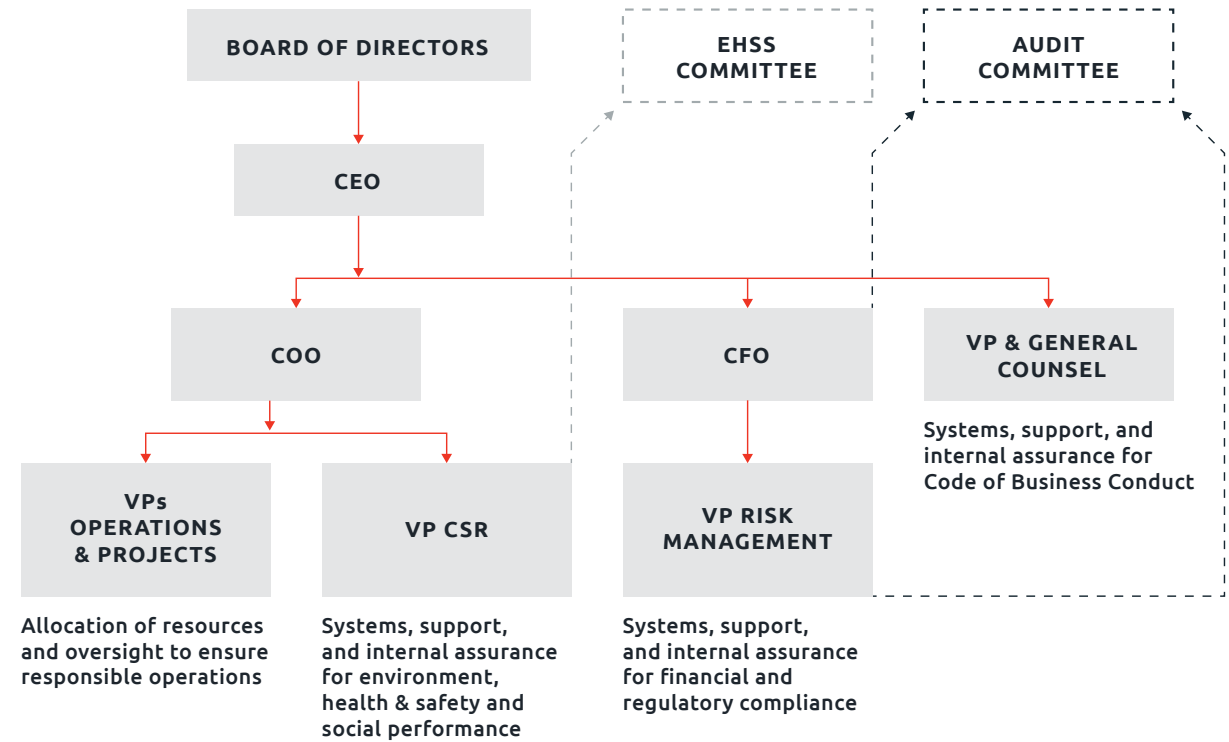
Because the multiple frameworks may have an unintended result of creating complexity and becoming onerous, there are several efforts underway to converge the various sustainability reporting standards into a single reporting framework. We are monitoring these developments as we continuously improve our reporting disclosures and transparency on our performance.

Sustainability Governance

Sustainability is embedded into Hudbay’s overall management approach, and governance of sustainability starts at the Board level.

Hudbay’s Environmental, Health, Safety and Sustainability (EHSS) Committee represents the Board in providing detailed oversight of the Company’s human rights, social, environmental, health and safety policies, programs and systems. The Committee meets quarterly to review the Company’s performance and management of key EHSS risks. The Committee also tracks the effectiveness of Hudbay’s management systems through the external ISO 14001 and 45001 certification and TSM performance assessment processes. Our Vice President, Corporate Social Responsibility has responsibility for the Company’s overall sustainability governance processes, while business unit and operations leaders are responsible for achieving and maintaining sustainable operations. Each operation has specialist personnel who are dedicated to the day-to-day management of health, safety, environmental, community relations and other social and human rights matters.

Sustainability Management Framework



Our Sustainability Management Framework details commitments, requirements and accountabilities for sustainability matters throughout the organization. Hudbay’s **Code of Business Conduct, Human Rights Policy, Environmental Health and Safety Policy and Supplier Code of Conduct** state our social, environmental and ethical commitments across our business, including our supply chain.

Hudbay’s ability to achieve our business objectives is supported by the policies, processes and procedures that make up our management systems across all our

functions. Each operation must have a formal management system supporting sustainability performance. The health and safety management system and environmental management system components must be certified to the International Organization for Standardization’s (ISO) 14001 and 45001 standards. In 2018, ISO 45001 replaced OHSAS 18001 as the accepted standard for safety management systems, and in 2020 our Manitoba and Peru business units were both certified to the enhanced ISO 45001 standard. The business units also maintained ISO 14001 certification throughout the year.

Each business unit sets objectives, identifies risks and provides assurance to leadership and the Board that EHSS matters are being managed appropriately. Supporting these efforts is an integrated software system – called Intelx – that tracks health, safety and environmental incidents and investigations; captures certain stakeholder engagement activities and commitments; and documents corrective actions at the sites. Our Arizona and Manitoba business units also use the system to support permitting requirements.

As a member of the Mining Association of Canada (MAC), Hudbay participates in its Towards Sustainable Mining (TSM) program. Launched in 2004 to improve the industry’s performance and help Canadian companies evaluate and manage key environmental and social risks, TSM was the first sustainability standard in the mining industry to require site-level assessments.

Increasingly, the TSM program is being recognized as global best practice in sustainable and responsible mining. Today, mining associations in eight other countries – Argentina, Australia, Botswana, Brazil, Finland, Norway, the Philippines and Spain – have adopted the program and other countries are considering its adoption. MAC is developing an equivalency map that defines how the TSM standards align with emerging performance frameworks, including the World Gold Council’s Responsible Gold Mining Principles (RGMPs) and the Copper Mark.

The TSM program is based on guiding principles and supported by a set of tools and performance indicators to ensure key mining risks are effectively managed. Our participation in TSM supports Hudbay’s accountability, transparency and credibility through the evaluation and public reporting of our performance across the following protocols and frameworks:

- Indigenous and Community Relationships
- Energy and GHG Emissions Management
- Tailings Management
- Biodiversity Conservation Management
- Safety and Health
- Crisis Management and Communications Planning
- Water Stewardship
- Preventing Child and Forced Labour
- Mine Closure Framework

Among the key features of TSM are:

- Measuring performance primarily at the facility level
- Externally verifying and publicly reporting results as they are submitted on the **MAC website**
- Monitoring the program’s implementation via an external Community of Interest Advisory Panel that provides an independent perspective on the appropriateness of TSM standards and reviews evidence of member commitment
- Encouraging and supporting continual performance improvement

The TSM protocols and frameworks are incorporated into our overall management systems and company standards. Although we are only required to implement the program at our Canadian operations, we have committed to implementing the program at all of our operations. The goal is for each facility to achieve a minimum of Level A – which is considered good performance and demonstrates that commitments and accountabilities are in place and consistent with the protocol – in all performance areas.

International Systems and Performance Standards

To inform our sustainability programs and improve our performance, we apply the following international best practice standards and voluntarily support and/or participate in several disclosure frameworks.

International systems

- **ISO 14001** environmental management standard
- **ISO 45001** occupational health and safety management systems standard
- **ISO 9001** quality management systems standard for the production and supply of cast zinc products
- **Towards Sustainable Mining** – the Mining Association of Canada’s set of tools and indicators to drive performance and ensure key mining risks are managed responsibly
- **Voluntary Principles on Security and Human Rights** – an operating framework that ensures security practices include respect for human rights
- **IFC Performance Standards** – the International Finance Corporation (IFC), part of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries. Hudbay follows the IFC’s Performance Standards on Environmental and Social Sustainability at our Constancia site in Peru.

International reporting standards

- **Global Reporting Initiative (GRI)** – an independent, international organization that provides the world’s most widely used standards for sustainability reporting: the GRI Standards
- **CDP** (formerly called the Carbon Disclosure Project) – the non-profit that runs the global disclosure system for thousands of organizations to manage environmental matters such as greenhouse gas emissions, water use and climate change strategies
- **Sustainability Accounting Standards Board (SASB)** – an independent non-profit organization that aims to improve industry-specific standards for the disclosure of financially material sustainability information. Hudbay has mapped its 2020 Annual Sustainability Report to the SASB Metals & Mining Standard.
- **Task Force on Climate-related Financial Disclosures (TCFD)** – an organization established by the Financial Stability Board to improve the reporting of climate-related risks and opportunities

Industry Involvement

Hudbay participates in industry associations and multi-stakeholder groups through membership, funding, sharing of expertise, and participation in committees and working groups. Memberships include the following:

- Aboriginal Chamber of Commerce (Manitoba)
- Alianza para Obras por Impuestos – ALOXI
- American Exploration and Mining Association
- Arizona Mining Association
- Arizona Small Business Association
- Arizona Trail Association
- Several Arizona Chambers of Commerce – Benson San Pedro Valley, Greater Oro Valley, Greater Vail Area, Green Valley/Sahuarita, Marana, Nogales–Santa Cruz, Sierra Vista Area, Tucson Hispanic, Tucson Metro
- Asociación Vida Perú (a non-profit organization that donates medical equipment and medicines)
- BlackNorth Initiative
- Business for Social Responsibility (BSR) (a non-profit business network and consultancy dedicated to sustainability)
- Cámara de Comercio Canadá Perú
- Canadian Council for Aboriginal Business
- Canadian Institute of Mining, Metallurgy and Petroleum and relevant societies
- Catalyst Accord 2022 and the 30% Club
- Centro Peruano de Promoción del Cobre – Procobre
- Coalition for Energy Efficient Comminution (CEEC) – an international, not-for-profit, registered charity committed to sharing energy-efficient mining and mineral processing solutions
- Confederación Nacional de Instituciones Empresariales Privadas, CONFIEP (National Confederation of Private Business Institutions in Peru)
- Cusco Chamber of Commerce
- Devonshire Initiative (a Canadian forum for leading international development, NGOs and mining companies to engage on mining and community development issues)
- Empresarios por la Educación (a Peruvian private sector organization to promote and develop educational projects)
- Extractive Industries Transparency Initiative – EITI Peru
- Flin Flon and District Chamber of Commerce
- Grupo de Diálogo, Minería y Desarrollo Sostenible (multi-stakeholder group promoting open and transparent dialogue on mining, environmental protection and sustainable development in Peru)
- International Zinc Association
- Manitoba Employers Council
- Metropolitan Pima Alliance
- Mining Association of Canada
- Mining Association of Manitoba Inc.
- Mining Foundation of the Southwest (US)
- Mining Safety Round Table (a collaborative group of safety-committed mining companies that share experiences and identify best practices)
- National Mining Association (US)
- Saskatchewan Mining Association
- Snow Lake Chamber of Commerce
- Sociedad Geológica del Perú – SGP (Peruvian geological association)
- Sociedad Nacional de Minería, Petróleo y Energía – SNMPE (Peruvian Mining Society)
- Southeast Arizona Economic Development Group
- Southeastern Arizona Contractors Association
- Southern Arizona Business Coalition
- WAAIME (the Women’s Auxiliary to the American Institute of Mining, Metallurgical, and Petroleum Engineers – Peruvian Section)
- Women in Mining Peru – WiM PERU
- Women in Mining Toronto – WiM Toronto

Human Rights and Security



Reflected in our values is respect for the rights of the people who work on our behalf and those who live in the communities near our operations. Our Human Rights Policy explicitly states our support for the principles of the Universal Declaration of Human Rights, and both the policy and our Code of Business Conduct affirm our commitment to respecting human rights through our business activities and practices.

We respect the dignity of all people, along with their culture, customs and values. Our fair labour practices include zero tolerance for forced, compulsory and child labour, and we work to prevent any infringement upon human rights within our sphere of influence.

The UN Guiding Principles on Business and Human Rights are a blueprint for businesses to respect human rights and include a public commitment, a due diligence process that assesses risks, and a method for providing a remedy to anyone who is impacted. Following these principles, in 2018 and 2019 we developed a framework and guidance materials to identify and mitigate social, security and human rights risks and to better integrate these considerations into our enterprise risk management program. The framework is anchored in the principle that respecting human rights is foundational to managing social risks and opportunities. Key objectives of the guidance

include ensuring our security practices are informed by a thorough understanding of community concerns, that we reduce risks by mitigating our impacts and improving our engagement with communities, as well as improving our awareness of potential community dynamics that may pose a risk to Hudbay personnel and assets. This approach emphasizes ongoing assessments of community situations and Hudbay’s activities that may impact individual and community well-being. While the framework does not prescribe a uniform process across our diverse locations, it does provide a consistent structure and expectation for the scope and structure of this area of risk management.

Concerns about human rights issues within our business can be reported via one or more of the options discussed in the Risks, Issues or Complaints section. In 2020, there were no human rights issues raised or reported through our Board, hotline, site

grievance mechanisms or external agencies. However, in April, a Peruvian organization claimed there was a COVID-19 outbreak among workers at our Constancia mine in Peru, and that the Company had put community members at risk. Hudbay reviewed these claims and concluded that they were a misinterpretation of testing results – some “non-negative” antigen tests were subsequently confirmed to be negative by PCR tests, and incoming workers who tested positive were reported as being at the mine camp when, in fact, they were in quarantine in Cusco and had not been on-site. We are confident that our practices (which we discuss in the Responding to COVID-19: Resilience in Action case study) are designed to protect the health and safety of personnel working on Hudbay’s behalf. The organization did not pursue the matter any further.

Security Practices

Our Security Policy and Corporate Plan expands on the commitments in our Human Rights Policy and details how we assess risks and maintain appropriate oversight of business unit activities to respect human rights in local communities while providing a secure work environment and protecting our employees, contractors and physical assets. This policy and plan recognizes the importance of measured and appropriate responses to security threats in reducing conflicts and building relationships with communities and other stakeholders.

The Security Policy and Plan includes high-level risk assessments to rank the security risk level of each operation, and we develop detailed risk assessments at each location to define specific actions. Corporate activities at each risk level include:

- **Low risk** – an annual review of the corporate risk assessment and an annual advisory site visit; a local social risk assessment; training security management on the [Voluntary Principles on Security and Human Rights](#) (VPs); and raising awareness of the VPs with contracted private and public security personnel
- **Medium risk** – at least an annual audit of site security practices using the Global Compact Canada VP framework, and at least one annual advisory visit; a structured program at the site, including training of security personnel, to implement the VPs; a grievance mechanism to record and respond to security complaints; and active participation in forums that promote security and human rights
- **High risk** – an annual audit by an independent Voluntary Principles Organization (VPO)-recognized auditor; a grievance mechanism to record and respond to security complaints; and engagement with national and international organizations on security practices

In 2020, we suspended in-person advisory site visits due to COVID-19. We plan to return to the site visits when travel restrictions are lifted and protocols allow for the visits to be safely conducted.

Currently, all our operating and exploration sites are considered low risk except for Constancia in Peru, which is classified as a medium risk. Although the country has relatively strong institutions and government policies, the country's history of social unrest represents an elevated risk and requires more rigorous risk evaluation and risk management.

The operations, projects and exploration sites where we employ security personnel follow the VPs, which aim to minimize security-related impacts on communities and to align corporate security practices with internationally recognized human rights principles. All contracts between Hudbay and security services include a requirement to work within the VP framework as well as the [UN Code of Conduct for Law Enforcement Officials](#) and the [UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials](#). Although governments have the primary responsibility for maintaining law and order, whenever we rely on public security providers the VPs require Hudbay to demonstrate our expectation that the actions of these providers are consistent with the protection of human rights.

Guatemala Civil Lawsuits

Hudbay is named in three civil lawsuits relating to alleged events prior to 2010 in Guatemala, where the Company owned a controlling interest in Compañía Guatemalteca de Níquel (CGN). Information about the litigation is posted on our [website](#).

Tailings Stewardship

Mine tailings are the fine-grained material that remains after the process of separating the minerals from the crushed ore. Tailings can be a paste or a slurry of fine particles and water and are contained in engineered tailings storage facilities (TSFs) that are designed to safely store the waste.

Although the risk of an uncontained release of tailings is remote when TSFs are properly designed, built, operated and maintained, should one occur, it not only poses an environmental risk, but there are also potentially catastrophic consequences.

The continuous improvement and safe management of TSFs is an industry-wide priority, and several industry initiatives have been, and are being, implemented to strengthen tailings management.

Tailings Management Protocol

As a member of MAC, we implement TSM's Tailings Management Protocol, which was enhanced in 2019. In 2020, a new tailings standard was released, titled the Global Tailings Standard (GTS), which was

developed through a collaboration between the International Council on Mining and Metals and several investor and civil society groups. There is substantial alignment between the GTS and TSM, particularly when combined with the Canadian Dam Safety Guidelines, and given the existing degree of implementation of TSM. There is currently an acceptance that companies are demonstrating an equally robust commitment to the GTS if they are maintaining Level A or higher in the TSM protocols and ensuring that TSFs are constructed following the Canadian Dam Safety Guidelines. The TSM protocol's five performance indicators measure the implementation level of the following practices:

1. Tailings management policy and commitment
2. Tailings management system and emergency preparedness
3. Assigned accountability and responsibility for tailings management
4. Annual tailings management review
5. Operation, maintenance and surveillance (OMS) manual

Because community engagement is an important aspect of responsible tailings management, the TSM Indigenous and Community Relationships Protocol requires companies to engage with communities of interest on activities, including tailings management, that may pose a risk to the public.

Our goal is for both of our business units to maintain a score of A or higher for the protocol, and in the latest TSM assessment against the protocol, our Manitoba and Peru business units received "AA" and "A" ratings, respectively, across all five indicators. Details on activities in our business units are discussed below.

Following the protocol helps advance four UN Sustainable Development Goals – Goal 3 (Good Health and Well-being), Goal 6 (Clean Water and Sanitation), Goal 9 (Industry, Innovation and Infrastructure) and Goal 12 (Responsible Consumption and Production) – by protecting water-related ecosystems, incorporating environmentally sound and safe technologies and industrial processes, and minimizing adverse impacts on human health and the environment.



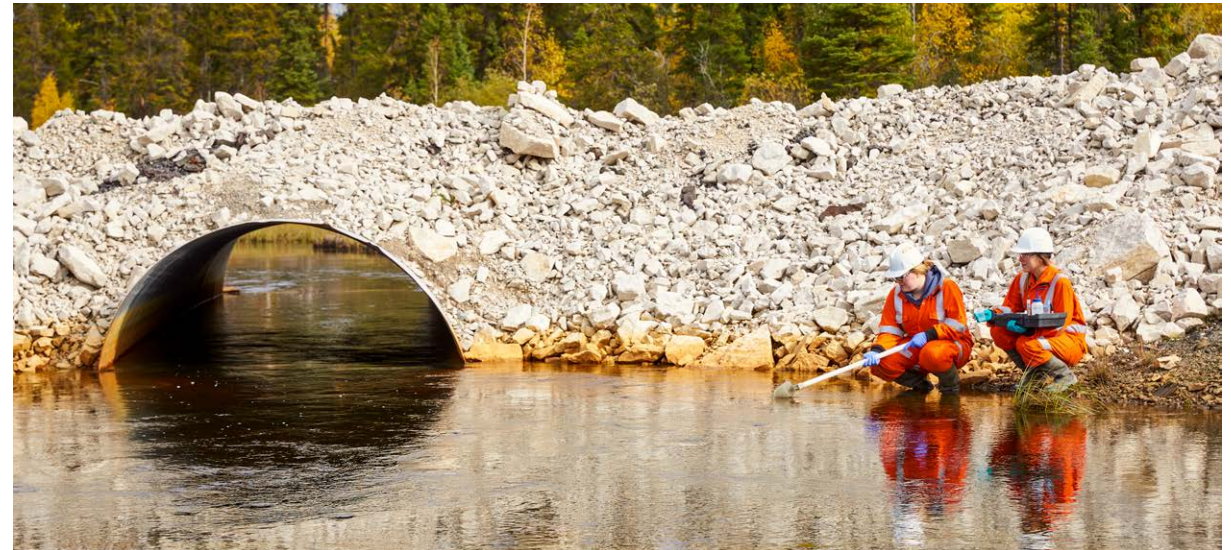
The continuous improvement and safe management of TSFs is an industry-wide priority, and several industry initiatives have been, and are being, implemented to strengthen tailings management.

Tailings Governance

Our Tailings Governance Charter specifies the governance that supports the safe management of tailings facilities. Each site or business unit employs a tailings management system that supports the day-to-day activities – such as planning, monitoring, risk identification and reporting – associated with the safe management of tailings design, construction and operation.

One important requirement in the TSM protocol is that a company's governance defines and documents accountability and responsibility for tailings management. Our Accountable Executive Officer (AEO), who is our Chief Operating Officer, has the authority and responsibility to engage with the Board of Directors on any issues related to tailings management issues. Each business unit Vice President has similar accountabilities to the AEO for facilities within their business unit. A Tailings Governance Team (TGT), composed of individuals from the business units and relevant corporate functions, serves in a monitoring and advisory role to assist the AEO in the design and operation of appropriate processes to ensure that required third-party reviews are carried out and information is appropriately available to the AEO. Key third-party roles include the following:

- **Independent peer review board (IPRB)** – an independent panel of qualified and experienced individuals who have not been directly involved with the design or operation of the facility, which evaluates the technical aspects of TSFs throughout the mine lifecycle.
- **Engineer of record (EOR)** – a qualified individual who verifies that the facilities are designed, constructed and performing in accordance with performance objectives and all applicable guidelines, standards and regulatory requirements.



- **Dam safety review provider** – conducts dam safety reviews (DSRs), independent of the IPRB and EOR, every five years, as per the recommendation of the Canadian Dam Association's Dam Safety Guidelines.

Annual tailings management reviews are another key governance control. In 2020, we conducted an internal audit at our operating sites to determine compliance with our Tailings Governance Charter and the TSM protocol. The audit findings, which were reported to our Board of Directors, concluded that Hudbay's TSFs are well managed while also identifying some opportunities for continuous improvement.

On-the-Ground Approach to Tailings Stewardship

Hudbay manages four TSFs – three (including one inactive) at our Manitoba Business Unit and one at our Constancia operation in Peru. Details on our tailings facilities are available in our [Mine Tailings Disclosure Table](#) posted on our website.

In 2020, there were no incidents at any of our TSFs that threatened human health or the environment.

We set a 2020 public environmental target for our Manitoba Business Unit to complete the construction of control berms and initiate phase two work to upgrade the Flin Flon Tailings Impoundment System (FFTIS). The control berm construction project and the phase two work were completed during the year. Phase three work involves dam stabilization work at lower priority structures. These activities are highlighted in the [Strengthening Tailings Facilities in Manitoba](#) case study.

At our Anderson Tailings Impoundment Area (TIA) in Snow Lake, we completed work on raising the dam around Anderson to accommodate increased production from our Lalor mine. The dam expansion project used the downstream construction method.

In Peru, an independent review of our Constancia tailings facility found that it complied with our standards and good practices.

Value Creation

Hudbay creates value – for communities, for employees, for shareholders and for other stakeholders – across every stage of the mining lifecycle. Drawing upon close to a century of experience in finding, building, operating and safely closing mines, Hudbay is one of the few mid-size mining companies still able to deliver value in this way. We have been able to transfer the skills learned in northern Manitoba to resource-rich, well-regulated mining jurisdictions across the Americas and are equally at home working underground or in an open pit. We are recognized for operating low-cost mines while maintaining high standards and a remarkable track record for extending the life and value of our mines.

FIND

Through its strength in exploration and geology, Hudbay has continued to create value for all of its stakeholders. While we have in-house teams, exploration activity contributes to local economies through team support jobs and the leasing or purchasing of equipment, services and supplies from local vendors. In our exploration activities, we engage with local communities and rights holders to build mutual understanding and collaboration. Within the last 10 years, we have discovered economically viable satellite deposits near or adjacent to our Lalor and Constančia mines. These close-to-home assets enable Hudbay to reduce risk, leverage existing infrastructure and provide new employment and development opportunities for our mining teams.

BUILD

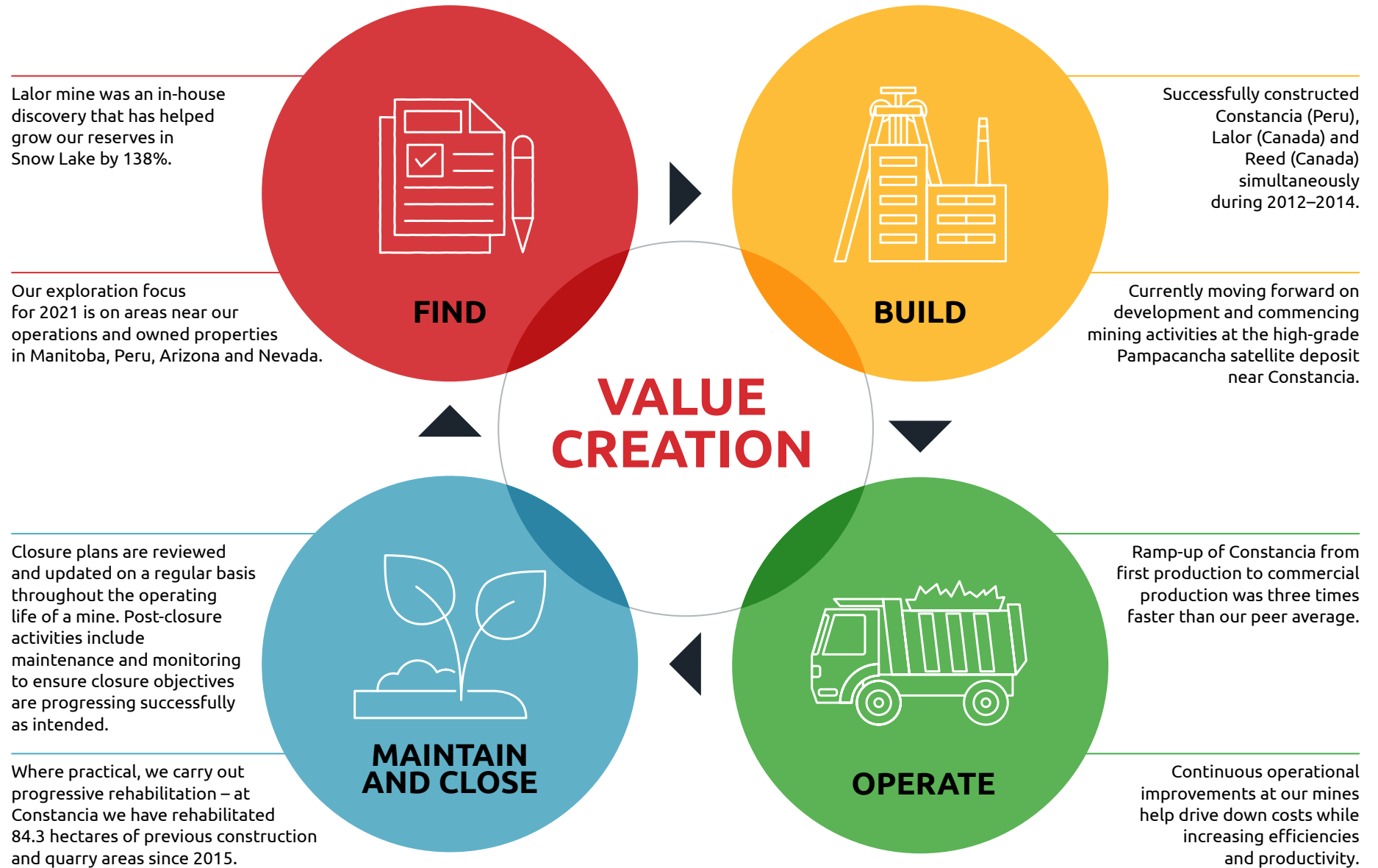
Developing a mine creates opportunity. It provides a range of jobs for people in nearby communities as an area is cleared and prepared and construction of the mine moves forward. Local vendors benefit, as the project looks to them for a variety of equipment, goods and services. Early in the mine lifecycle, we engage the communities to understand their social and economic priorities and to support the programs that address their needs and ambitions. Within the last decade at Constančia and Lalor, Hudbay has demonstrated an unsurpassed facility for rapidly developing highly productive, long-life mines.

MAINTAIN AND CLOSE

Hudbay has closed many mines in its long history, steadily improving its practice over the years. Today, in line with TSM’s Mine Closure Framework and **SDG 15**, Hudbay seeks to rehabilitate former mines to an agreed-upon beneficial post-mining use that is as close as practical to the area’s pre-use condition. When we see that an asset – a mine or piece of significant infrastructure – may potentially return to future usefulness or profitability, we put it on “care and maintenance” to preserve its viability. In every case, we work closely with communities near our mines to develop mine closure plans that respond to the social and economic impacts of closing a mine.

OPERATE

Active mines can make significant contributions to local economies – as an employer, as a customer for community businesses, by supporting community initiatives and through taxes paid to municipal, regional and federal governments. Recognized for its abilities as an exceptionally productive, low-cost operator, Hudbay also has a long history of adding value to existing assets by expanding reserves and extending the life of its mines.



Stakeholder Engagement

Those individuals and organizations who have an interest in, may be affected by, or believe they may be affected by our activities and business decisions are considered stakeholders. The perspectives of employees, shareholders, suppliers, government officials, communities, rights holders and other key stakeholders help us prioritize and manage our impacts, make better decisions and continuously improve. Through transparent, ongoing dialogue with stakeholders, we work to better understand their needs and expectations. The frequency and channel of engagement vary depending on the stakeholder, topic or concern.

Our Stakeholder Engagement Standard and supporting guidance document detail the requirements and expectations for understanding stakeholder perspectives and addressing concerns, and our **Shareholder Engagement Policy** promotes open and sustained dialogue between our Board of Directors and shareholders.

To collectively work on issues and solutions, we participate in industry associations and multi-stakeholder initiatives that bring together organizations and individuals to share expertise, lessons learned and best practices.



2020 Engagement Activities and Topics

The following table lists key stakeholders and how we engaged with them in 2020:

Stakeholder group	Key topics/concerns raised	Engagement mechanisms	Examples of engagement in 2020
Shareholders, debtholders, investors and analysts	<ul style="list-style-type: none"> Upcoming closure of the 777 mine, mill and zinc plant in Flin Flon Rosemont legal ruling Lalor gold results Pampacancha land access Mergers and acquisitions Tailings facility safety 	<ul style="list-style-type: none"> Industry conferences, participation in ESG panels (12 events) Investor meetings and presentations, road shows and conference calls (approximately 300 events) Virtual Annual General Meeting of Shareholders Website, news releases and other public disclosures Board annual shareholder outreach 	<p>Conducted an investor perception study to understand investor views of strategy, management team strengths and performance of investor relations program.</p> <p>Inaugural participation in two gold-focused investor conferences.</p> <p>Details on these and other engagement activities are discussed further in the Tailings Stewardship and Climate Change sections, and on our Investors web page.</p>
Employees and contractors	<ul style="list-style-type: none"> Health and safety Work processes Business performance Understanding of compensation and benefits Opportunities for personal development Environmental requirements Training for policies, permits or other requirements 	<ul style="list-style-type: none"> Quarterly CEO email messages Senior management site visits Town hall meetings Orientation and training programs One-on-one and small group manager/staff meetings Health and wellness committees and activities Hudbay intranet Staff newsletters 	<p>Increased the frequency of video town halls to stay connected during the COVID-19 pandemic.</p> <p>Conducted surveys and had one-on-one conversations to understand what employees needed as they adjusted to working from home or to new shift schedules.</p> <p>Details on these and other engagement activities are discussed further in the Our People section.</p>

2020 Engagement Activities and Topics (cont'd)

- CEO Message
- Our Feature Case Studies
- Our Company
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- Sustainability Approach**
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Stakeholder group	Key topics/concerns raised	Engagement mechanisms	Examples of engagement in 2020
Unions	<ul style="list-style-type: none"> • Updates on mine life and activities related to closure • Mobility • Seniority • Outstanding grievances • Health and safety 	<ul style="list-style-type: none"> • Meetings with union leaders on outstanding issues • Formal grievance processes • Joint health and safety committees 	<p>Worked with the Unified Workers Union of Constancia (SUTRAMICOH) in Peru on shift schedules, accommodations and protocols designed to keep people healthy and safe and the Constancia site COVID-free.</p> <p>With the Flin Flon site preparing for closure in 2022, engaged with employees and union leaders on the plan to transition as many members of the Flin Flon workforce as possible to the Snow Lake operations.</p> <p>Details on these and other engagement activities are discussed further in the Our People section.</p>
Local communities and Native American/ Indigenous groups	<ul style="list-style-type: none"> • Development project updates • Community and area activities and investment • Safety and environmental concerns • Land use • Water use and quality • Local employment and procurement • Training programs for community members • Cultural protection, awareness and dissemination • Educating employees on intercultural competency, conflict resolution, human rights and anti-racism • Future operations plans (operating life) 	<ul style="list-style-type: none"> • Community information and consultation meetings/dialogue tables • Community partnerships • Site tours and open houses • Site grievance/community response processes • Community relations offices • Cultural awareness workshops and other training 	<p>Reached key exploration and land purchase agreements with local communities in Peru and concluded the Consulta Previa consultation process with the Chilloroya community while following strict COVID-19 health and safety protocols for in-person engagement.</p> <p>Held four eight-hour interactive Indigenous cultural awareness workshops at our operations in Flin Flon and Snow Lake, and supported and promoted virtual Indigenous events such as National Aboriginal Day.</p> <p>Conducted several virtual activities including presentations at tribal council meetings and meetings with the chairs and vice-chairs of tribes related to our Mason project in Nevada.</p> <p>Details on these and other engagement activities are discussed further in the Social Impact section.</p>
Customers	<ul style="list-style-type: none"> • Achieving agreed-on terms of delivery for products • Provision of information on product safety and product origin • Compliance with environmentally and socially responsible performance and risk management 	<ul style="list-style-type: none"> • Direct contact • Industry and business forums • Managed production interruptions 	<p>Throughout the COVID-19 pandemic, continued to engage with our customers around the world and deliver our products in an environmentally and socially responsible manner.</p> <p>Details on these and other engagement activities are discussed further in the Responsible Supply Chain section.</p>

Materiality

We define our material sustainability issues as those economic, environmental and social issues most important to stakeholders and our business.

Every three years, we review our priorities to make sure they reflect changes in our business and/or emerging issues. The latest review in 2020 evaluated the environmental, health, safety and community (EHSC) matters that are most significant to Hudbay in terms of business impact and degree of stakeholder interest.

Materiality Matrix

During the materiality review, 13 priority issues were identified and then ranked based on the level of business risk and the level of importance to our stakeholders. The issues with a higher business risk are those where we have controls in place and conduct due diligence on an ongoing basis, but they also have elements that are outside of our control (e.g., community perceptions, metal prices, individual behaviors). The issues with a lower business risk are those we can more directly control by effectively implementing our systems and processes.

The diagram below lists our priority issues and how they rank in terms of business risk and stakeholder interest.



The following table indicates how our priority issues align with the GRI Standards, the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). Details on specific reporting indicators are disclosed in our [Reporting Framework index](#).

Priority issue	GRI Standards	SASB	TCFD
Ethics	Ethics and integrity Anti-corruption	Business ethics and transparency	
Human rights	Security practices Human rights grievance mechanisms	Security and human rights	
Stakeholder engagement	Stakeholder engagement Environmental grievance mechanisms Grievance mechanisms for impacts on society	Community relations	
Community well-being	Significant actual or potential negative impacts on local communities	Community relations	
Indigenous relations	Indigenous rights	Indigenous peoples	
Health and safety	Occupational health and safety	Workforce health and safety	
Employee relations	Labour/management relations	Labour relations	
Economic performance	Economic performance Indirect economic impacts Procurement practices		
Local market presence	Employment Closure planning Resettlement		
Land and biodiversity	Biodiversity	Biodiversity impacts	
Water	Water	Water management	
Tailings	Effluents and waste	Waste and hazardous materials management	
Climate change	Energy consumption Direct GHG emissions Indirect GHG emissions	GHG emissions Energy management	Board oversight of climate-related risks Scope 1 and 2 emissions and related risks

Boundaries

We conducted the materiality review on the initial boundary assumption of activities and facilities within Hudbay's management control (as described in the **Our Company** section of this report). Participants in the review process were then asked for cases in which boundary limits should be adjusted for specific aspects. Based on stakeholder expectations and business risk, the following additions were deemed appropriate:

- Safety statistics are tracked and reported for all contractor activities under Hudbay contracts and supervision
- Environmental incidents related to transportation between Hudbay locations and local supplier activities are generally tracked, reviewed and reported by Hudbay
- Grievances are accepted and investigated with respect to local contractors and security activities related to Hudbay, and are included in grievance numbers and characterization in this report
- Scope 2 greenhouse gas emissions are calculated and reported

Exploration sites have special considerations in our reporting:

- Sites for which we do not maintain managerial control are excluded
- Corporate exploration with managerial control over the site is included and reported individually
- Business unit exploration with managerial control over the site is included and embedded in the business unit numbers

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Responsible Supply Chain

Mining is the first stage of a complex value chain that converts mineral resources into products that meet the needs of everyday life.

As a mining company that operates in many different jurisdictions, we work with hundreds of suppliers and subcontractors. We focus our supply chain responsibility efforts on activities where we can have the greatest influence: our operations, contractors working at our sites, local suppliers, and Hudbay products up to the point from which they are shipped (at the plant gate in Manitoba, and at the port loading facility in Peru). All suppliers are screened for corruption risks. Our legal function conducts due diligence on all elevated risk suppliers, and our internal audit function reviews the contract/supplier screening process. Each operation conducts additional monitoring of on-site and local suppliers.

We seek suppliers that share our values and work in partnership with us to continuously improve our performance. The standards of conduct that we expect of suppliers who wish to do business with Hudbay are stated in our **Supplier Code of Conduct**

and Ethics (Supplier Code of Conduct). All suppliers are expected to read, accept and comply with the Supplier Code of Conduct and all applicable compliance policies – including our Statement on Anti-Corruption, Human Rights Policy and Environmental, Health and Safety Policy – as a condition to doing business with Hudbay. Expectations of our suppliers include:

- Reading, accepting and complying with the Supplier Code of Conduct and all applicable policies
- Complying with all applicable laws, rules and regulations
- Conducting business honestly, ethically and in accordance with social codes
- Complying with anti-corruption laws and informing Hudbay of any conflicts of interest
- Protecting confidential information
- Respecting human rights and observing Hudbay's Human Rights Policy
- Establishing practices and procedures that protect the health and safety of workers and the environment

- Accepting Hudbay's supplier due diligence process
- Reporting suspected violations of the Supplier Code of Conduct and applicable compliance policies by any supplier or Hudbay personnel

Our marketing function requires smelters who receive our concentrate to respond to a questionnaire to ensure the smelters follow processes and standards for responsible mineral production.

Supply Chain Performance

The direct supply chain for our copper concentrate and zinc metal products originates in Hudbay's mines in northern Manitoba and Peru.

The indirect supply chain for energy, goods and services used in transforming ore and concentrate into products includes thousands of suppliers, who provide operating and maintenance supplies, energy and fuels, and capital goods:

- In Peru, our top 50 suppliers accounted for 83% of our spending, and 95% of our spending was with suppliers based in Peru.
- In Manitoba, our supplier base relates to production operations and capital projects. Our top 50 suppliers represented 45% of our spending in 2020, and 97% of our spending was with suppliers in Canada. These suppliers provided goods and services such as engineering services, electricity, spare parts for equipment, underground haul trucks and other capital equipment.

We seek suppliers that share our values and work in partnership with us to continuously improve our performance.



Hudbay's top 10 suppliers in 2020, representing 31% of procured value, were (in alphabetical order):

- CN (CAD)
- Corporación Primax S.A.
- Dumas Contracting Ltd.
- Enel Generación Peru S.A.A.
- Epiroc Canada Inc.
- Ferreyros Sociedad Anónima
- Manitoba Hydro
- Servosa Cargo S.A.C.
- Stracon S.A.
- Strilkiwski Contracting Ltd.

In early 2020, the COVID-19 pandemic impacted business activities in many ways, including within our supply chain. In March, we commenced a temporary and orderly suspension of operations at Constancia in Peru to comply with the Peruvian government's state of emergency declaration, and, following more than two months of not producing any copper, we resumed operations in June. Although Constancia did not experience any significant issues related to obtaining critical materials and supplies, we commenced construction of an on-site materials warehouse to provide additional resiliency. With a 95% inventory accuracy and service level (meaning when an item is needed, it is available 95% of the time), Constancia continued to maintain its industry-leading inventory management performance. None of our operations in Manitoba experienced any critical supply issues during the year.

We also worked with our suppliers to help one another during these uncertain times. For example, we partnered with SERVOSA, a copper concentrate transport contractor in Peru, to support drivers by equipping their trucks with food and housing essentials so that they can rest as needed and limit

their contact with others. The pandemic also precipitated efficiency improvements, such as requiring suppliers to fill out forms and certifications online and prior to coming on-site, rather than when arriving at the site.

In addition to maintaining frequent communications with our suppliers about the COVID-19 impacts, we publicly disclosed material updates via [press releases](#) and [regulatory filings](#).

Products

We produce copper concentrate, cast zinc and molybdenum. Copper is essential in today's society, serving as a vital component in electronics, electrical transmission, and the electric vehicle (EV) revolution. In health care, new applications for copper are being identified due to its ability to kill bacteria. Zinc is primarily used for galvanizing metals, such as iron and steel, and is important in the preparation of certain alloys. Molybdenum is also used in the production of alloys, to increase strength and electrical conductivity and resist corrosion. All three metals are important to the renewable energy industry.

Our copper concentrate and zinc metal are produced at operations in Canada and Peru:

- Hudbay sold and delivered 63% of its copper concentrate to traders and smelters in Asia and 37% to traders and smelters in the Americas and Europe. From there, several stages of smelting and refining of the copper content ultimately result in 99.99% pure copper, an essential metal for modern living.
- We ship cast zinc metal produced at our Flin Flon zinc plant by rail and truck to industrial customers throughout North America (primarily to galvanizers who use it to protect steel from corrosion).
- Our molybdenum concentrate is produced in Peru and is sold and delivered to traders and roasters in Asia and South America.

The safety data sheets (SDS) that accompany all our products provide details of their composition, toxicology, handling, storage and exposure issues. We further meet our product stewardship commitments by collaborating with governments and industry associations, including the International Zinc Association, the International Molybdenum Association and the European Copper Institute, to guide our compliance with international requirements such as those provided by the International Maritime Organization (IMO).

The IMO specifies hazard classification criteria for bulk cargoes, and the International Convention for the Prevention of Pollution from Ships (MARPOL) imposes restrictions on the disposal of bulk cargo residues classified as "harmful to the marine environment" (HME) under the amended Annex V of the MARPOL convention. Hudbay engaged the European Copper Institute (ECI) to determine the MARPOL classification for Constancia's copper concentrates. From this study and others, all Hudbay copper concentrates have been determined to not be HME.

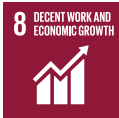





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United Nations Sustainable Development Goals

Hudbay recognizes the opportunity that the mining industry has to positively contribute to the 17 UN Sustainable Development Goals (SDGs) that are a part of the UN's 2030 Agenda for Sustainable Development. There are several SDGs for which we consider the industry a natural fit for taking on a leadership role, and others where we feel our company can progress by working alongside government, civil society and other organizations.

Although the needs of stakeholders and the communities near Hudbay's operations are the primary drivers of our activities, we believe many of these efforts help advance the desired outcomes stated in the SDGs. We will continue to explore opportunities to measure and report our contributions to the SDGs and integrate them into our business planning and reporting.

The following tables outline the SDGs that are most relevant to our business and identifies where the topics are discussed in this report.

Sustainable Development Goals	Link to topic	Sustainable Development Goals	Link to topic
 	Business and Financial Review Our People Social Impact <ul style="list-style-type: none"> Collaborating to Help Reactivate the Economy and Build Capacity Among Women in Rural Peru Building the Foundation for Long-Term Constructive Relationships in Nevada Based on Mutual Respect 		Sustainability Approach > Sustainability Governance <ul style="list-style-type: none"> International Systems and Performance Standards Industry Involvement
	Social Impact > Manitoba <ul style="list-style-type: none"> Preparing for Closure Impacts and Transition Social Impact > Peru <ul style="list-style-type: none"> Improving Access to Health Care 		Our Company > Business Conduct <ul style="list-style-type: none"> Compliance Training Our People > Our Approach <ul style="list-style-type: none"> Diversity and Inclusion Our People > Peru Key Performance Data Table (Employees) <ul style="list-style-type: none"> Workforce Diversity
	Environment <ul style="list-style-type: none"> Water Harvesting Projects Aim to Provide Community with Sustainable Water Source 		Environment > Our Approach <ul style="list-style-type: none"> Water Environment > Peru <ul style="list-style-type: none"> Meeting Environmental Performance Objectives Testing Alternative Environmental Technologies and Methods
	Environment > Our Approach <ul style="list-style-type: none"> Water (sidebar story) Environment > Peru <ul style="list-style-type: none"> Conserving and Protecting Biodiversity 		

Sustainable Development Goals



Link to topic

[Sustainability Approach > Tailings Stewardship](#)

[Sustainability Approach > Responsible Supply Chain](#)

- Supply Chain Performance
- Products

[Environment > Our Approach](#)

[Environment > Manitoba](#)

[Environment > Peru](#)

[Environment > Arizona and Nevada](#)



[Environment > Our Approach](#)

- Land and Biodiversity
- Closure and Reclamation

[Environment > Manitoba](#)

- Managing Biodiversity Impacts and Preparing for Closure

[Environment > Peru](#)

- Conserving and Protecting Biodiversity

[Key Performance Data Table \(Environment\)](#)

- Land Use
- Sites Requiring Biodiversity Management Plans
- Habitats Protected or Restored
- IUCN Red List Species

Sustainable Development Goals



Link to topic

[Sustainability Approach > Human Rights and Security](#)

- Security Practices

[Our People > Our Approach](#)

- Diversity and Inclusion



[Our Feature Case Studies](#)

- Responding to COVID-19: Resilience in Action

[Our People > Our Approach](#)

- Health and Safety

[Our People > Manitoba](#)

- Focusing on Critical Controls and Keeping People Safe

[Our People > Peru](#)

- Protecting People During the Pandemic



[Sustainability Approach](#)

- Hudbay Aligns with New Sustainability Reporting Frameworks

[Environment](#)

- Total Greenhouse Gas Emissions Chart

[Environment > Our Approach](#)

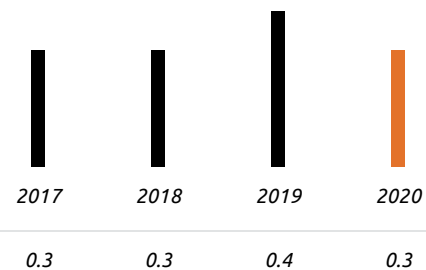
- Climate Change

Recognizing that the SDGs represent national-level governmental commitments, we will continue to align our activities with relevant goals and help connect national processes to local needs, as represented in SDG 17 (Partnerships for the Goals).

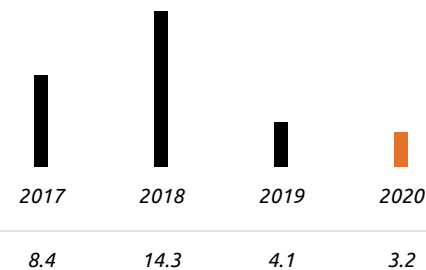
OUR PEOPLE

Sustainably operating our business requires that we recruit, engage and retain experienced and dedicated personnel who are committed to our values and business objectives. To ensure our employees and our organization are positioned for success today and in the future, we are investing in our people by developing their skills, supporting their career goals, embracing their diversity, and providing a healthy and safe workplace.

TOTAL RECORDABLE INJURY FREQUENCY
(lost time, restricted work, and medical treatment injuries per 200,000 hours worked)



LOST TIME INJURY SEVERITY
(days lost per 200,000 hours worked)



HIGHLIGHTS

15% Indigenous employment in Manitoba

16% overall female employment

Constancia first mine in Peru to obtain SafeGuard certification, recognizing full compliance with all COVID-19 safety protocols

Hudbay Team Comes Together to Safely Resume Operations After Shaft Incident

On October 9, 2020, personnel at our 777 mine in Flin Flon, Manitoba, were conducting routine maintenance of the hoist rope and skip (the container used to raise ore from underground) when the hoist rope detached from the skip, causing the skip to fall to the bottom of the shaft.

One employee experienced a concussion caused by the sound wave from the skip falling to the bottom of the shaft, and we are thankful that there were no other serious injuries. All personnel were safely evacuated from the mine, and inspections needed to be conducted before we could access the shaft area and assess the full extent of the damage.

After preliminary inspections of the shaft were completed, the initial expectation was that it could take two months for the shaft to resume full production.

Immediately following the incident, a cross-functional team came together to develop a detailed plan and mobilize the resources needed to safely resume

operations as soon as possible. Hudbay's supply chain function was instrumental in engaging contractors with expertise in shaft repairs, identifying steel fabricators and engineers, procuring the necessary supplies and working with OEMs on structural inspections. The Health and Safety team worked with safety co-chairs (individuals appointed by the unions) to ensure all repair activities had a safe work procedure form completed and were approved by Hudbay management and the co-chairs. Technical and Operations teams from both 777 and our Lalor mine in Snow Lake worked together on a business continuity plan that identified mining activities that could take place at 777 during the repair work while also temporarily reassigning people and equipment from 777 to Snow Lake to increase production at Lalor.

On November 25, we resumed full production at 777, completing the repairs ahead of schedule and under the estimated repair costs of \$5 million. The value-added mining activities at 777 during the repair work also

allowed the mine to return to full production at a higher rate and mitigate some of the production losses to meet the business unit's metal guidance for the year.

The team also conducted an Incident Cause Analysis Method (ICAM) investigation to prevent a similar incident from happening again. Changes included engineering a solution and updating software to automatically slow down the hoist when in manual mode, improving procedures and updating training for hoist operators, and adding checkpoints in the procedure to confirm when tasks are complete.

"This was an unfortunate event, but we are thankful that our safety protocols were closely followed. The exceptional team in Manitoba once again demonstrated their ability to overcome a challenging situation and quickly and safely bring this important asset back into full production ahead of schedule," said Peter Kukielski, Hudbay's President and Chief Executive Officer.

Hudbay's supply chain function was instrumental in engaging contractors with expertise in shaft repairs, identifying steel fabricators and engineers, procuring the necessary supplies and working with OEMs on structural inspections.



Recognition Program in Peru Aims to Increase Employee Engagement

Across all our operating sites and office locations, OneHudbay is the foundation for how we work. It formalizes our approach for embedding Hudbay's values across the organization and sets universal expectations regarding leadership practices and processes. The overall goal of OneHudbay is to build trust and an accountability-based organization, which leads to higher job satisfaction and stronger employee engagement.

Engaged employees benefit our business in many ways – they often go above and beyond in their role, are committed to helping Hudbay achieve our goals, and are less likely to voluntarily leave the business. Praising and recognizing employee achievements can significantly drive higher engagement levels across the organization, and this is the goal of our Peru Business Unit's new recognition program called COBRE (Spanish for "copper"). Each letter in the program's name represents an area that describes the individual actions that contribute to Hudbay's success:

- **C – culture**
(Hudbay's values demonstrated in actions)
- **O – operational excellence** (individual and team performance)
- **B – balance** (demonstrating work–life balance and healthy practices)
- **R – responsible** (commitment to safety, and to social and environmental responsibility)
- **E – evolution**
(career growth, job anniversaries and retirements)



When launched in 2021, COBRE will serve as the framework for all recognition initiatives in Peru, helping build a culture and environment that recognizes notable efforts and fostering a greater sense of purpose among employees.

When launched in 2021, COBRE will serve as the framework for all recognition initiatives in Peru, helping build a culture and environment that recognizes notable efforts and fostering a greater sense of purpose among employees.

Our Approach

Health and Safety

Ensuring the safety and health of our people is the most important investment we can make.

Our **Environmental Health and Safety Policy** states our commitment to control risks, transparently report our performance, and continuously improve the systems and practices that protect people. Within two years of reaching commercial production, all operations are required to be certified to ISO 45001 (which replaced OHSAS 18001), an internationally accepted standard for occupational health and safety management systems, and maintain certification throughout the life of the operation.

We also apply the Mining Association of Canada’s (MAC) Towards Sustainable Mining (TSM) Safety and Health Protocol, which assesses and measures our performance. In 2020, the protocol was updated to address wellness and mental health due to the impacts of COVID-19 and to enhance the focus on fatality prevention with the addition of critical controls.

Regular monitoring, self-assessments and triennial third-party verifications ensure that operations remain in compliance with these standards and protocols. Applying these health and safety measures helps advance two UN Sustainable Development Goals – Goal 3 (Good Health and Well-being) and Goal 8 (Decent Work and Economic Growth) – by promoting workplace health and a safe and secure working environment, with a goal of zero harm.

To foster transparency and hold ourselves accountable for our safety performance, we set public safety targets related to achieving a year-over-year improvement in our total recordable injury frequency rate and our lost time injury severity rate.



Although we are proud of our safety performance, we continue to drive improvements in our efforts to prevent fatalities. In 2020, we focused efforts on advancing our Critical Control Management (CCM) journey to identify the risks and the associated controls that are critical to preventing a serious injury, or fatality. We are building CCM into our overall management systems, practices, values and culture to ensure critical controls are in place and are effective.

Hudbay aims to build a culture dedicated to zero harm, where everyone who works at our sites has the knowledge, skills and equipment needed to work safely and where our leaders empower their teams and actively encourage them to speak up when they have concerns. Our safety programs provide training for the activities undertaken, whether at an operation, exploration site, or office location, or for visitors to

the mine site. Emergency response teams receive specialized training that prepares them to mobilize quickly and effectively during an event at a mine site. In Manitoba, these teams participate in mine rescue competitions that are designed to test knowledge and sharpen the skills of those who are called on to respond to a mine emergency. Due to the COVID-19 pandemic, however, the annual competitions Hudbay participates in were cancelled in 2020.

We record, investigate and analyze incidents and non-conformance to our standards using our company-wide integrated information system. Significant incidents, based on criteria set by the Board, are reported to our Board on a quarterly basis. Serious and high-potential incidents, such as the skip incident at our 777 mine discussed in the **Hudbay Team Comes Together to Safely Resume Operations After Shaft Incident** case

study, are identified in our systems and investigated in depth to analyze the cause as well as the controls and corrective actions needed to prevent a similar incident from happening again.

Our occupational health programs monitor exposures to health risks, such as hearing loss and illnesses caused by airborne agents. We have several wellness programs to help managers recognize mental health issues when they arise and to ensure employees get the proper attention and care. Many of these programs were enhanced in 2020 to address the challenge of the COVID-19 pandemic and its impact on well-being and mental health.

As an active member of the Mining Safety Round Table, we engage with other mining companies throughout the year to share lessons learned and best practices to raise the health and safety performance of the entire industry.

Employee Relations

We want to be recognized as an employer of choice everywhere we operate. This requires us to offer fair wages and compensation, to invest in our people by providing meaningful work and opportunities for career development and growth, and to foster a sense of purpose.

Our Code of Business Conduct states our commitment to responsible workplace and business practices. This includes a non-discriminatory and harassment-free workplace. We do not tolerate any form of violent behaviour, and personnel are expected to perform their job duties in a professional manner.

Approximately 1,390 full-time, part-time and contract employees (60% of our workforce) are represented by a union, and we respect the right of our employees to join a union and engage in the collective bargaining



process. We work to collaborate with the eight unions that represent our employees, partnering with them on solutions that create mutual benefit.

We engage with our employees and keep them informed about important business matters through various channels and tools. These include town hall meetings, workshops, internal emails and videos from senior leaders, and our company intranet, where we post employee-focused news and resources. In 2020, we transitioned our employee communications and outreach efforts – including updates and operating changes related to the COVID-19 pandemic – to online and virtual platforms. The Company’s intranet was leveraged to widely distribute wellness and mental health awareness tips and resources and encourage employees to prioritize their health and well-being.

With a large number of employees eligible for retirement in our Manitoba Business Unit, our retirement-readiness programs have been useful in providing information and tools to prepare employees for success once they leave the workforce.

Building a Highly Effective Organization

Our “OneHudbay: How we work” managerial leadership system supports a highly effective organization that prioritizes the development and career progression of all employees. The system focuses on the following four main objectives:

- A clear mission, vision and strategy which translates into an integrated business plan;
- The right organizational structure with the appropriate levels to achieve our strategy and goals;
- The right person in the right role, doing the right work, at the right time – all of which help our people reach their full potential; and
- Effective working relationships within teams and across functions.

Throughout 2018 and 2019, we focused on embedding the OneHudbay structure and associated programs throughout the business. The focus in 2020 was on maintaining the established processes and reinforcing how we work and support one another in an accountability-based organization, especially as the COVID-19 pandemic shifted priorities.

To support OneHudbay and other human resources efforts, we are implementing a Human Resources Management System (HRMS) based on SAP's SuccessFactors software. The system includes a set of talent management solutions and robust workforce analytics that we will introduce over the next five years. In 2020, we completed the implementation of the HRCore employee database, consolidating all critical employee information into a single interface for the first time. This milestone serves as the foundation for introducing the system's higher-value solutions, including performance management, recruitment, learning and development, onboarding and succession planning. During the year, we successfully expanded the scope of our Performance Management System to more areas of the organization.

Diversity and Inclusion

Our values of dignity and respect, caring, openness and trustworthiness guide our efforts to promote an inclusive workplace that embraces the diverse backgrounds, experiences and perspectives that make us a stronger business. Our OneHudbay approach provides a crucial foundation for attracting and retaining diverse talent.

In June, Hudbay's President and CEO, Peter Kukielski, addressed employees about the increasing demand for justice and the greater attention to longstanding racial inequalities around the world, and he recognized that there was more work to be done to ensure that differences and diversity across Hudbay are embraced as valued assets.

Peter Kukielski joined more than 250 CEOs across Canada in signing the **BlackNorth CEO Pledge**, committing to eliminate barriers that prevent Black employees from advancing in their careers, expanding unconscious bias and anti-racism education, and creating conditions for successfully attracting and retaining talent from the Black community.

In December, the Mining Association of Canada issued a **formal statement** conveying its members' commitment to denounce all forms of racism, sexism and discrimination and to support several actions to eliminate them in the Canadian mining sector.

At the end of 2020, we established a Diversity and Inclusion Committee composed of employees at the corporate office. The committee will advise management on diversity, inclusion and equity topics and ideas, and help achieve the objectives outlined in the BlackNorth CEO Pledge. Another goal in 2021 is to further expand the committee and develop a company-wide diversity and inclusion policy.

In terms of gender diversity, we support the Catalyst Accord 2022 and the 30% Club, both of which call for the advancement of women in business, and our Board

has adopted a stand-alone Diversity Policy. Our Diversity Policy seeks to ensure a diverse representation of women and designated groups (Indigenous peoples, persons with disabilities and visible minorities) among the members of our Board and senior management. To ensure sustained progress in this regard, the Diversity Policy was revised in early 2021 to include a target for the Company to have at least 30% women directors on the Board. This policy confirms the Board's commitment to diversity and inclusion as part of our core values and to setting a "tone at the top" that leads to greater diversity on the Board, among senior management and across the organization. Consistent with our Diversity Policy, women represent 30% of the members of our Board. The Board recognizes the need for continued progress in this regard and is focused on other ways to advance diversity and inclusion across the organization.

Because one of our primary diversity and inclusion objectives is to ensure that our workforce reflects the demographics of the communities near our operations, each site prioritizes employment opportunities for members of the local communities and Indigenous groups.



Manitoba

Employees in our Manitoba Business Unit primarily work at two mining operations. The Flin Flon complex near the towns of Flin Flon (Manitoba) and Creighton (Saskatchewan) includes the 777 mine, Flin Flon mill and zinc plant, and the Snow Lake operations consist of the Lalor mine, Stall mill, New Britannia mill and Anderson Tailings Impoundment Area (TIA).

At year-end, Flin Flon employed 691 people, and Snow Lake employed 513. Of the employees who work at Lalor, 47% live in Snow Lake. Around 15% of our employees in Manitoba identify as Indigenous and 17% are women.

Planning for Transition

With the Flin Flon site preparing for closure in 2022 and the Snow Lake site growing, we continued to engage with employees and union leaders on the plan to transition our operations to Snow Lake.

The goal is for the transition plan to be a clear, simple process so that employees understand their options as soon as possible. The challenges the plan aims to address include training and upskilling our people ahead of the transition so that they are prepared to take over the development and production drilling

activities currently being completed by contractors, and releasing and training people from our surface operations so that they are ready to work underground.

In 2020, we continued to experience a high number of retirements and attrition; however, our recruiting team was able to navigate the constraints posed by the COVID-19 pandemic to resource our operations and achieve our production goals. As part of the transition plan, we identified best practices across the organization related to training and selected those that are most applicable to the Manitoba operating environment. The goal is to standardize the training so that if an employee moves to another function or team, they receive a consistent level of training. Through our OneHudbay approach, we are working to ensure people are in the right roles – where they can thrive – and that everyone is treated fairly during the transition process.

Another talent acquisition opportunity is within the Pimicikamak Cree Nation located at Cross Lake, about 200 kilometres from Snow Lake. Since 2018, we have partnered with the Northern Manitoba Sector Council on a training-to-employment Indigenous program at Lalor and have successfully trained and hired 12 members of the Pimicikamak Cree Nation. Out of respect for the community lockdowns that the elders and leadership put in place during the pandemic, we halted the program in March 2020 and paid those still employed with Hudbay short-term sickness benefits until lockdown restrictions were lifted.

Having the support of union leaders is critical to the transition plan's success. The collective bargaining agreements with the unions expired on December 31, 2020, and we delayed negotiations on a new agreement while these discussions were underway. We have been able to sign a memorandum of



understanding (MOU) with two of the six bargaining units on the transition plan. We are hopeful that the renewal of the collective agreements can be completed successfully.

Focusing on Critical Controls and Keeping People Safe

The Manitoba Business Unit's safety performance was largely the same for the year, with our total recordable injury frequency decreasing by 0.4, but our lost time injury severity increasing by 5, per 200,000 hours worked.

Contributing to this performance is the business unit's Critical Control Management (CCM) efforts to identify the risks and critical controls that are essential to preventing a serious incident, or fatality.

In 2019, our Manitoba Business Unit identified nine top safety risks most applicable to the business, and developed clear, rigorous and practical rules – known as Life Saving Rules (LSRs) – that must be followed to prevent injuries and save lives:

- Energy isolation
- Working at heights
- Unsupported ground/loose
- Vehicles/people interaction
- Fire
- Explosives
- Lifting/material handling
- Confined spaces
- Working with molten metal



Each LSR has controls that must be in place before completing the task. The LSR program, which is fully implemented across the business unit, is supported by the Visible Felt Leadership program, in which leaders have face-to-face conversations with their team members in the field on safety issues, especially those matters related to LSRs and critical controls. In early 2021, we evaluated the effectiveness of the program by conducting critical control audits to ensure everyone is working in a way that complies with rules that save lives.

To manage the risk of the COVID-19 virus spreading at our operations and among personnel, we implemented a number of layered workplace controls, which we highlight in the **Responding to COVID-19: Resilience in Action** case study. We held frequent calls with union presidents and key stakeholders to discuss the protocols and processes, minimizing the risk of workplace transmission to keep our people, their families and the communities safe.

Peru

The workforce in our Peru Business Unit is largely made up of those who work at the Constancia operation, which is located in a remote part of southern Peru. The operating and support personnel work multi-day shifts, staying at Constancia's accommodation camp during their rotation. The camp amenities include a dining hall, a medical centre and recreational facilities. We also have staff members who work at our office in Lima and Cusco.

At the end of 2020, the Peru Business Unit had 904 employees, including 165 term employees (defined as those with contracts that end on a specific date). Of our full-time employees, 100% are from Peru, 13% are from the local communities and 11% are women. In 2020, one of Constancia's new hires from the local community was a woman from Uchucarcco, who became the first female shovel operator at a mine site in Peru.

Protecting People During the Pandemic

The Constancia operation is in a remote area where everyone at the site stays in the accommodation camp, so we implemented a COVID-19 Surveillance, Prevention and Control plan, which includes comprehensive health protocols, standards and guidelines to keep the site COVID-free and protect personnel, their families and their communities.

The protocols include quarantining anyone coming to the site in an off-site hotel, either in Cusco or Arequipa, for seven days (reduced to five days by the end of 2020) and giving them a COVID-19 screening test (rapid and/or molecular) prior to being transported to the Constancia site. Upon leaving the mine site, all

personnel are transported back to Cusco or Arequipa, given a COVID-19 screening test and returned home after testing negative. Due to this quarantine schedule, rotation shifts were changed from 10 days on-site and 10 days off, to 20 days on-site and 20 days off.

We also changed camp accommodations by lowering capacity and restructuring the dining hall and corridors to ensure social distancing. Capacity on all forms of transportation to the site was reduced by 50%. In 2020, we purchased seven new buses with advanced air filtration systems that we plan to start running at increased capacity beginning in early 2021.

The office facility in Lima was closed at the onset of the pandemic, and all staff members continue to work remotely. Because around 27% of the employees in the Peru Business Unit began working full-time from home at the onset of the pandemic, we developed tips to help people transition to the changes in routines and to maintain the effectiveness of their work habits.

In September, Constancia was the first mine in Peru to receive Bureau Veritas' SafeGuard certification. The biosafety certification, which is based on an extensive audit of the mine's policies and procedures, confirmed that the site adheres to best-in-class hygiene and safety protocols.





The Peru Business Unit’s safety performance continued to be strong, with no lost time injuries (LTI) during the year at the mine site or office locations. However, as stated in the letter from Hudbay CEO Peter Kukielski, an individual, who was a passenger in a company vehicle driven by one of our employees, was killed in a tragic accident.

In early 2020, Constancia inaugurated a new training facility that trains employees on managing the critical risks faced at the site. During the year, more than 600 employees and contractors participated in courses on risks related to working at heights and in confined spaces, performing “hot” works (e.g., welding, grinding), energy isolation, cranes and lifting, and excavation and digging trenches.

Other key safety initiatives – the Visible Felt Leadership and Visible Remote Leadership programs, safety induction and job-specific training, and monthly safety and occupational newsletters – continued throughout the year. Employees and contractors completed more than 25,400 hours of health and safety induction training and nearly 55,000 hours toward the annual occupational health and safety training requirement.

Engaging and Retaining People During Uncertain Times

The Peru Business Unit continued to execute its retention strategy, which includes two pillars – engagement and development – that nurture and support career growth so that employees remain a valued part of Hudbay’s team for as long as possible.

Under the engagement pillar, the main focus in 2020 was on ensuring our employees had a safe and healthy work environment. To understand what employees needed as they adjusted to working from home or new shift schedules, we conducted surveys and had one-on-one conversations. Many of our work-life balance programs and communications moved to a virtual platform, and these were updated to incorporate work environment changes due to COVID-19. We called more than 800 employees individually to see how they and their families were coping with the challenges of the pandemic. To provide emotional and psychological support, we established a support line staffed by mental health specialists that anyone could call whenever support was needed.

Part of the engagement strategy is to improve everyone’s understanding of Hudbay’s business and why each person plays an important role in helping the Company achieve its business objectives. In 2020, the business unit co-created a “WHY we work” statement, interviewing more than 60 employees about their experience working for Hudbay. The insights from those interviews were used to develop a formal purpose statement for Hudbay Peru that will be communicated to employees in early 2021.

Under the development pillar of the strategy, we continued to identify growth and career development opportunities. Highlights in 2020 included:

- 116 people participated in the third edition of our five-day online course called “Mining One-on-One”.

The course is for non-mining employees who want to learn more about mining activities. Six operational leaders spoke on topics such as the mining process, mineral processing, mine feasibility and planning, and strategic planning.

- 430 employees received at least one hour of training.
- 57 employees were promoted during the year, including 16 employees from the communities of Uchucarcco and Chilloroya.

At the end of the year, we developed a formal recognition program – COBRE (Spanish for “copper”) – to recognize the valuable contributions of team members. We highlight COBRE in the **Recognition Program in Peru Aims to Increase Employee Engagement** case study.

Collaborating with Our Unions

The collective bargaining agreement between Hudbay and the Unified Workers Union of Constancia (SUTRAMICOH) establishes the working rules and other terms and conditions of employment that apply to approximately 34% of the employees in our Peru Business Unit. Since signing the agreement in 2017, Hudbay and the union have been committed to achieving common objectives and strengthening the relationship between management and union leadership. This commitment continued in 2020 as we worked together on shift schedules, accommodations and protocols designed, first and foremost, to keep people healthy and safe and the Constancia site COVID-free.

In late 2020, Hudbay and SUTRAMICOH began negotiations on a new collective bargaining agreement as the current agreement expired at the end of the year.

Arizona and Nevada

At the end of 2020, we had 22 full-time permanent employees in our Arizona Business Unit.

The team in Arizona is primarily focused on addressing the legal matters related to the Rosemont project, maintaining environmental monitoring obligations, engaging stakeholders, supporting exploration of potential satellite deposits on our claims near Rosemont, and advancing the Mason project in Nevada. When the Rosemont project moves forward with development, we expect that more than 2,500 people will be employed in its construction.

Our Mason project is located on a site that includes more than 100 historic mining and exploration hazards, including shafts and adits (entrances to an underground mine) that pose a safety risk. Some of these hazards have been fenced off. In the fall, we commenced a program to fence or re-fence every site that posed a risk, beginning with the sites that are most easily accessible and ending with those that are more remote. For this project, we prioritized the hiring of tribal members to perform the work.



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SOCIAL IMPACT

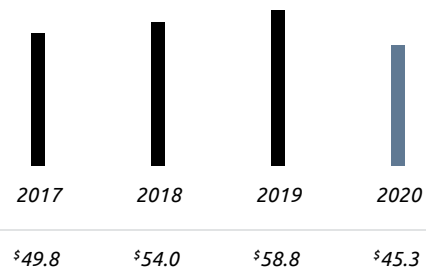
Hudbay’s goal is to have a positive impact and help local communities near our operations thrive throughout the life of a mine. We invest in socio-economic development opportunities that help local communities contribute to and benefit from our presence; partner and collaborate to stimulate opportunities that support livelihoods and infrastructure needs; and work to build lasting relationships with those who live near our operations or are impacted by our activities.

HIGHLIGHTS

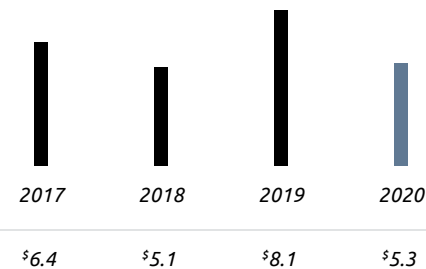
\$222.8 million
paid in employee wages and benefits

\$5.3 million
in community investments and charitable donations

LOCAL PROCUREMENT
(\$ millions)



COMMUNITY INVESTMENTS AND CHARITABLE DONATIONS
(\$ millions)



Collaborating to Help Reactivate the Economy and Build Capacity Among Women in Rural Peru

The “Tikary: Bordando el futuro” (“Embroidering the future”) project – a collaboration among Hudbay, Compañía de Minas Buenaventura and three social entrepreneurs – was launched in 2020 to help reactivate the economies of the communities near our Constanca operation. The project, which was coordinated through the Peru Mining Innovation Hub with resources from the Inter-American Development Bank (IDB), built capacity among women in the communities through a new mask manufacturing business.

Among the project’s activities were the following:

- Tailoring workshops in each community
- Virtual workshops to co-create designs inspired by the communities’ flora and fauna

- Training in sewing and embroidery and developing entrepreneurship and marketing skills to ensure the business is sustainable and autonomous
- Establishing an e-commerce site and creating Instagram and Facebook accounts to market and promote the business

Today, Tikary is a sustainable business, with more than 40 women from the communities of Velille, Chilloroya and Ccochaccasa producing ergonomic, safe and fashionable face masks. In 2020, Tikary produced more than 1,000 masks, and its online store at www.tikary.com continues to attract customers looking for a fashionable product that has a unique history and is produced by courageous women,

who were unafraid to learn and collaborate during a pandemic.

In August, the ProActiva 2020 Awards ranked the project second in its Large Mining category, recognizing the project’s alignment with the UN Sustainable Development Goals (Goal 1 to end poverty and Goal 8 to provide decent work and economic growth) and the efforts of mining companies and their collaborators to find innovative ways to protect health and support economic continuity amid a pandemic.



Tikary is a sustainable business, with more than 40 women from the communities of Velille, Chilloroya and Ccochaccasa producing ergonomic, safe and fashionable face masks.

Building the Foundation for Long-Term Constructive Relationships in Nevada Based on Mutual Respect

One key lesson we have learned in exploring, developing and operating mines is the importance of early engagement with key stakeholders.

Fostering relationships based on trust with the communities near our exploration activities has been at the heart of our approach to earning our social licence to operate for many years. In Peru, our team has built a reputation for Hudbay as a leader in community relations, and in Manitoba, Hudbay has developed strong relationships with the local and Indigenous communities near our operations.

At our Mason project in Nevada, we are applying these same proven stakeholder engagement principles to those who have expressed interest in the project. This includes outreach to and meeting with nearby Native American tribes.

Despite the COVID-19 pandemic, which impacted many planned stakeholder engagement initiatives in 2020, we conducted several virtual activities, including presentations at tribal council meetings and meeting with the tribes' chairs and vice-chairs. Although the Mason project is still in the exploration phase and years away from being developed into an operating mine, the engagement is crucial for developing an understanding of needs, concerns and interests and identifying the mutual benefits that can be realized by working together.

In 2020, we established a scholarship program with the Yerington Paiute, whereby the tribe selects the recipient to develop the knowledge and skills needed by the community (e.g., health care, social services, business development). Hudbay provides the

scholarship recipient financial support for up to four years. Similar programs are being discussed with the Walker River Paiute and the Washoe Tribe of Nevada and California.

As the Mason project progresses, we hope to grow the scholarship programs to provide more educational opportunities to tribe members.

One key lesson we have learned in exploring, developing and operating mines is the importance of early engagement with key stakeholders.



Our Approach

Economic Contributions

We contribute to sustainable development by providing jobs, contracting with suppliers, paying taxes and royalties, and supporting socio-economic programs and infrastructure priorities that address the challenges most relevant to the communities in which we operate.

Under our Code of Business Conduct and our Statement on Anti-Corruption, all government payments must comply with the laws of the jurisdictions where we operate, including Canada’s *Corruption of Foreign Public Officials Act*, the US Foreign Corrupt Practices Act and Peru’s anti-corruption legal framework. We support global initiatives to improve revenue transparency and fight corruption. The **Extractive Industries Transparency Initiative** (EITI) aims to enhance revenue transparency and accountability in the extractive sector, and as a member of the Peruvian Mining Society, we support the EITI process in Peru, where the government has implemented significant aspects of the EITI requirements and is fulfilling its broader objectives. In

Canada, the government’s *Extractive Sector Transparency Measures Act* (ESTMA) provides an equivalent level of reporting to the EITI standard. In accordance with the Act, we filed our annual ESTMA report, which details our **government payments for the 2019 fiscal year**, in September 2020.

Community Relations

The strength of our relationships with the communities near our operations, projects and exploration sites is closely connected to our ability to conduct mining activities. Our reputation as a leader in community relations in Peru – a country with a history of civil dissent due to lack of trust in authorities and disputes over equitable resource development – is evidence of our efforts to develop an understanding of local stakeholder needs and concerns. In Canada, the mining industry prioritizes partnerships with communities, and our aim is to build meaningful relationships with First Nations communities that help us earn social acceptance and navigate potential conflicts that may arise.

The processes and requirements for strengthening relationships throughout the life of a mine are described in our Stakeholder Engagement Standard. All operations, development projects and exploration sites are required to identify relevant stakeholders, conduct analyses, and create stakeholder engagement plans that establish mutually acceptable processes with communities that are impacted by, or have an interest in, our exploration and mining activities. Site-based community response mechanisms are accessible for local stakeholders to record complaints and grievances. We investigate all such matters to provide timely resolutions and remedies, as appropriate.

Indigenous Engagement

We respect the cultures and heritage of all communities near our operations and activities, and recognize their distinct rights, culture and history as well as the unique connections that Indigenous peoples have to the land and water.

At our operations and exploration sites, we develop archaeological monitoring and cultural resource plans, in consultation with relevant community members and groups, to identify and protect cultural artifacts discovered at our sites.

As part of our membership in the Mining Association of Canada, we apply the Towards Sustainable Mining (TSM) Aboriginal and Community Outreach Protocol to assess and measure our performance in the area of engaging communities of interest (including Indigenous groups) in meaningful dialogue and decision-making. The latest TSM **Indigenous and Community Relationships Protocol**, which was adopted in late 2019, adds criteria testing that assesses good faith efforts to obtain free, prior and informed consent (FPIC) of Indigenous peoples directly



affected by new projects and expansions. It also incorporates Canada’s Truth and Reconciliation Commission’s Call to Action 92.iii, which urges businesses to educate personnel on Indigenous history and provide skills-based training on intercultural competency and human rights. In accordance with the scheduled implementation timeline for the revised protocol, we completed gap assessments in 2020 and will begin reporting on the revised protocol in 2022 using 2021 performance data.

Our management approach and reporting against this protocol help advance two UN Sustainable Development Goals – Goal 11 (Sustainable Cities and Communities) and Goal 17 (Partnerships for the Goals) – by contributing to local development and working with communities to identify opportunities for education, training, employment and business development.

Local Hiring and Procurement

Employment and business opportunities are high priorities for the communities where we operate. Maximizing local employment and building capacity among local workers and suppliers not only generates economic benefits and creates stronger relationships, but it also aligns with our diversity and inclusion commitments and builds a greater mutual understanding between Hudbay and the communities near our operations.

Under our Local Procurement and Employment Standard, each site identifies opportunities for hiring and sourcing goods and services from local communities. We engage local stakeholders and often incorporate commitments related to employment and business opportunities into formal community agreements. We also support government programs, as well as opportunities prioritized by the communities, to build local capacity and skills for both mining jobs and other livelihoods suitable for the community. This includes investing in agricultural

industries, training and skills development programs conducted by Hudbay, and partnering with universities, technical institutes and other organizations.

Community Development

Our presence in a community can stimulate social and economic development, help diversify the local economy and strengthen resiliency.

Early in the mine lifecycle, we engage the communities in order to understand their social and economic priorities and support the programs that address their needs and ambitions. This may result in formal community agreements that detail our commitments. For example, in Peru we have entered into formal community investment agreements with some communities. These agreements detail our commitments to invest in health, education, business development and infrastructure needs. Multi-stakeholder committees, which include Hudbay and local representatives, approve and oversee the projects specified in the agreements. We work with government agencies, community development organizations and other partners that have the expertise and knowledge to strengthen the effectiveness of these programs.

Our Community Giving and Investment Standard outlines the requirements and process for contributions and investments. It emphasizes community involvement, mutual benefits and partnerships. These investments are largely focused on infrastructure and socio-economic development initiatives that build resiliency, advance sustainable livelihoods, and help communities avoid dependency on the mine during operations and after closure.

At the corporate level, we apply the Community Giving and Investment Standard through our Corporate Office Giving Plan. Under the plan, Hudbay offers employees one paid day off each year to volunteer, matches

certain employee donations, and supports capacity building in disadvantaged communities. In 2020, Hudbay supported Youth Without Shelter (YWS) – a Toronto-based charitable organization that provides shelter, education and training to homeless youth – by participating in the 10th annual Time4Change event, which raised funds to support several YWS programs that enable homeless youth to move to stable, independent living. Because YWS had to cancel several fundraising events due to the COVID-19 pandemic, Hudbay’s corporate office employees raised \$7,000, which was matched on a two-for-one basis by Hudbay and Hudbay’s President and CEO, Peter Kukielski, for a total contribution to YWS of around \$35,000. Our corporate Diversity and Inclusion Committee also directed Hudbay’s contribution to Pathways to Education, which helps youth in low-income communities graduate from high school, and to Second Harvest, Canada’s largest food rescue charity with a vision of “No waste. No hunger.”

Resettlement and Land Use

We seek to avoid the need for resettlement. However, when resettlement is unavoidable, we engage with those impacted – and with communities, governments and other key stakeholders – and follow a process that adheres to international standards. This includes IFC Performance Standard 5, which advises companies to minimize adverse impacts on those displaced through measures such as fair compensation and ensuring that those affected are actively consulted and participate in the process.

In 2020, we did not resettle any individual homes. However, in Peru, pre-development activities at the Pampacancha deposit impacted the livelihoods of those engaging in informal mining and farming in the area. We are adhering to international standards to determine how best to assist those whose livelihoods may have been impacted.

Manitoba



In Manitoba, Hudbay has discovered 26 mines and successfully reclaimed 20 mines over the past 90 years, and currently operates two mines – 777 and Lalor. We recognize the positive socio-economic impact our activities can have on the communities near our operations, as well as the challenges that occur when mining operations cease. We are committed to building long-term relationships, creating partnerships and developing programs to ensure a lasting, positive impact.

Preparing for Closure Impacts and Transition

Hudbay has had a significant presence in Flin Flon, Manitoba, for more than 90 years, contributing significantly to the economies of Flin Flon and Creighton. Despite efforts to maximize the existing assets in Flin Flon and maintain a presence that supports jobs and the broader economy, mining operations at the 777 mine will cease in the middle of 2022, at which time most activities at the Flin Flon mill and zinc plant will also cease.

A key aspect of our closure planning is engaging the community on a plan to support the social and economic transition. In 2020, we continued a process that began

in 2016, meeting with the nearby communities’ mayors and local officials to update them on our closure activities and discuss opportunities to minimize the impacts of closure to the greatest extent possible.

When operations cease in Flin Flon, our presence in Flin Flon will include about 100 people for care and maintenance, concentrate handling, fabrication, administrative, exploration and environmental activities. We will continue to seek opportunities that could leverage the facilities that remain on care and maintenance. However, we are ramping up our operations in Snow Lake with the restart of the New Britannia mill and increased production at Lalor, and we expect to increase the Snow Lake Hudbay workforce by around 50%. As we build a future in northern Manitoba that is centred around our activities in Snow Lake, we also need to expand our physical footprint to accommodate larger mining and milling operations.

After a kitchen fire at the old camp located near the New Britannia mill in the summer of 2019, the Town of Snow Lake worked with Hudbay to set up a new temporary camp. Over the course of the year, we met regularly with the town council to discuss potentially making this the permanent camp.

In December 2020, we reached a long-term camp agreement with the town. The new agreement spans the life of the Snow Lake operations and involves expanding the footprint to accommodate the relocation of trailers from the old camp to the new camp and the establishment of a new permanent dormitory, a new business development park and more extensive parking facilities.

In addition, Hudbay is supporting the Town of Snow Lake with a \$2 million investment in the development of a new 30-lot subdivision in English Bay, which will help the town to create more permanent housing solutions for the community.

This is a significant achievement as it will help provide multiple living arrangement options for new employees and their families as Hudbay transitions to a larger operation in Snow Lake in 2022.

We also worked with the town on a project to upgrade the entire water system so that the water Hudbay uses for operations doesn’t impact the community water system.

Engaging with Indigenous Communities

An important aspect of our commitment to diversity and inclusion is our engagement with the Indigenous communities of interest (COIs) and other stakeholders near our mining operations and exploration activities in Manitoba.

Our dedicated Indigenous Liaison Officer (ILO) works to build mutual understanding and positive relationships between Hudbay and the Indigenous and First Nations communities near our operations. The Manitoba operations have stakeholder engagement plans, and the ILO supports the Indigenous-specific strategy and activities.

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In support of our Indigenous engagement strategy, we aim to meet with the Indigenous communities and COIs near our operations at least twice per year to improve our understanding of their concerns and capacity. In 2020, our in-person engagement activities came to halt in early March due to the COVID-19 pandemic. Because many of these communities went into lockdowns, our outreach through the remainder of the year was limited. In place of the community visits, we sent out letters in April and October that provided updates on Hudbay’s activities and checked in to see if the communities needed any support.

Fostering economic opportunities is a key element of our engagement strategy. In addition to job fairs, we have an Indigenous training-to-employment project at Lalor that we discuss in the **Our People** section of this report. Through our northern procurement policy, we aim to increase opportunities for Indigenous contractors or Indigenous-owned businesses to work with Hudbay, and our economic development workshops ensure potential Indigenous suppliers understand our local procurement standards and processes. Although many of these programs and activities were impacted in 2020 due to the pandemic, we plan to restart these efforts as soon as the communities are ready to do so. Of the \$50.7 million in payments to suppliers in northern Manitoba and northwest Saskatchewan in 2020, approximately \$2.1 million was awarded to Indigenous businesses.

Canada’s Truth and Reconciliation Commission’s Call to Action Recommendation No. 92 directs corporations to play a role in reconciliation through actions and participation in events that build cultural awareness and mutual understanding. In support of this action, our ILO holds eight-hour interactive cultural awareness workshops at our operations in Flin Flon and Snow Lake and offers to conduct workshops for external organizations as well. Indigenous elders are invited to participate in the workshops to improve

employees’ understanding. The goal is to hold workshops each quarter (for a total of eight during the year), but in 2020 we held only four workshops (two at each operation) – in March before the shutdown and in September when cases had levelled off. We also held a workshop with Northlands College located in Creighton, Saskatchewan, in February.

Other planned cultural awareness programs and activities include:

- Inviting traditional knowledge holders (i.e., those who can provide a cultural and experience perspective) to help assess the impacts of our activities on the environment
- Partnering with the Flin Flon Aboriginal Friendship Centre to hold *Mino Pimatisiwin* (“a good way of life”) sweat lodge ceremonies and inviting employees to participate
- Offering mine tours to Northlands College students to showcase the various careers available at our operations
- Working with elders on ways to celebrate Indigenous Peoples Day with employees and community members (e.g., picking sacred medicine plants, participating in a smudge ceremony)

Although no activities took place in 2020 due to community shutdowns and COVID-19 restrictions, we hope to resume these activities in 2021.

We maintained our bronze certification level for the Canadian Council for Aboriginal Business’s (CCAB) Progressive Aboriginal Relations (PAR) program. The PAR program verifies and benchmarks corporate performance in Indigenous relations in Canada across four areas: employment, business development, community investment and community engagement

For the 2019 TSM Aboriginal and Community Outreach Protocol, our Manitoba Business Unit

received an A level rating for response mechanisms and COI engagement and dialogue, and an AA rating for reporting and COI identification.

2020 Community Activities

The Manitoba Business Unit has a donations committee that reviews donation requests and allocates \$150,000 in community contributions each year. In 2020, major contributions during the year included:

- \$483,000 to various Flin Flon and Snow Lake community organizations, resource centres and food banks to help battle the COVID-19 pandemic (matching the \$20,000 donation made by Wheaton Precious Metals)
- \$25,000 toward Indspire, an Indigenous-led charitable organization that invests in education for Indigenous people, including scholarships to Indigenous students from Ontario and Manitoba

There was a total of 135 complaints registered in 2020, of which 130 were union labour grievances and five were community grievances related to concerns about dust, noise, the environmental performance of a contractor, and the speed of one of our ore trucks. Labour grievances related to collective agreements are managed through a different process than that used to address community grievances.



Peru

In Peru, our commitment to creating shared value and building strong, long-term relationships with the communities near our operations and with other key stakeholders is evidenced by the more than 20 agreements we have entered into with local communities and governments since 2011.

Working with Communities on Growth Opportunities

At our Constancia operation, we work to build shared value by formalizing short-term and long-term commitments through stakeholder agreements at all levels – national, regional, provincial, district, local and community. These agreements go beyond providing local jobs and business opportunities and articulate the long-term vision for the communities. This includes supporting efforts to bring the resources of the national, regional and local governments closer to

the communities, and partnering with organizations that have the expertise needed to deliver the programs the communities have prioritized.

We applied this approach to reach agreements with multiple communities and individuals to develop the Pampacancha deposit near Constancia.

At the end of 2020, we successfully concluded an additional consultation process with the Peruvian government and Chilloroya community under Peru's Consulta Previa law. The law details steps and processes that companies must take to ensure Indigenous peoples and other ethnic groups in Peru have access to information and are able to participate in the process for evaluating projects that take place in their territory and may impact them. Although the pandemic created challenges due to the need to consult with community members in person, we

ensured all meetings had strict health and safety protocols in place. The process concluded with a majority of Chilloroya community members approving of the Pampacancha project.

Supporting Our Neighbours and Colleagues During the Pandemic

Although the COVID-19 pandemic impacted many of the planned community engagement activities and socio-economic development programs and projects, Hudbay's team in Peru quickly adapted its approach to focus on the communities' most pressing needs.

Because around 40% of our employees are from the local communities, a significant focus was on keeping the virus out of the mine site and ensuring no workers had the virus before returning to their communities at the end of their rotation. Under our comprehensive COVID-19 health protocols, before going to the mine site, all personnel quarantined at a hotel and only those with negative molecular test results were admitted to the mine site. After each rotation, workers quarantined again and underwent testing to ensure they were able to safely return to their communities. If any workers needed to quarantine or isolate for a longer period due to a positive test or possible exposure, workers continued to receive pay.

We partnered with Wheaton Precious Metals to procure and provide critical supplies and equipment – including rapid and molecular COVID-19 tests, oxygen tanks, pulse oximeters, thermometers, masks and portable and fixed ventilators – to the Chumbivilcas Health Network. As part of an agreement with the Regional Directorate of Health Cusco (DIRESA) and the District Municipality of Livitaca in the Chumbivilcas province, we donated an ambulance and nine oxygen tanks to the district health centre's COVID Command



to help quickly transport patients to local medical centres and hospitals. To address families facing food security issues, we delivered more than 60 tonnes of basic necessities, including rice, sugar and noodles, to seven rural communities in the Chumbivilcas province.

Although the change in protocols at Constanacia did impact some local businesses in Chilloroya (e.g., equipment rentals, laundry providers, restaurants, service stations), we worked to minimize those impacts as much as possible while also identifying opportunities to reactivate the economy. One such opportunity is the “Tikary: Bordando el futuro” project – a new mask manufacturing business for women from the communities of Velille, Chilloroya and Ccochaccasa. This project is highlighted in the **Collaborating to Help Reactivate the Economy and Build Capacity Among Women in Rural Peru** case study.

Improving Access to Health Care

Our approach to helping the region mitigate the impacts of COVID-19 includes strengthening the broader health system for generations to come. We are working with Peru’s Ministry of Health to build a more robust telemedicine system, which is one of the objectives under our second “Work for Taxes” project – an integrated health system for the province of Chumbivilcas.

Peru’s “Work for Taxes” is an innovative public–private funding mechanism that allows companies to pay a portion of income taxes in advance by funding public works and then receiving a tax certificate for 100% of the investment once the project is delivered. In 2020, development of the health system began. The project, which is supported by Peru’s Ministry of Health, includes rural health care, transportation (e.g., ambulances) and telemedicine.

Another important project is a new hospital in the town of Santo Tomás in the Chumbivilcas province. Several years ago, Hudbay financed a pre-investment study for the hospital. Although the study took several years, in 2020 Peru’s Ministry of Health approved the study and agreed to finance the construction of the hospital. The Regional Government of Cusco is developing the technical document that is required under Peru law, and construction is expected to begin in 2022. Once completed, the hospital will significantly improve the quality of health care for more than 83,000 people living in the province.

2020 Community Activities

We invested more than \$4.6 million to support a wide range of community programs.

There were 59 grievances registered in 2020. Of the total, 21 were related to procurement matters between Hudbay and its suppliers, including issues related to delays in payments or reimbursements.

Arizona and Nevada



Maintaining Relationships in Arizona

The combination of the COVID-19 pandemic and legal challenges halting the development of our Rosemont copper project resulted in reduced in-person engagement activities with the nearby communities of Green Valley, Sahuarita, Vail and Tucson. However, we continued to engage virtually with stakeholders, including regulators, elected officials and business leaders, and addressed stakeholders’ questions or issues as they arose.

Building Foundation of Relationships Built on Trust at Mason

We held several stakeholder engagement events during the year at Mason – our advanced exploration project located approximately 85 kilometres southeast of Reno, Nevada, in the prolific Yerington

Copper District. With the project still in the exploration stage, the goal of our stakeholder engagement at Mason is to establish open lines of communication and build a mutual understanding on how best to express concerns, share interests and discuss opportunities.

Before the COVID-19 pandemic, we held meetings with city and county administrators, Native American tribal leaders and other stakeholders with an interest in the project. Engagement continued throughout the year, with video conferencing and other forms of electronic communications replacing face-to-face interactions. In August, we held two virtual open houses to share an update on project plans and hear from participants on the issues they cared about to help us focus on areas of concern. We promoted the events on our social media channels and through the

local chamber of commerce. A replay of the open house and responses to the more frequently asked questions were posted to the Hudbay Mason Project [Facebook page](#). Many of the questions were related to protecting water sources, noise and dust impacts from blasting, and safety and environmental concerns related to historical mining sites in the area.

In September, we launched a fencing project to safely isolate any hazards on the Mason property related to historic mining, and hired and trained three members from the local tribes to complete the work.

In 2021, we hope to work with these tribes to identify any important cultural sites at Mason so that the site design avoids, minimizes or mitigates potential cultural impacts.

2020 Community Activities

In 2020, we invested \$93,000 to support a wide range of community programs in Arizona and Nevada.

Along with the scholarships established with the Yerington Paiute discussed in the [Building the Foundation for Long-Term Constructive Relationships in Nevada Based on Mutual Respect](#) case study, we continued our support of the Hudbay Rosemont Copper School Grant Program, which awards between \$500 and \$5,000 to local school STEAM (Science, Technology, Engineering, Environment, Agriculture and Math) programs. In 2020, we awarded eight grants totalling around \$8,000. We also contributed \$7,000 to food banks in the communities near our Rosemont and Mason projects.

No complaints at the Rosemont or Mason project were formally registered through our grievance system in 2020.

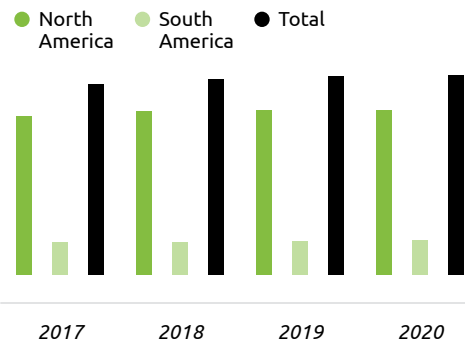
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ENVIRONMENT

We aim to develop, operate and close mines in a manner that demonstrates our commitment to environmental stewardship. This requires applying best practices, complying with all applicable environmental laws and regulations, and investing in new technologies and innovative approaches.

TOTAL FOOTPRINT (SURFACE TENURE)
(hectares)



HIGHLIGHTS

5.2% decrease in energy consumption

More than half of our indirect energy consumption is from renewable sources

Hudbay's Mason project received a 2020 Nevada Excellence in Mine Reclamation Award

Total Energy Consumption¹ (indirect and direct)	2020	2019	2018	2017
Total energy (terajoules)	7,812	8,327	8,399	8,311
Energy sources as percent of total energy				
Propane (direct)	8%	7%	9%	8%
Diesel (direct)	19%	22%	21%	24%
Gasoline/other non-renewable (direct)	0%	0%	0%	0%
Electricity (indirect)	73%	71%	69%	68%
Non-renewable and renewable indirect sources as percent of total energy				
Hydro-generated electricity	57%	54%	53%	53%
Other renewable source electricity	N/av	N/av	N/av	N/av
Non-renewable source electricity	16%	17%	17%	15%

¹ The proportion of hydro-electric energy is a conservative estimate based on US Energy Information Administration (EIA) data for Peru electrical generation and Manitoba Hydro and Manitoba government reporting. The EIA data shows overall Peru electrical generation to be 56% hydro for 2017 to 2019 – we have used 50% and not included other renewable sources (4% to 6%) because we do not know the exact grid mix. The Manitoba data shows 97% hydro generation and 2.5% other renewable – we have continued to use 96% hydro from earlier information sources as the dates of the 97% are not clear. We continue to seek clear, up-to-date information on the grid mix so that we can refine this analysis.

Reducing Fresh Water Use and Lowering Energy Costs in Manitoba

Because some of Hudbay's environmental performance metrics are impacted by factors outside of our control (e.g., weather), we are working toward establishing and measuring efforts to improve our eco-efficiency across four areas – energy use, greenhouse gas intensity of our energy supply, water, and mineral waste and land disturbed.

One effort that reflects Hudbay's goal to identify eco-efficiency measures is at our Stall mill in Snow Lake.

Todd Boyd, who is the Manager of both the Stall and New Britannia mills and previously worked as the Chief Powerhouse Engineer at Flin Flon, has been working with the team at Stall mill to reduce the use of fresh water. One opportunity they identified was to modify the water pumps. Now, rather than turning on

the pumps and flowing fresh water at the same rate regardless of whether 100% or 95% is being used, new variable frequency drives (VFD) allow the team to adjust flow rates to meet processing demands. Since installing the equipment, the average fresh water use at the Stall mill has decreased by around 18%.

Access to fresh water sources is not a concern in northern Manitoba, and at Stall mill our water management practices focus more on managing excess water, rather than a lack of water. However, when fresh water is used during ore processing with chemical agents, it becomes contact water that must be treated with reagents and chemicals. Less fresh water used means that fewer resources (and less money) are required to treat the water.

Pumping only the fresh water needed also significantly reduces the amount of time the energy-intensive industrial pumps need to run. This results in notable energy cost savings and reduces the resources needed to repair and maintain the pumping systems since the pumps are not running as much as before the VFDs were installed.



We are working toward establishing and measuring efforts to improve our eco-efficiency across four areas – energy use, greenhouse gas intensity of our energy supply, water, and mineral waste and land disturbed.

Water Harvesting Projects Aim to Provide Community with Sustainable Water Source

The Cochapampa bog serves as a vital water source for agriculture and livestock in Chilloroya, a small community near our Constancia operation in Peru. The bog, which is categorized as a wetland, is also habitat for a variety of unique species of plants and animals, and it is essential for maintaining the health of the region's ecosystem.

Because the development of the Constancia mine impacted some of the Cochapampa bog areas, years ago we engaged the community in developing a plan to compensate users for the impacts and maintain the ecosystem services for Chilloroya. One of the key elements of this plan is the Cochapampa Bog Sustainable Use and Management program, which aims to minimize the impacts to the wetlands while helping the community and land users improve their water management practices through investments in water catchment and harvesting systems. The plan

also includes a focus on building the community's sustainable water management capacity through training and consulting services and through partnership with governmental agencies and other support organizations.

Beginning in 2019, we engaged the Chilloroya community to discuss water harvesting options, such as building one large reservoir or building smaller, but multiple, points of water harvesting. Based on tests and research performed by external water management consultants, in 2020 the community selected the three points of water harvesting option as the one that will best support Chilloroya's water management objectives.

Upon obtaining this approval, Hudbay reached out to the Water Management Institute of Cusco for support on research in the Chilloroya area to study where best

to locate the three water harvesting points. In 2021, we hope to advance the studies and formalize agreements with the Cusco government and other organizations in support of constructing the water harvesting infrastructure in Chilloroya.

Because the development of the Constancia mine impacted some of the Cochapampa bog areas, years ago we engaged the community in developing a plan to compensate users for the impacts and maintain the ecosystem services for Chilloroya.



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Our Approach

Hudbay’s commitments to explore for and mine minerals and metal in a manner that safeguards the environment are expressly stated in our **Environmental Health and Safety Policy**. The policy requires all operations and exploration sites to avoid or mitigate adverse effects on the environment, comply with the laws and regulations in each jurisdiction where we operate, and maintain (or achieve within two years of commencing production) an environmental management system that is certified to the ISO 14001 international standard.

All of our operating locations’ management systems align with the requirements stated in the Mining Association of Canada’s (MAC) Towards Sustainable Mining (TSM) environmental protocols and frameworks. As a member of MAC, we commit to annually review the effectiveness of our approach by assessing our performance against the TSM protocols at our Canadian operations, and we voluntarily do so at our Constancia operation in Peru. The goal is for each facility to achieve a level A or higher (on a five-point scale, from level C to AAA) for all protocol indicators within two years of reaching commercial production or beginning operations under Hudbay’s control.



As a mining company, Hudbay is subject to many regulations at the local, state and national level in all of its jurisdictions of operation. These regulatory standards establish specific requirements for how we operate, while our standards provide guidance for meeting environmental performance expectations beyond simply achieving regulatory compliance. Our standards, along with the TSM protocols and other international standards we follow, support a common approach across our operations to achieve the level of performance expected by our communities and other stakeholders.

Our performance is also reflected in eco-efficiency improvements – that is, those productivity and efficiency enhancements that often go hand in hand with better environmental management practices. For example, reduced fresh water use and higher recycling/reuse rates help lower costs and reduce maintenance requirements, and optimizing haul truck routes lowers fuel costs and GHG emissions.

Land and Biodiversity

We recognize that our business activities can impact biological diversity, and stakeholders rightly expect us to maintain healthy ecosystems and conserve biodiversity throughout the mine lifecycle.

The objective of our Biodiversity Conservation Standard is to positively contribute to biodiversity. Each site must identify environmental conditions specific to each location – such as threatened and endangered species, protected areas and critical habitat – and the potential impacts that Hudbay’s activities may have on biodiversity and ecosystem services. Site-specific biodiversity and ecosystem services management plans must apply the following four key steps of the mitigation hierarchy:

1. Avoid impacts by locating facilities and infrastructure away from significant biodiversity aspects and critical habitats;
2. Minimize impacts through the use of appropriate management systems, mine designs and operating plans that limit land disturbance throughout the mine life;
3. Restore ecosystems by progressively rehabilitating affected areas during operations and at closure to mitigate the impact over time through preservation or maintenance; and
4. Offset residual impacts through programs to compensate for biodiversity losses by enhancing ecosystems in nearby areas.

Our standard aligns with, and supports our implementation of, the TSM Biodiversity Conservation Management Protocol, and the IFC Ecosystem Services Performance Standard. Included in the protocol are commitments to engage with communities of interest about biodiversity policies and practices, comply with the requirements of legally designated protected areas, and not explore or mine in World Heritage sites.

Following our standard helps advance UN Sustainable Development Goal 15 (Life on Land) by working with communities and organizations to take action on preventing the loss of biodiversity and preserving healthy ecosystems.

Climate Change

Climate change – and society’s impact on the environment – is increasingly becoming a central issue for governments, communities and businesses around the world. Mining and mineral processing are energy-intensive activities, and Hudbay recognizes its responsibility and role in combatting climate change.

Our efforts are largely focused on two key areas: mitigating greenhouse gas (GHG) emissions and preparing for impacts through adaptation plans.

Hudbay's near-term approach to GHG mitigation is to focus on the energy efficiency of its operations. Although it is difficult to establish a "baseline" of energy efficiency due to the variability in our operational inputs (e.g., mining deeper or further and changes in ore composition) and factors beyond our control (e.g., extreme winter conditions in northern Manitoba), Hudbay is committed to identifying and pursuing economically viable opportunities – such as the one discussed in the **Reducing Fresh Water Use and Lowering Energy Costs in Manitoba** case study – that improve energy efficiencies and reduce GHG emissions at our operations. We are also developing a process that takes various factors and complexities into consideration for tracking our eco-efficiency performance. One program under consideration involves integrating into our capital approval process an evaluation of the investment's impact on our water consumption, energy use, GHG emissions and land footprint.

Because our direct GHG emissions are largely related to mobile equipment, we recognize that future fleet replacements will need to consider alternative energy sources. All the electricity at our operations is supplied by third parties via regional grids. In Manitoba, nearly all of the electricity produced is through renewable hydropower, and in Peru 50% is from renewable sources.

To ensure we adapt our operations to the risks posed by climate change, we conducted a preliminary risk analysis of our facilities, which showed that the potential impacts are manageable at this time. However, the potential for more frequent and extreme weather events requires that our analyses and efforts around biodiversity and overall environmental management need to evaluate climate adaptation options.

In alignment with the TSM Energy and GHG Emissions Management Protocol, we annually report on the processes, management systems and reporting mechanisms we have in place to effectively manage our energy use and GHG emissions. Under the protocol, we set performance targets for each facility and annually report on our performance against those targets.

Following the protocol helps advance three UN Sustainable Development Goals – Goal 7 (Affordable and Clean Energy), Goal 9 (Industry, Innovation and Infrastructure) and Goal 13 (Climate Action) – by reducing energy and GHG emissions and investing in innovative processes and technologies and incorporating them into our operations.

We also report our global GHG emissions data and performance to the CDP (formerly the Carbon Disclosure Project). Our responses to the CDP questionnaire and disclosures in this report have been mapped to the Task Force on Climate-related Financial Disclosures recommendations.

Compared to the prior year, our direct energy consumption decreased 16.2%, and our indirect energy consumption decreased 3.1%. Our total GHG emissions decreased 9.3%, and GHG intensity increased 8.7%, largely due to the mandatory shutdown in Peru, which led to lower production.

Air

Hudbay's operations do not generate any major point source air emissions (i.e., stack emissions or releases through a confined air stream). Our primary air emissions are forms of particulate matter (such as dust and fuel emissions), primarily produced through blasting activities, ore excavation and vehicles travelling on unpaved roads. To ensure the air quality on and near our sites is safe for people and the environment, we implement controls such as dust suppression systems, conduct monitoring, and report



our air emissions in full compliance with laws and regulations in the countries where we operate.

Our total particulate emissions decreased 33% compared to 2019, largely due to the increased rainfall and snow cover in Manitoba in 2020.

Water

Water is vital for healthy communities and ecosystems, and it is also essential to our operations. Our water management approach aims to run our operations without conflict with other water users and minimize our impact on water resources.

Each site develops a water management plan that addresses its unique water needs and challenges and assesses water quality, quantity, availability and the needs of local communities and other water users. These plans are developed during the feasibility stage as part of the site's environmental impact studies and are regularly reviewed and updated. None of our current operations are located in any water-stressed areas, so the sites' current focus is on water discharge quality.

In 2018, MAC added a Water Stewardship Protocol that requires water-related plans and management

systems to include a water balance, a water monitoring program, and response and contingency plans for water-related risks and incidents. Sites must engage with other water users and communities of interest in the watershed and participate in watershed-scale planning. To achieve level A for one of the new indicators, the site must have a water-related objective or target to measure performance. As a member of MAC, we implemented the updated protocol in 2020 and will publicly report against the protocol beginning in 2021.

Adhering to the TSM Water Stewardship Protocol helps advance two UN Sustainable Development Goals—Goal 6 (Clean Water and Sanitation) and Goal 12 (Responsible Consumption and Production)—by improving water quality, addressing water scarcity and partnering with local communities to support local water-related programs.

Since 2010, we have disclosed our water management performance in CDP's annual Global Water Report.

In 2020, the total amount of water withdrawn increased 9.89% and water discharged increased 13.5% compared to 2019. The amount of water our operations discharge can be impacted by precipitation. Total water recycled or reused was approximately 251.8% of our total water use.

Waste and Tailings

Mining and ore processing activities produce waste byproducts, including waste rock (overburden that has no economic value) and tailings (the material that remains after the minerals have been extracted from the crushed ore).

All Hudbay operations have plans in place to reduce, reuse, recycle and responsibly dispose of hazardous and non-hazardous waste. Because tailings, and their associated storage facilities, present higher risks to our business, we have additional processes and resources to ensure we manage these risks effectively. A detailed discussion on our approach to safely and responsibly managing tailings is included in the **Tailings Stewardship** section of this report.

Sites must manage waste rock in accordance with environmental regulations and industry standards and in a manner that minimizes the potential for acid rock drainage, which is caused by a chemical reaction when certain minerals in the rock are exposed to air and water. Waste rock and tailings may be classified as potentially acid generating (PAG) or non-acid generating (NAG). To minimize and mitigate the potential impact of PAG-classified material, we reuse, where possible, or dispose of PAG material in contained areas that are engineered to prevent acidic runoff.

During the year, we generated approximately 75% less overburden waste, 35% less waste rock and 15% less tailings compared to the previous year. The amount of waste produced varies depending on the stage of the mine lifecycle (i.e., more overburden when developing mines).

Closure and Reclamation

Successful mine closure begins during the design phase of a project's development and continues throughout the mine's lifecycle.

Our closure plans ensure compliance with all legal frameworks and regulations within the jurisdictions where we operate. They also align with TSM's Mine Closure Framework, which goes beyond jurisdictional legal and regulatory closure plan requirements to address commitments related to working with stakeholders – in particular, the communities closest to our mines – to develop mine closure plans that mitigate the socio-economic impact of closure.

These plans include identifying opportunities to conduct progressive rehabilitation once the areas are no longer needed for mining. Closed mine sites are rehabilitated to an agreed-upon beneficial post-mining use that is as close as is practical to its pre-use condition. Post-closure activities include maintenance and monitoring to ensure closure objectives are progressing successfully and as intended.

Hudbay Collaborating on Next-Generation Biological Wastewater Treatment Solution

Hudbay and two other mining companies are participating in a first-of-its-kind research project, led by the University of Toronto and University of California Berkeley, to study the use of genomics in treating mine wastewater.

Genomics focuses on the structure, function, evolution, mapping and editing of genomes – an organism's total genetic material. The project is applying genomics to better understand thiosalt (a sulfuroxyion compound that can cause acidification in wastewater), and develop innovative and flexible management and treatment options that reduce the sulphur compounds in the wastewater. The desired outcome is a solution in which the thiosalts support the wastewater treatment efforts instead of being a challenge to overcome.

Hudbay's support of the project includes collecting and providing project leaders water samples, contributing in-kind support and serving on the project's advisory committee.



Manitoba

The Manitoba Business Unit's total water consumption decreased by 3.6% compared to 2019, and water consumption intensity increased by 1.0%.

The electricity used to run our processing plants is renewable hydroelectricity sourced from Manitoba Hydro, which keeps our GHG emissions and intensity relatively low. We use propane for some infrastructure for heating and diesel to run the mobile equipment that extracts and transports ore. Reaching the end of the mine life at the 777 operation impacts our energy consumption due to the need to mine deeper, haul material farther, and mill more material.

Our overall energy usage and energy intensity increased by 1.1% and 5.4%, respectively, compared to 2019.

One example of the business unit's eco-efficiency efforts was at Lalor, where they installed equipment that allows the team to adjust fresh water flow rates. This program is discussed in more detail in the [Reducing Fresh Water Use and Lowering Energy Costs in Manitoba](#) case study.

Safely Managing Waste

In 2020, the business unit conducted a significant amount of work on stabilizing the Flin Flon Tailings Impoundment System (FFTIS). We discuss this work in detail in the [Strengthening Tailings Facilities in Manitoba](#) case study.

Much of the material used for constructing the control berms and conducting the dam stabilization

work at the FFTIS was waste rock from the closed Trout mine located around 11 kilometres from Flin Flon. Instead of leaving the waste rock in place and contouring it at the Trout mine, we are hauling the waste rock to Flin Flon and repurposing it for the construction of the dams. We also used a significant amount of tailings sand to construct the control berms that will divert flows away from the town of Creighton in the unlikely event of a dam breach.

At the 777 mine, we synchronized the milling activities with the mine's pasting requirements. This strategy maximizes the amount of tailings to be sent underground and decreases the volume of material being sent to the Flin Flon tailings facility.

Managing Cyanide Risks

In 2020, we progressed the refurbishment of the New Britannia mill near Snow Lake and completed construction on a 6.8-kilometre-long pipeline corridor linking the New Britannia mill with the Anderson Tailings Impoundment Area (TIA) via the Stall mill. The corridor includes three surface pipelines. One will send reclaimed water from Anderson to New Britannia and another will pump copper concentrate produced at Stall to New Britannia. The third pipeline will carry tailings generated at New Britannia to the Stall concentrator for deposition in Anderson or to Lalor's paste backfill plant, which transforms tailings into a paste that is pumped underground to backfill and stabilize voids.

Prior to pumping tailings from New Britannia to the Anderson TIA, we must destroy any cyanide used for gold processing. Although cyanide-free gold processing methods are being tested, cyanidation (in which a sodium cyanide solution separates gold from ore) is currently the safest and most effective and economical method for recovering gold.



Because cyanide in any form can be hazardous to human health and the environment, we designed the mill to follow the responsible management practices detailed in the **International Cyanide Management Code** (ICMC or the Cyanide Code). The Cyanide Code – a voluntary industry program that promotes best practices to safeguard workers, communities and the environment – includes a requirement for gold processing facilities that use cyanide to have a cyanide management plan. In 2020, we completed a design audit on the mill and conducted cyanide safety training with suppliers who handle cyanide and/or work with or near areas where the cyanide is transported and stored.

Managing Biodiversity Impacts and Preparing for Closure

One matter that we must continually manage at the FFTIS are dust events, which can occur when temperatures drop, the tailings dry out and the winds pick up. These events typically happen in the spring, because the tailings ponds tend to thaw earlier than other water sources. However, in mid-October the Flin Flon area experienced early winter conditions as temperatures dropped and wind speeds increased. Because there was very little snow cover, this created a dust event that we addressed by placing straw on top of the tailings.



Another ongoing challenge at FFTIS is deterring migratory birds from landing in the facility's areas that are low in pH (i.e., acidic) and harmful to the birds. Among the positive outcomes of the dam stabilization work was that it eliminated standing water in one of the low-pH areas, simplifying our goal of reducing the risk to wildlife.

Closure and reclamation work during the year included ongoing environmental monitoring at Reed, which ceased operations in 2018, and continuing to plan for the closure at the 777 mine. For safety reasons, we demolished two structures in the smelter complex that are no longer in use. One was a 100-year-old water tank – known as the Mandy tank – and the other was a large coal silo.

Peru

Meeting Environmental Performance Objectives

The Peru Business Unit establishes annual key performance indicators (KPI) across three areas – environmental management, environmental quality and sustainability. In 2020, the business unit achieved its overall target but missed two sub-indicator targets related to per capita water and energy consumption at Constancia’s accommodation camp. The missed target was due to the temporary shutdown of operations related to the COVID-19 pandemic. With fewer people using the facilities during March, April and May (when operations were shut down), per capita consumption increased. The impact on per capita energy consumption at the camp also resulted in a B level score under the TSM Energy and GHG Emissions Management Protocol’s targets indicator. (The business unit received an AA and AAA level score for the systems and reporting indicators, respectively.)

Our overall energy usage in Peru increased by 29.1%, and our energy intensity increased by 54.2% compared to the previous year.

Efforts to improve eco-efficiencies across four areas – energy use and GHG emissions, water, mineral waste and land disturbed – included use of mineral waste for construction of the tailings dam and exploring opportunities to further reduce the amount of water used in processing so that there is less contact water to treat.

Total fresh water consumption decreased by 13.2%, and fresh water consumption intensity increased by 25.6% compared to the prior year. The operation’s surface and groundwater consumption were 35% and 79%, respectively, of the total maximum volume authorized by the licences that govern the site’s water



use. In early 2020 when an algae recording exceeded limits, we reinforced efforts to maintain and clean the accommodation camp’s water supply systems.

Although there were no high-level environmental incidents at Constancia, there was one medium-level incident in August when 50 litres of bleach leaked from a vehicle cleaning area into the Chilloroya River and killed trout. This incident had no residual effects and was cleaned up within hours.

There were no exceedances of air quality parameters related to the site’s activities. As part of the site’s dust control plan, irrigation systems were used to apply water to haul truck roads as well as auxiliary and national roads.

Testing Alternative Environmental Technologies and Methods

One of Hudbay’s public targets for 2020 was to pilot water treatment technologies and progress detailed engineering for Constancia’s tailings water treatment facility, which will allow us to safely discharge tailings water in line with a water balance regulatory requirement. During the year, we completed the first phase of the pilot and initiated a second phase to assess alternative technologies, such as evaporation systems, that can complement other water treatment solutions. The pilot is expected to be completed in 2021, with the final technologies selected soon after.

Another project during the year was to test the use of potentially acid-generating waste rock on the downstream side of the tailings dam. The test is evaluating ways to safely encapsulate the waste rock so that its use in the tailings dam construction does not impact groundwater or surface water. This multi-year study is being conducted under the guidance of our engineer of record and members of the Independent Peer Review Board (IPRB) to determine if it is a safe and viable method.

To drive efficiencies and improve our reporting on closure and reclamation activities, we began implementing a software solution that provides an integrated database and real-time reports on actions such as soil management, reclamation of natural areas, closure plans and biodiversity efforts. The system is expected to be fully implemented in 2021.

Conserving and Protecting Biodiversity

Constancia’s annual biodiversity action plan (BAP) includes objectives for actively managing biodiversity impacts and ecosystem services.

A key element of the plan is engaging with stakeholders to identify biodiversity conservation and

ecosystem services opportunities and evaluate Hudbay’s management programs and performance. The overall aim of the plan is to achieve no net loss of biodiversity as a result of mining activities. These objectives integrate IFC Performance Standards, the TSM protocols and our environmental management standards.

For the third year in a row, the Peru Business Unit received an AAA level rating on all indicators under the TSM Biodiversity Conservation Management Protocol. Despite disruptions due to the COVID-19 pandemic, we achieved all primary BAP objectives for 2020, the most notable being:

- Delivering on the Cochapampa Bog Sustainable Use and Management program by:
 - Holding a variety of training workshops on topics such as land use and crop rotation systems, organic fertilizer, animal husbandry and landscaping equipment
 - Constructing ponds for fish and cattle feed production
 - Planting 5,000 native plants
 - Strengthening water management systems and capacity in Chilloroya (see the **Water Harvesting Projects Aim to Provide Community with Sustainable Water Source** case study)
- Conducting progressive reclamation and ecological restoration work. More than 26,000 native tree seeds from our nursery have been planted and are now seedlings.
- Participating in four meetings with the Regional Government of Cusco through our participation in the Water Council of the Apurimac River Basin. The Council serves as a network for protecting and enhancing the resources in the basin that supplies water to both the Cusco and Arequipa regions.

Managing and Reducing Waste

Constancia continued to identify opportunities to reduce, reuse and recycle the waste produced at the mine site. Among the key activities in 2020:

- **Recycled haul truck tires:** We engaged two companies to recycle used haul truck tires into pellets that could be used for synthetic sports fields and other purposes. During the year, 185 tires were recycled.
- **Increased solid waste recycling:** Around 54% of all solid waste was recycled in 2020, a 7% increase from 2019.
- **Installed compactor and conveyor belt:** A new compactor (400-kilogram capacity) reduced the volume of waste required to be transported and disposed of, and a conveyor belt was installed to improve the waste segregation process in the warehouse. These projects allowed staff to focus on higher-priority activities, such as cleaning and disinfecting areas to maintain a COVID-free site.
- **Tested organic waste composting:** During the year, we used 3,668 kilograms of organic waste to test anaerobic composting processes.

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Arizona and Nevada

Pursuing a Path to Permit a Responsible Mine

Hudbay's Rosemont project in Arizona incorporates responsible environmental management practices and advanced mining techniques into its 4,000-plus-page Mine Plan of Operations. These include replacing 105% of the water used, using dry stack tailings instead of a conventional tailings impoundment to reduce water consumption and risk, and a robust mitigation and conservation plan to preserve and protect local plant and animal species.

Following a US District Court ruling in 2019 that overturned the US Forest Service's approval of the Rosemont project and resulted in the suspension of project development activities, Hudbay appealed the decision to the US Ninth Circuit Court of Appeals. A significant amount of work in 2020 was focused on developing the briefs for this case and preparing for the oral arguments that took place in early 2021.

In another legal matter, in February 2020 the US District Court remanded (i.e., sent back to the regulatory agency for additional review) portions of Rosemont's biological opinion – the analysis from the US Fish and Wildlife Service (FWS) concluding that the



project complies with the laws that protect endangered species. Hudbay is working with the US Forest Service to address the matters of concern listed in the ruling, except for one related to jaguar critical habitat. We appealed that matter to the US Ninth Circuit Court of Appeals but agreed to temporarily suspend our pursuit of the appeal because we submitted a petition to the FWS to reconsider the jaguar critical habitat designation (see sidebar story for more information on this petition).

Throughout the appeals process, we have continued to explore refinements to the project, and we are also evaluating alternative options to allow us to responsibly develop this world-class deposit.

Understanding Stakeholder Interests at the Mason Project

Hudbay's Mason project in Nevada's Yerington Copper District is still years away from development, but it has significant potential. Ensuring that the project is viable and can be successful requires a full understanding of the risks and opportunities. In 2020, we conducted significant outreach to local and government stakeholders to understand their concerns with the project. Understandably, much of that discussion was around water. The feedback and insights from stakeholders are being reviewed and incorporated into project plans to ensure all concerns are identified and actions are put in place to mitigate impacts.

As evidence of Hudbay's commitment to applying responsible, best-in-class environmental management practices at Mason, in September Hudbay received the Nevada Excellence in Mine Reclamation Award from the State of Nevada Division of Minerals. The award commended Hudbay for its concurrent reclamation work at Mason, noting that exploration roads and drill pad sites were successfully revegetated and reclaimed to their pre-disturbed state.

Overview of Hudbay's Jaguar Critical Habitat Petition

In November 2020, Hudbay filed a petition with US Fish and Wildlife Service to revise the jaguar critical habitat designation on land that includes the Rosemont project. The basis of the filing is that the revision will have no discernible impact on the jaguar species' survival and recovery.

As the petition details, the current range of the jaguar – which the IUCN does not consider to be threatened or endangered when considering the species as a whole – extends from Mexico through Central America and into South America. They are rarely detected in the southwestern United States, which is on the extreme northern edge of the species' range, and no resident population of jaguars exists in the US.

When the FWS designated 764,000 acres in southern Arizona as jaguar critical habitat in 2014, only six jaguars, all male, had been reliably sighted in Arizona over a 50-plus-year period, and only one jaguar has ever been detected in the Santa Rita Mountains (the last being in 2015).

Hudbay's petition to remove 50,000 acres in the northern Santa Rita Mountains (including the land that contains the Rosemont project) from the critical habitat designation is supported by recent court rulings, regulatory changes, and several studies that show the geographic area currently occupied by the jaguar does not extend into the Santa Rita Mountains.

The background of the page features a blue-tinted photograph of a woman with glasses and a lab coat, looking down at a handheld device. Overlaid on this image is the main title "SUSTAINABILITY PERFORMANCE" in large, white, bold, sans-serif capital letters.

SUSTAINABILITY PERFORMANCE

Basis of Reporting

All financial information is presented in US dollars except where otherwise indicated. All operating data is reported using the metric system. Some metrics are reported on both an absolute basis and an intensity basis against kilotonnes of production (metal or metal in concentrate). Safety data frequency rates are measured per 200,000 hours worked.

Data Measurement Techniques

Data is measured or estimated, and operations are asked to explain significant deviations in year-over-year trends. The performance data is reported at a mix of operational and corporate levels. Data is checked and approved at the site level and reviewed for consistency by the corporate data collection team.

We provide safety and environmental incident definitions so that all operations report incidents consistently. We calculate greenhouse gas (GHG) emissions using published factors for emissions.

Most of the performance data for water and energy is metred. We purchase all of our electricity from local grids. Utility grid statistics are therefore used to compile GHG numbers related to purchased electricity.

Data for the indicators is collected and compiled using the information submitted on a standard template by each site. We provide instruction and criteria for indicators based on GRI Standards, SASB, CDP questionnaires and Towards Sustainable Mining (TSM), and we supply a GHG emissions worksheet developed by the Mining Association of Canada (MAC).

Key Performance Data

Economic

(in \$ millions, unless otherwise stated)

	2020	2019	2018	2017
Direct economic value generated and distributed				
Profit (loss) before tax	\$ (144.6)	\$ (452.8)	\$ 170.8	\$ 198.7
Revenues	\$ 1,088.7	\$ 1,237.4	\$ 1,472.3	\$ 1,362.6
Operating costs				
Canada	450.0	448.3	458.5	439.0
US	6.1	29.7	1.8	0.5
Peru	311.3	375.9	374.7	297.7
Chile	0.3	5.5	5.8	3.9
Total	\$ 767.7	\$ 859.4	\$ 840.8	\$ 741.1
Employee wages and benefits				
Canada	168.2	150.8	161.3	174.0
US	4.0	5.9	6.2	5.7
Peru	50.6	45.4	47.3	41.8
Chile	0.0	0.0	0.0	0.0
Total	\$ 222.8	\$ 202.1	\$ 214.8	\$ 221.5
Payments to government				
Taxes paid				
Canada	2.2	5.8	9.6	9.1
US	0.0	0.0	0.2	0.2
Peru	24.1	32.9	47.6	23.5
Chile	0.0	0.0	0.0	0.0
Total	\$ 26.3	\$ 38.7	\$ 57.4	\$ 32.8

	2020	2019	2018	2017
Municipal taxes and grants				
Canada	10.9	6.6	5.7	6.9
US	0.2	0.0	0.0	0.1
Peru	10.5	9.7	2.9	3.5
Chile	0.0	0.0	0.0	0.0
Total	\$ 21.6	\$ 16.3	\$ 8.6	\$ 10.5
Penalties and interest paid				
Canada	0.0	0.0	0.0	0.0
US	0.0	0.0	0.0	0.0
Peru	0.1	2.1	0.0	0.4
Chile	0.0	0.0	0.0	0.0
Total	\$ 0.1	\$ 2.1	\$ 0.0	\$ 0.4
Payments to providers of capital				
Dividends paid	\$ 3.8	\$ 3.9	\$ 4.0	\$ 3.7
Interest payments made to providers of loans	\$ 81.5	\$ 74.8	\$ 74.8	\$ 52.7
Financing fees paid				
Canada	4.7	1.7	3.6	6.6
Peru	11.5	24.4	17.0	20.0
Total	\$ 16.2	\$ 26.1	\$ 20.6	\$ 26.6
Capital expenditures – cash flow basis				
	\$ 361.20	\$ 259.2	\$ 190.9	\$ 249.8
Payments – local communities for land use (in \$000s)				
Canada	0.0	0.0	0.0	0.0
US	0.0	0.0	0.0	0.0
Peru	98,322.0	3,355.0	1,062.0	2,149.0
Total land use payments	\$ 98,322.0 ¹	\$ 3,355.0	\$ 1,062.0	\$ 2,149.0

¹ [Social Impact > Peru > Working with Communities on Growth Opportunities](#) (page 66) in the report further discusses the land agreements negotiated with landowners in Peru.

	2020	2019	2018	2017
Public benefit				
Community investment and charitable donations (in \$000s)				
Canada	552.3	373.8	395.6	287.5
US	93.0	162.0	204.5	178.7
Peru	4,633.0	7,572.0	4,499.7	5,941.2
Chile	0.0	0.0	0.0	0.0
Total community investments and donations ¹	\$ 5,278.4	\$ 8,107.8	\$ 5,099.8	\$ 6,407.4
Resettlement investment (Peru) (in \$000s)	\$ 0.0	\$ 0.0	\$ 130.0	\$ 98.0
Production (contained metal in concentrate)				
Copper (000 tonnes)	95.3	137.2	154.6	159.2
Zinc (000 tonnes)	118.1	119.1	115.6	135.2
Gold (000 ounces)	124.6	114.7	119.9	108.6
Silver (000 ounces)	2,750.9	3,585.3	3,954.5	3,487.3
Molybdenum (000 ounces)	1.2	1.3	0.9	0.5
Metal production				
Zinc (000 tonnes)	111.6 ²	103.3	102.1	107.9

¹ Political donations are included in this total; however, in accordance with Hudbay policy, political donations were \$0.

² Zinc metal production is the final product made from the zinc metal in concentrate. We neither sold nor bought zinc concentrate in the reporting year.

Employees

	2020	2019	2018	2017
Total workforce				
Full-time employees				
Manitoba	1,392	1,411	1,382	1,332
Corporate	76	69	74	70
Arizona	28	25	33	35
Peru	739	728	690	304
Total full-time employees	2,235	2,233	2,179	1,741
Employment				
Part-time employees				
Manitoba	31	14	13	20
Corporate	0	1	0	0
Arizona	4	2	2	4
Peru	0	0	0	0
Total part-time employees	35	17	15	24
Contract (term) employees				
Manitoba	51	64	34	19
Corporate	1	2	4	2
Arizona	1	1	1	1
Peru	165	130	165	444
Total contract employees	218	197	211	516
Co-op and summer students hired				
Manitoba	20	13	27	26
Corporate	4	5	3	3
Arizona	0	0	3	1
Peru	30	23	12	12
Total co-op/summer students	54	41	45	42

	2020	2019	2018	2017
Employees represented by collective bargaining agreements	1,389	1,238	1,370	1,313
Percentage of employees represented by trade unions (includes all full-time and part-time employees)	61.2%	55.0%	58.1%	59.4%
Operational changes				
Minimum number of weeks provided before operational changes (MBU only)	2	2	2	2
Negotiated into collective agreements (MBU only)	Yes	Yes	Yes	Yes
Number of strikes or lockouts exceeding one week				
Manitoba	0	0	0	0
Corporate	N/ap	N/ap	N/ap	N/ap
Arizona	N/ap	N/ap	N/ap	N/ap
Peru	0	0	0	0
Total	0	0	0	0
Employee turnover (includes all full-time employees)				
Manitoba	179	168	189	192
Corporate	10	18	7	8
Arizona	10	18	10	8
Peru	104	84	108	128
Total	303	288	314	336
Employee turnover – age distribution				
<30	21%	18%	25%	20%
30–50	42%	47%	44%	45%
>50	37%	35%	31%	35%
Employee turnover – gender				
Male	82%	79%	76%	79%
Female	18%	21%	24%	21%
Voluntary turnover rate (Hudbay total)	9%	9%	10%	13%
Involuntary turnover rate (Hudbay total)	5%	4%	4%	6%

	2020	2019	2018	2017
New employee hires				
Manitoba	172	233	222	220
Corporate	8	13	15	13
Arizona	16	8	3	6
Peru	146	98	227	238
Total	342	352	467	477
New hires – age distribution				
<30	36%	39%	35%	39%
30–50	54%	45%	59%	52%
>50	11%	16%	12%	9%
New hires – gender				
Male	80%	78%	81%	81%
Female	20%	22%	19%	19%
Net number of full-time employees added (decreased)				
Canada	(12)	24	54	16
US	3	(8)	(2)	(5)
Peru	11	38	386	74
Total	2	54	438	85
Senior management from local community				
	5	4	6	5
Number of contractor full-time equivalent staff				
Manitoba	456	407	429	284
Peru	1,774	2,283	1,737	2,780
Arizona	14	15	13	9
Person-hours of work (including contractors)				
North America	3,902,648	3,750,575	3,701,855	3,232,379
South America	6,257,428	7,146,600	5,992,125	7,867,939
Total person-hours	10,160,076	10,897,175	9,693,980	11,100,318

	2020	2019	2018	2017
Employees receiving regular performance and career development reviews (includes all full-time employees)				
Percentage reviewed	59%	53%	46%	40%
Hudbay total workforce age distribution (includes all full-time employees)				
<30	16%	17%	17%	15%
30–50	66%	64%	62%	53%
>50	26%	27%	31%	33%
Composition of employees				
Workforce diversity (includes all full-time employees)				
Female				
Manitoba	18%	16%	15%	15%
Corporate	41%	48%	43%	47%
Arizona	32%	28%	45%	49%
Peru	12%	12%	12%	25%
Total	17%	16%	16%	18%
Percentage of workforce that are female				
	16%	16%	16%	18%
Percentage of workforce that are Indigenous (MBU only)				
	15%	15%	15%	14%
Percentage of workforce that are disabled (MBU only)				
	2%	4%	4%	5%
Percentage of workforce that are visible minorities (MBU only)				
	5%	6%	6%	6%
Composition of executive management and corporate governance bodies				
Board of Directors (ratio male to female)				
	2.3:1	2.7:1	2.5:1	2.3:1
Age distribution				
<30	0%	0%	0%	0%
30–50	10%	9%	0%	0%
>50	90%	91%	100%	100%
Executive management (ratio male to female)				
	13.0:1	13.0:1	7:1	5:1
Age distribution				
<30	0%	0%	0%	0%
30–50	43%	43%	30%	29%
>50	57%	57%	70%	71%

	2020	2019	2018	2017
Ratio of annual compensation of highest paid individual to mean total compensation (includes all full-time employees, and Peru contract employees)				
Canada (MBU, excluding Corporate office)	7.1:1	4.1:1	5.8:1	6.8:1
Canada (including Corporate office)	23.0:1	26.4:1	28.3:1	23.4:1
Peru	14.5:1	17.8:1	19.1:1	19.5:1
US (ABU)	8.8:1	4.4:1	5.5:1	4.8:1
Workforce represented in formal joint management-worker Health and Safety Committees				
Percentage represented	99% ¹	99%	100%	100%
Health and safety performance (per 200,000 hours worked, except where noted)				
Lost time injury frequency (LTA)				
Manitoba	0.6	0.7	0.9	1.0
Manitoba contractors	0.2	0.0	0.0	0.7
Peru	0.1	0.1	0.1	0.1
Peru contractors	0.0	0.0	0.1	0.0
Arizona	0.0	0.0	0.0	0.0
Arizona contractors	0.0	0.0	0.0	0.0
Chile	0.0	0.0	0.0	N/av
Chile contractors	0.0	0.0	2.6	N/av
Other North America (not including MBU and ABU)	0.0	0.0	0.0	0.0
Other North America contractors (not including MBU and ABU)	0.0	0.0	0.0	0.0
Other South America (not including Peru and Chile)	0.0	0.0	0.0	0.0
Other South America contractors (not including Peru and Chile)	0.0	0.0	0.0	0.0
Total	0.2	0.2	0.3	0.3

¹ Hudbay's Arizona employees are currently not covered because the size of their office does not require it.

	2020	2019	2018	2017
Lost time injury severity (SEV)				
Manitoba	10.5	5.5	41.3	34.4
Manitoba contractors	6.1	0.0	0.0	13.9
Peru	0.0	9.4	2.5	0.5
Peru contractors	0.0	1.6	3.3	0.0
Arizona	0.0	0.0	0.0	0.0
Arizona contractors	0.0	0.0	0.0	0.0
Chile	0.0	0.0	0.0	N/av
Chile contractors	0.0	0.0	178.7	N/av
North America (not including MBU and ABU)	0.0	0.0	0.0	0.0
North America contractors (not including MBU and ABU)	0.0	0.0	0.0	0.0
South America (not including Peru)	0.0	0.0	0.0	0.0
South America contractors (not including Peru)	0.0	0.0	0.0	0.0
Total	3.4	4.1	13.1	8.4
Total recordable injury frequency				
Manitoba	2.7	3.1	3.7	N/av
Manitoba contractors	3.4	4.3	2.3	N/av
Peru	0.2	0.3	0.2	N/av
Peru contractors	0.4	0.3	0.3	N/av
Arizona	4.2	0.0	0.0	N/av
Arizona contractors	0.0	0.0	0.0	N/av
Chile	0.0	0.0	0.0	N/av
Chile contractors	0.0	4.4	2.6	N/av
North America (not including MBU and ABU)	0.0	1.3	0.0	N/av
North America contractors (not including MBU and ABU)	0.0	0.0	0.0	N/av
South America (not including Peru)	0.0	0.0	0.0	N/av
South America contractors (not including Peru)	0.0	0.0	0.0	N/av
Total	1.3	1.3	1.3	N/av

	2020	2019	2018	2017
First aid (FA) frequency				
Manitoba	18.1	20.8	28.9	16.8
Manitoba contractors	12.6	16.6	8.7	2.4
Peru	0.2	0.4	1.0	0.9
Peru contractors	0.8	0.9	1.3	0.7
Arizona	0.0	3.4	0.0	0.0
Arizona contractors	0.0	12.5	0.0	10.5
Chile	0.0	0.0	0.0	N/av
Chile contractors	0.0	0.0	0.0	N/av
North America (not including MBU and ABU)	0.0	0.0	1.4	0.0
North America contractors (not including MBU and ABU)	0.0	0.0	0.0	0.0
South America (not including Peru)	0.0	0.0	0.0	0.0
South America contractors (not including Peru)	0.0	0.0	0.0	0.0
Total	6.4	6.9	8.6	4.3
Fatality (number)	0 ¹	0	0	0
Absentee rate (as a percentage of hours scheduled to be worked)	N/av	N/av	N/av	N/av
Reportable occurrences (defined as EHS incidents required by Hubbay policy to be reported to our Board of Directors)	57	81	79	56

¹ We are saddened to report that a passenger in a company vehicle driven by one of our employees was killed in a highway accident. While we took this with great seriousness, and are investigating taking preventive actions for the future, we understand that it does not fit the industry criteria for statistical reporting.

Benefits 2020

	Corporate	MBU		Peru		ABU	
	Full time	Full time	Part time	Full time	Part time	Full time	Part time
Life insurance	Yes	Yes	Yes	Yes	N/ap	Yes	No
Health care	Yes	Yes	Yes	Yes	N/ap	Yes	No
Disability and invalidity coverage	Yes	Yes	No	Yes	N/ap	Yes	No
Parental leave	Yes	Yes	No	Yes	N/ap	Yes	No
Retirement provision	Yes	Yes	No	Yes	N/ap	Yes (401k)	No
Stock ownership	Yes	Yes	No	Yes	N/ap	Yes	No
Other – critical illness insurance	Yes	Management only	No	Yes	N/ap	No	No
Other – accidental death and dismemberment insurance	Yes	Yes	No	Yes	N/ap	Yes	No

Society

	2020	2019	2018	2017
Total number of incidents of discrimination (and actions taken)	0	0	1	0
Land use disputes	0	1	1	2
Resettlements				
Number of households (Peru only)	0	0	0	0
Number of individuals (Peru only)	0	0	0	0
Employees trained in anti-corruption policies				
Number – employees	1,193	1,245	1,064	952
Percentage of workforce	53%¹	56%	49%	55%
Percentage of management given training	100%	100%	100%	100%
Employees that anti-corruption policies have been communicated to				
Number – management	546	562	564	580
Percentage	90%	92%	100%	100%
Number – non-management	1,809	1,810	1,840	1,649
Percentage	98%	99%	100%	100%
Number and percentage of operations assessed for corruption risks				
Number – operations	4	4	4	4
Percentage	100%	100%	100%	100%
Governance body members that anti-corruption policies have been communicated to				
Number	10	9	10	10
Percentage	100%	100%	1	1
Governance body members that received training on anti-corruption				
Number	10²	9	10	10
Percentage	100%	100%	1	1

¹ Hudbay's anti-corruption training varies from year to year. Each year, all employees with Hudbay email addresses, accounting for 53% of our workforce this year, are required to read and sign off on our compliance policies (including our Whistleblower Policy and our Code of Business Conduct and Ethics). Additionally, we supplied an online training session that focused on diversity and inclusion. This training included a reference back to our Whistleblower Policy.

² Board directors are required to complete the same annual certification process as our employees with respect to our key compliance policies. In addition, our directors are encouraged to attend third-party educational programs, particularly with the Institute of Corporate Directors, where they have access to educational materials and are invited to training seminars throughout the year. For more information, see our Management Information Circular.

	2020	2019	2018	2017
Average hours of training (Peru and Arizona business units only)				
Males in management	26.97	32.35	65.69	60.70
Females in management	1.37	20.00	75.73	65.98
Males in non-management	52.37	42.92	118.09	100.09
Females in non-management	48.53	20.14	113.48	85.82
Average spend (DJSI)	\$949	\$466	\$208	\$362
Security practices (security personnel training)				
Hudbay security personnel trained in human rights policies and procedures				
Number	21	16	15	15
Percentage	100%	100%	100%	100%
Contractor security personnel trained in human rights policies and procedures				
Number	125	116	135	124
Percentage	100%	100%	98%	98%
Value of fines or sanctions for non-compliance with laws and regulations	\$0	\$0	\$0	\$0
Grievances about impacts on society				
Number filed through formal grievance mechanisms	64	78	15	20
Number addressed during reporting period	64	9	15	20
Number resolved during reporting period	53	69	1	12
Number filed prior to the reporting period that were resolved during the reporting period	0	6	8	8
Number of other concerns				
Environment	7	5	0	4
Labour and commercial practices	151	152	104	113
Resettlement/livelihood	9	4	0	2
Human rights	1	1	0	1
Other	26	25	4	1

	2020	2019	2018	2017
Closure plans				
Identify total number of operations	4	4	4	5
Number of company operations that have closure plans	4	4	4	5
Percentage of total operations with closure plans	100%	100%	1	1
Number of advanced exploration projects that have closure plans	2	3	2	1
Percentage of advanced exploration projects that have closure plans	100%	100%	1	1
Overall financial provision representing the present value of future cash flows relating to estimated closure costs per Canadian Generally Accepted Accounting Principles (in \$000s)	\$343,132	\$302,116	\$202,024	\$200,000
Operation has implemented local community engagement, impact assessments, and development programs in line with the Stakeholder Engagement Standard				
Manitoba	Yes	Yes	Yes	Partially
Arizona	Yes	Yes	Yes	Yes
Peru	Yes	Yes	Yes	Yes
Chile	Yes	Yes	Yes	Yes
Operation is taking place in or adjacent to Indigenous peoples' territories				
Manitoba	Yes	Yes	Yes	Yes
Arizona	Yes	Yes	Yes	Yes
Peru	Yes	Yes	Yes	Yes
Chile	N/ap ¹	Yes	Yes	Yes
Artisanal/small-scale and informal mining				
Toronto	N/ap	N/ap	N/ap	N/ap
Manitoba	No artisanal/ small-scale or informal mining	No artisanal/ small-scale or informal mining	No artisanal/ small-scale or informal mining	No artisanal/ small-scale or informal mining
Arizona	No artisanal/ small-scale or informal mining	No artisanal/ small-scale or informal mining	No artisanal/ small-scale or informal mining	No artisanal/ small-scale or informal mining
Peru	Yes ²	Yes	Yes	Yes
Chile	Yes ³	Yes	Yes	Yes

1 Our only activities in Chile have been exploration, and we had no exploration activity in 2020.

2 Economic compensation has been negotiated with the informal miners who carry out mining activity within the area of the Pampacancha Pit.

3 Artisanal mining continues to be active adjacent to the Trilco camp.

Environment

	2020	2019	2018	2017
Direct energy consumption by primary energy source (terajoules)				
Propane	624	615	793	629
Diesel	1,393	1,794	1,778	2,019
Gasoline	15	15	15	16
Other	0	0	0	0
Total	2,031	2,424	2,586	2,664
Indirect energy consumption by primary energy source (terajoules)				
Total electricity consumed	5,722	5,905	5,820	5,652
Indirect energy sold/credits (terajoules)				
Electricity	0.00	0.84	0.42	0.47
Total indirect energy consumed by organization (terajoules)	5,722	5,904	5,819	5,652
Energy intensity (terajoules per kilotonne of metal in concentrate and cast zinc)	24	23	23	21
Total direct and indirect greenhouse gas emissions (kilotonnes of CO₂-equivalent)				
Direct CO ₂ e emissions	144	161	170	177
Indirect CO ₂ e emissions ¹	367	402	403	363
Total	510	563	573	541
GHG intensity (tonnes of GHG emissions per kilotonne of metal in concentrate and cast zinc)	2.38	2.19	2.12	1.84
NO_x, SO_x and other significant air emissions (in kilotonnes)				
NO _x , SO _x				
MBU	0.00	0.00	0.00	0.00
Peru	0.00	0.00	0.00	0.00
Arizona	0.00	0.00	0.00	0.00
Total	0.00²	0.00	0.00	0.00
Particulate				
MBU	0.43	0.65	0.54	0.62
Peru	N/av	N/av	N/av	N/av
Arizona	0.00	0.00	0.00	0.00
Total	0.43³	0.65	0.54	0.62

¹ Over 95% of our indirect emissions are related to electricity purchased from the grid in Peru. We have calculated this using an emissions factor provided by the Peruvian government that did not change between 2015 and 2019 despite a changing composition of generation. In 2020, after publishing our 2019 report, a revised factor for 2019 was developed by the government that was approximately one-third of the previous factor, but it was not officially issued. The Peruvian government developed an updated factor for 2020 that is in the same range as the 2019 figure, but it was not officially published either. We have elected to continue to use the previous, higher factor while we wait for the newer factors to be made official and publicly accessible – once the new factors are declared official, we will publish an updated GHG analysis at [this link](#).

² We have had zero SO_x emissions from stationary sources since we closed the smelter in Manitoba in 2010.

³ In Manitoba, we collect and report on fugitive dust. Collection and reporting at the same level of detail is not required in Peru. Ambient monitoring is conducted and confirmed to be in compliance with regulatory requirements, but total particulate release data is not collected.

	2020	2019	2018	2017
Total water withdrawal (000 cubic metres)				
Surface water	12,093	12,693	13,770	11,058
Groundwater	4,540	4,144	4,155	2,747
Rainwater collected directly and stored by the organization	7,705	5,093	6,193	10,242
Waste water from another organization	0.00	0.00	0.00	0.00
Municipal water supplies	0.08	0.14	0.01	0.00
Total water withdrawal	24,338	21,930	24,118	24,047
Percentage and total volume of water recycled and reused				
Total volume (000 cubic metres)	61,283	75,088	65,698	53,474
Percentage	252%	342%	272%	222%
Total water discharged (000 cubic metres)				
To Flin Flon Creek/Ross Lake/Schist Lake	14,342	12,501	15,897	13,941
To Anderson Creek/Wekusko Lake	4,370	4,384	4,384	9,067
To Woosey Creek/Morgan Lake	1,824	1,670	1,670	1,788
Nome Lake	35	30	30	30
Herblet Lake	576	595	5	784
To ground	0 ¹	0	181	297
To Chilloroya River (Peru)	1,981	862	1,358	294
Total water discharged	23,128²	20,041	23,526	26,201
Total number of significant spills³	1⁴	0	0	3
Volume (liquid) (m ³)	50	0	0	286
Volume (solid) (tonnes)	0	0	0	120
Hazardous waste disposed of at external facility (tonnes)	468	926	1,166	1,944
Total amounts of waste (tonnes)				
Overburden	65,738	256,454	258,288	1,302,405
Waste rock	23,992,684	37,005,883	37,055,344	32,432,669
Tailings	28,044,090	33,211,879	32,457,474	30,545,163

1 In previous years, water discharged to ground was from the Reed mine. With the closure, this dropped to zero.

2 All discharged water is treated according to regulatory water quality requirements prior to discharge.

3 We define a significant spill as anything that causes a moderate or higher impact on the physical or biological environment, which may include limited impairment of ecosystem function, impact to surface or groundwater or impact to drinking water supply.

4 Information on this spill is disclosed in Environment > Peru > Meeting Environmental Performance Objectives.

	2020	2019	2018	2017
Total amounts of waste recycled (tonnes)				
Waste rock used as backfill	2,770	19,530	157,622	90,900
Waste rock used for tailings structures	9,385,125	10,508,423	13,098,446	12,750,897
Tailings used for backfill	688,613	738,743	564,212	467,098
Total	10,076,508	11,266,696	13,820,280	13,308,895
Number of fines or sanctions for non-compliance with environmental laws and regulations				
	0	6	0	0
Land use (hectares) – mineral tenure (sub-surface rights)				
Manitoba and Saskatchewan	603,506	518,030	241,810	121,241
Yukon	0	0	0	583
Nunavut	21	21	21	21
Total Canada	603,527	518,051	241,831	121,846
Arizona	11,532	7,284	7,284	7,284
Nevada	14,394	N/av	N/av	N/av
New Mexico	1,917	N/av	N/av	N/av
Total USA	16,311	7,284	7,284	7,284
Chile	1,531	1,531	263,900	263,900
Peru	160,754	139,496	99,736	99,736
Total South/Central America	162,285	141,027	363,636	363,636
Total	782,123	659,078	612,751	492,765
Land use (hectares) – surface tenure (controlled land)				
Manitoba and Saskatchewan	7,718	7,711	7,647	7,314
Yukon	0	0	0	120
Nunavut	0	0	0	0
Total Canada	7,718	7,711	7,647	7,434
Arizona	3,249	N/av	N/av	N/av
Nevada	86	N/av	N/av	N/av
New Mexico	0	N/av	N/av	N/av
Total USA	3,335	N/av	N/av	N/av
Chile	0	0	0	0
Peru	1,620	1,591	1,524	1,518
Total South/Central America	1,620	1,591	1,524	1,518
Total	9,338	9,302	9,172	8,952

	2020	2019	2018	2017
Sites requiring biodiversity management plans				
Number of sites legally requiring plans	2	2	2	2
Percentage of sites with legally required plans in place	100%	100%	100%	100%
Number of sites with voluntary plans in place	1	1	1	1
Habitats protected or restored (hectares)				
Protected	0 ¹	0	0	0
Restored	84	25	1	0
Partnerships exist	No ²	Yes	Yes	Yes
Status at close of reporting period	Monitoring	Monitoring	Monitoring	Monitoring
IUCN Red List species and National Conservation List species				
Critically endangered	2	3	3	2
Endangered	6	6	5	2
Vulnerable	26	29	25	19
Near threatened	24	24	22	12
Least concern	342	388	89	4

1 Forested areas and wetlands are located in Grass River and Clearwater Lake Provincial Parks in Manitoba, where we have mineral but no surface rights.

2 The previous years' partnership was with the community of Chilloroya in Peru to plan restoration of a wetland as part of our land compensation commitment – this work has been completed, so the partnership is no longer active.

- CEO Message
- Our Feature Case Studies
- Our Company
- Business and Financial Review
- Sustainability Approach
- Our People
- Social Impact
- Environment
- Sustainability Performance**
- About This Report

2020 Targets and Achievements

Target	Achievement	Details
Health and Safety		
Match or improve on our current three-year average lost time injury severity of 7.0	Achieved	Our 2020 lost time injury severity average was 3.4 shifts lost per 200,000 hours worked.
Match or improve on our two-year total recordable injury frequency average of 1.3 (based on ICMM classification criteria, which we started tracking in 2018 and therefore only have two years of data)	Achieved	Our 2020 total recordable injury frequency average was 1.3 recordable injuries per 200,000 hours worked.
Community		
Reach agreements with individual community members that currently use portions of the acquired Pampacancha lands	Partially achieved	Over the course of the year, we concluded the majority of the individual land user agreements required to commence development.
Continue to provide local communities with planning information and support for economic transition related to the closure of the 777 mine and metallurgical complex in 2022	Achieved	More information under Preparing for Closure Impacts and Transition .
Environment		
Complete the construction of the control berms and initiate phase II Flin Flon dam legacy upgrades	Achieved	More information under Strengthening Tailings Facilities in Manitoba .
Initiate pilot plant testing for selection of best technology and progress detailed engineering of the Constanca tailings water treatment facility	Achieved	More information under Testing Alternative Environmental Technologies and Methods .
Governance		
Implement revised Long-Term Incentive Plan for executive and employee compensation	Achieved	Our updated Long-Term Incentive Plan is explained in our Management Information Circular .
COVID-19: Effective implementation of corporate and business unit crisis response plans to maintain safe operations and business continuity	Achieved	More information under Responding to COVID-19: Resilience in Action .
Financial Excellence/Growth		
Subject to maintaining sufficient financial liquidity, and ability to safely carry out exploration and project activities: <ul style="list-style-type: none"> • Progress the refurbishment of the New Britannia mill and pre-development of Lalor copper-gold zones, and drill Lalor gold to add to reserves and extend mine life • Continue evaluating Constanca regional exploration targets, and work to identify and unlock future value 	Achieved	More information under Snow Lake: Expansion to Gold and Constanca: Expanding the Resource Base, Improving the Operation .
Advance preliminary economic studies at Mason	Achieved	Consolidated land near Mason and advanced preliminary economic studies
In conjunction with relevant US Federal agencies, pursue appeal of Rosemont decision through the US Ninth Circuit Court of Appeals	Achieved	The US government confirmed its participation in the appeal; briefs were completed in 2020 and the decision is pending.
Renegotiate debt covenants under revolving credit facility	Achieved	Discussed in the Business Activities section of this report.

2021 Targets

Health and Safety

- Match or improve on our current three-year average lost time injury severity of 6.7
- Match or improve on our three-year total recordable injury frequency average of 1.3 (based on ICMM classification criteria)

Community

- Continue to provide local communities with planning information and support for economic transition related to the closure of the 777 mine and metallurgical complex in Flin Flon, Manitoba, in 2022

Environment

- Hudbay operating locations achieve level “A” or higher for all indicators in the initial public reporting of the TSM Water Stewardship Protocol
- Define a pathway (e.g., sources of emissions, nature of investment steps and key technology areas, conceptual requirements for reductions to be economically feasible) for each Hudbay operation to achieve a 2030 Scope 1 and Scope 2 greenhouse gas emissions (GHG) target that is consistent with a path to achieving the global objective of limiting global warming to well below 2°C (above pre-industrial levels). The pathway will guide our investment evaluations and inform our suppliers and partners of our needs so that we contribute to necessary reductions. As a producer of commodity materials, we will focus on GHG intensity, as our contribution is to provide required materials more efficiently.

Governance

- Review and formally allocate strategic risk and risk oversight to the appropriate Board committee, including recognizing diversity and inclusion in Board risk oversight

Financial Excellence/Growth

- Meet targets on first ore milled and completion of copper flotation circuit at New Britannia mill
- Meet budgeted production for the year

GRI and SASB Content Index

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 101: Foundation 2016				
General Disclosures				
Organizational Profile				
102-1	Name of the organization	Our Company (see page 9)		
102-2	Activities, brands, products and services	Our Company (see page 9) Business and Financial Review (see page 20)		
102-3	Location of headquarters	Website > About Us		
102-4	Location of operations	Our Company (see page 9)		
102-5	Ownership and legal form	Our Company (see page 9)		
102-6	Markets served	Sustainability Approach > Responsible Supply Chain > Products (see page 45)		
102-7	Scale of the organization	Business and Financial Review (see page 20) Business and Financial Review > Business Activities (see page 25)		
102-8	Information on employees and other workers	Sustainability Approach > Responsible Supply Chain > Products (see page 45) Sustainability Performance > Key Performance Data (see pages 84–85)	EM-MM-000.A	Production of (1) metal ores and (2) finished metal products
			EM-MM-000.B	Total number of employees, percentage contractors
102-9	Supply chain	Sustainability Approach > Responsible Supply Chain > Supply Chain Performance (see page 44)		
102-10	Significant changes to the organization and its supply chain	CEO Message (see page 3) Business and Financial Review (see page 20) Business and Financial Review > Business Activities (see page 25)		
102-11	Precautionary principle or approach	Our Company > Risk Management > Precautionary Approach (see page 17)		
102-12	External initiatives	Sustainability Approach > Sustainability Governance > International Systems and Performance Standards (see page 31) Sustainability Approach > Sustainability Governance > Industry Involvement (see page 32) Sustainability Approach > Tailings Stewardship > Tailings Management Protocol (see page 35) Sustainability Approach > UN Sustainable Development Goals (see page 46) Our People > Our Approach > Diversity and Inclusion (see page 53) Social Impact > Our Approach > Economic Contributions (see page 62) Social Impact > Our Approach > Indigenous Engagement (see page 62) Environment > Our Approach (see page 73)		
102-13	Membership of associations	Sustainability Approach > Sustainability Governance > Industry Involvement (see page 32)		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Strategy				
102-14	Statement from senior decision-maker	CEO Message (see page 3)		
102-15	Key impacts, risks and opportunities	CEO Message (see page 3) Our Company > Business Conduct > Risks, Issues or Complaints (see page 15) Our Company > Risk Management (see page 16)		
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behaviour	Our Company > Vision, Mission, Values (see page 11) Our Company > Business Conduct (see page 14) Sustainability Approach > Sustainability Governance > Sustainability Management Framework (see page 30) Sustainability Approach > Human Rights and Security (see page 33) Sustainability Approach > Responsible Supply Chain (see page 44) Website > Disclosure Centre > Policies		
102-17	Mechanisms for advice and concerns about ethics	Our Company > Business Conduct (see page 14) Our Company > Business Conduct > Risks, Issues or Complaints (see page 15) Sustainability Approach > Responsible Supply Chain (see page 44)		
Governance				
102-18	Governance structure	Our Company > Corporate Governance (see page 12) Our Company > Board of Directors (see page 13) Our Company > Management Team (see page 18) Sustainability Approach > Sustainability Governance (see page 30) Management Information Circular Website > About Us > Board Website > About Us > Management		
102-19	Delegating authority	Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Sustainability Governance > Sustainability Management Framework (see page 30)		
102-20	Executive-level responsibility for economic, environmental and social topics	Our Company > Corporate Governance (see page 12) Our Company > Management Team (see page 18) Sustainability Approach > Sustainability Governance (see page 30)		
102-21	Consulting stakeholders on economic, environmental and social topics	Our Company > Corporate Governance (see page 12) Sustainability Approach > Stakeholder Engagement (see page 39) Social Impact > Our Approach (see page 62)		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Governance (cont'd)				
102-22	Composition of the highest governance body and its committees	Our Company > Corporate Governance (see page 12) Our Company > Board of Directors (see page 13) Management Information Circular Website > About Us > Governance Website > Disclosure Centre > Committees		
102-23	Chair of the highest governance body	Our Company > Corporate Governance (see page 12) Our Company > Board of Directors (see page 13) Management Information Circular Website > About Us > Board		
GRI 102: General Disclosures 2016				
102-24	Nominating and selecting the highest governance body	Management Information Circular Website > About Us > Governance Website > Disclosure Centre > Committees		
102-25	Conflicts of interest	Our Company > Business Conduct (see page 14) Sustainability Approach > Sustainability Governance (see page 30) Annual Information Form (see page 54)		
102-26	Role of highest governance body in setting purpose, values and strategy	Sustainability Approach > Sustainability Governance (see page 30) Website > About Us > Governance > Corporate Guidelines and Board Charter		
102-27	Collective knowledge of highest governance body	Annual Information Form (see page 51) Website > About Us > Board		
102-28	Evaluating the highest governance body's performance	Website > About Us > Governance > Corporate Guidelines and Board Charter		
102-29	Identifying and managing economic, environmental and social impacts	Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Sustainability Governance > Sustainability Management Framework (see page 30)		
102-30	Effectiveness of risk management processes	Our Company > Risk Management (see page 16)		
102-31	Review of economic, environmental and social topics	Sustainability Approach > Sustainability Governance (see page 30)		
102-32	Highest governance body's role in sustainability reporting	Website > Disclosure Centre > Committees > Environment, Health, Safety and Sustainability Committee Charter The EHSS Committee reviews and approves the content within the Annual Sustainability Report.		
102-33	Communicating critical concerns	Our Company > Business Conduct > Risks, Issues or Complaints (see page 15) Our Company > Risk Management (see page 16) Website > Disclosure Centre > Policies > Whistleblower Policy		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 102: General Disclosures 2016 (cont'd)				
102-34	Nature and total number of critical concerns	Our Company > Business Conduct > Risks, Issues or Complaints (see page 15) Sustainability Approach > Human Rights and Security (see page 33) Sustainability Approach > Stakeholder Engagement (see page 39) Sustainability Performance > Key Performance Data (see page 93)		
102-35	Remuneration policies	Management Information Circular Website > Disclosure Centre > Policies > Compensation and Human Resources Committee Charter		
102-36	Process for determining remuneration	Management Information Circular		
102-37	Stakeholders' involvement in remuneration	Management Information Circular		
102-38	Annual total compensation ratio	Sustainability Performance > Key Performance Data (see page 89)		
102-39	Percentage increase in annual total compensation ratio	Management Information Circular		
Stakeholder Engagement				
102-40	List of stakeholder groups	Sustainability Approach > Stakeholder Engagement (see page 39)		
102-41	Collective bargaining agreements	Sustainability Performance > Key Performance Data (see page 86)		
102-42	Identifying and selecting stakeholders	Sustainability Approach > Stakeholder Engagement (see page 39)		
102-43	Approach to stakeholder engagement	Sustainability Approach > Stakeholder Engagement (see page 39)		
102-44	Key topics and concerns raised	Our Company > Business Conduct > Risks, Issues or Complaints (see page 15) Sustainability Approach > Human Rights and Security (see page 33) Sustainability Approach > Stakeholder Engagement (see page 39) Social Impact > Manitoba (see page 64) Social Impact > Peru (see page 66) Social Impact > Arizona and Nevada (see page 68)		
Reporting Practice				
102-45	Entities included in the consolidated financial statements	About This Report (see page 117) Annual Information Form (see page 5)		
102-46	Defining report content and topic Boundaries	Sustainability Approach > Materiality (see page 41) Sustainability Approach > Materiality > Boundaries (see page 43)		
102-47	List of material topics	Sustainability Approach > Materiality (see page 41)		
102-48	Restatements of information	There are no restatements of information from previous reports.		
102-49	Changes in reporting	There are no significant changes from previous reporting in scope of priorities.		
102-50	Reporting period	About This Report (see page 117)		
102-51	Date of most recent report	About This Report (see page 117)		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Reporting Practice (cont'd)				
102-52	Reporting cycle	About This Report (see page 117)		
102-53	Contact point for questions regarding the report	About This Report (see page 117)		
102-54	Claims of reporting in accordance with the GRI Standards	About This Report (see page 117)		
102-55	GRI content index	GRI Content Index (see page 101)		
102-56	External assurance	External assurance was conducted only for the financial data in the 2020 Annual Sustainability Report.		
Material Topics				
GRI 200: Economic Standard Series				
Economic Performance				
GRI 103: Management Approach 2016				
103	Management approach	CEO Message (see page 3) Our Company > Corporate Governance (see page 12) Our Company > Risk Management (see page 16) Business and Financial Review > Strategy (see page 23) Sustainability Approach > Materiality (see page 41) Social Impact > Our Approach (see page 62) Social Impact > Our Approach > Economic Contributions (see page 62) Sustainability Performance > 2020 Targets and Achievements (see page 99) Sustainability Performance > 2021 Targets (see page 100) Annual Information Form (see page 6)		
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	Sustainability Performance > Key Performance Data (see page 82)		
201-2	Financial implications and other risks and opportunities due to climate change	CDP Website		
201-3	Defined benefit plan obligations and other retirement plans	Management's Discussion and Analysis		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Indirect Economic Impacts				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Materiality (see page 41) Sustainability Approach > Responsible Supply Chain (see page 44) Social Impact > Our Approach (see page 62) Social Impact > Our Approach > Economic Contributions (see page 62) Social Impact > Manitoba (see page 64) Social Impact > Peru (see page 66) Social Impact > Arizona and Nevada (see page 68) Note: We re-evaluate our management approach every three years as part of our materiality review process; an evaluation was last conducted in 2020.		
GRI 203: Indirect Economic Impacts 2016				
203-2	Significant indirect economic impacts	Sustainability Approach > Responsible Supply Chain > Supply Chain Performance (see pages 44–45) Social Impact (see page 59)		
Procurement Practices				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Materiality (see page 41) Sustainability Approach > Responsible Supply Chain (see page 44) Social Impact > Our Approach > Local Hiring and Procurement (see page 63) Website > Disclosure Centre > Policies > Supplier Code of Ethics		
GRI 204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers	Sustainability Approach > Responsible Supply Chain (see page 44)		
Anti-corruption				
GRI 103: Management Approach 2016				
103	Management approach	Our Company > Business Conduct (see page 14) Our Company > Business Conduct > Compliance Training (see page 14) Our Company > Business Conduct > Risks, Issues or Complaints (see page 15) Our Company > Risk Management (see page 16) Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Materiality (see page 41) Sustainability Approach > Responsible Supply Chain (see page 44) Website > Disclosure Centre > Policies > Statement on Anti-Corruption Website > Disclosure Centre > Policies > Supplier Code of Ethics	EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 205: Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	Our Company > Business Conduct > Risks, Issues or Complaints (see page 15) Sustainability Performance > Key Performance Data (see page 92)		
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Performance > Key Performance Data (see page 92)		
205-3	Confirmed incidents of corruption and actions taken	Our Company > Business Conduct > Risks, Issues or Complaints (see page 15)		
		Not applicable	EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index
GRI 300: Environmental Standards Series				
Energy				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Materiality (see page 41) Environment > Our Approach > Climate Change (see pages 73–74) Sustainability Performance > 2020 Targets and Achievements (see page 99) Sustainability Performance > 2021 Targets (see page 100)		
302-1	Energy consumption within the organization	Sustainability Performance > Key Performance Data (see page 95) CDP Report	EM-MM-130a.1	Total energy consumed
		CDP Report	EM-MM-130a.1	Percentage grid electricity
		CDP Report	EM-MM-130a.1	Percentage renewable
Water				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Materiality (see page 41) Environment > Our Approach > Water (see pages 74–75) Sustainability Performance > 2020 Targets and Achievements (see page 99) Sustainability Performance > 2021 Targets (see page 100)		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 303: Water 2016				
303-1	Water withdrawal by source	Sustainability Performance > Key Performance Data (see page 96) CDP Water Report	EM-MM-140a.1	Total fresh water withdrawn, percentage of each in regions with high or extremely high baseline water stress
303-3	Water recycled and reused	Sustainability Performance > Key Performance Data (see page 96) Sustainability Performance > Key Performance Data (see page 96) CDP Water Report	EM-MM-140a.1	Total fresh water consumed, percentage of each in regions with high or extremely high baseline water stress
		Not applicable	EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations
Biodiversity				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Sustainability Governance > International Systems and Performance Standards (see pages 31–32) Sustainability Approach > Tailings Stewardship (see pages 35–36) Sustainability Approach > Materiality (see page 41) Environment > Our Approach (see page 73) Environment > Our Approach > Land and Biodiversity (see page 73) Environment > Our Approach > Closure and Reclamation (see page 75) Sustainability Performance > 2020 Targets and Achievements (see page 99) Sustainability Performance > 2021 Targets (see page 100) Website > Disclosure Centre > Policies > EHS Policy	EM-MM-160a.1	Description of environmental management policies and practices for active sites

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 304: Biodiversity 2016				
304-1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	Environment > Our Approach > Land and Biodiversity (see page 73) Sustainability Performance > Key Performance Data (see page 98)	EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat
304-2	Significant impacts of activities, products and services on biodiversity	Environment > Our Approach > Land and Biodiversity (see page 73)		
304-3	Habitats protected or restored	Sustainability Performance > Key Performance Data (see page 98)		
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Sustainability Performance > Key Performance Data (see page 98)		
		Environment > Our Approach > Waste and Tailings (see page 75)	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is predicted to occur
		Environment > Our Approach > Waste and Tailings (see page 75)	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is actively mitigated
		If it is potentially contaminated by ARD, it is contoured to flow to our treatment plant.	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is under treatment or remediation
MM1: Biodiversity				
MM1	Amount of land disturbed or rehabilitated	Sustainability Performance > Key Performance Data (see page 97)		
MM2: Biodiversity				
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number and percentage of those sites with a plan in place	Sustainability Performance > Key Performance Data (see page 98)		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Emissions				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Materiality (see page 41) Environment > Our Approach > Climate Change (see pages 73–74) Sustainability Performance > 2020 Targets and Achievements (see page 99) Sustainability Performance > 2021 Targets (see page 100)		
305-1	Direct (Scope 1) GHG emissions	Sustainability Performance > Key Performance Data (see page 95) CDP Report Note: Percentage covered under emissions-limiting regulations not available.	EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations
		Environment > Our Approach > Climate Change (see pages 73–74) Sustainability Performance > 2020 Targets and Achievements (see page 99) Sustainability Performance > 2021 Targets (see page 100) CDP Report	EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and analysis of performance against those targets
				Air emissions of the following pollutants:
		Not applicable	EM-MM-120a.1	CO
		Not applicable	EM-MM-120a.1	NO _x (excluding N ₂ O)
		Not applicable	EM-MM-120a.1	SO _x
		Sustainability Performance > Key Performance Data (see page 95)	EM-MM-120a.1	Particulate matter (PM ₁₀)
		Not applicable	EM-MM-120a.1	Mercury (Hg)
		Not applicable	EM-MM-120a.1	Lead (Pb)
		Not applicable	EM-MM-120a.1	Volatile organic compounds (VOCs)
Effluents and Waste				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Tailings Stewardship (see pages 35–36) Sustainability Approach > Materiality (see page 41) Environment > Our Approach > Waste and Tailings (see page 75) Sustainability Performance > 2020 Targets and Achievements (see page 99) Sustainability Performance > 2021 Targets (see page 100) Website > Disclosure Centre > Policies > EHS Policy		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 306: Effluents and Waste 2016				
306-1	Water discharge by quality and destination	Sustainability Performance > Key Performance Data (see page 96)		
306-2	Waste by type and disposal method	Sustainability Performance > Key Performance Data (see pages 96–97)		
306-3	Significant spills	Sustainability Performance > Key Performance Data (see page 96)		
306-4	Transport of hazardous waste	Sustainability Performance > Key Performance Data (see page 96)		
306-5	Water bodies affected by water discharges and/or runoff	Sustainability Performance > Key Performance Data (see page 96)		
		Sustainability Performance > Key Performance Data (see page 97)	EM-MM-150a.2	Total weight of mineral processing waste, percentage recycled
		Mine Tailings Disclosure table	EM-MM-150a.3	Number of tailings impoundments, broken down by MSHA hazard potential
MM3: Effluents and Waste				
MM3	Total amount of overburden, rock, tailings and sludges and their associated risks	Sustainability Performance > Key Performance Data (see page 96)	EM-MM-150a.1	Total weight of tailings waste, percentage recycled
GRI 400: Social Standards Series				
Employment				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Materiality (see page 41) Our People > Our Approach > Employee Relations (see page 52) Our People > Our Approach > Building a Highly Effective Organization (see pages 52–53) Our People > Our Approach > Diversity and Inclusion (see page 53) Our People > Manitoba (see pages 54–55) Our People > Peru (see pages 56–57)		
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	Sustainability Performance > Key Performance Data (see page 87)		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Performance > Key Performance Data (see page 91)		
401-3	Parental leave	Sustainability Performance > Key Performance Data (see page 91) Parental leave is tracked by business unit and employment level.		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Labour/Management Relations				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Materiality (see page 41) Our People > Our Approach > Employee Relations (see page 52) Our People > Manitoba (see pages 54–55) Our People > Peru (see pages 56–57)		
GRI 402: Labour/Management Relations 2016				
402-1	Minimum notice periods regarding operational changes	Sustainability Performance > Key Performance Data (see page 86)	EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by US and foreign employees
MM4: Labour/Management Relations				
MM4	Number of strikes and lockouts exceeding one week's duration, by country	Sustainability Performance > Key Performance Data (see page 86)	EM-MM-310a.2	Number and duration of strikes and lockouts
Occupational Health and Safety				
GRI 103: Management Approach 2016				
103	Management approach	Our Feature Case Studies > Responding to COVID-19: Resilience in Action (see page 8) Our Company > Risk Management > Emergency Response and Crisis Management (see page 17) Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Materiality (see page 41) Our People (see page 48) Our People > Our Approach > Health and Safety (see pages 51–52) Our People > Our Approach > Employee Relations (see page 52) Sustainability Performance > 2020 Targets and Achievements (see page 99) Sustainability Performance > 2021 Targets (see page 100) Website > Disclosure Centre > Policies > EHS Policy		
GRI 403: Occupational Health and Safety 2016				
403-1	Workers' representation in formal joint management-worker health and safety committees	Sustainability Performance > Key Performance Data (see page 89)		
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	Sustainability Performance > Key Performance Data (see pages 89–91)	EM-MM-320a.1	MSHA all-incidence rate for (a) full-time employees and (b) contract employees. Fatality rate for (a) full-time employees and (b) contract employees

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Security Practices				
GRI 103: Management Approach 2016				
103	Management approach	Our Company > Risk Management (see page 16) Our Company > Risk Management > Emergency Response and Crisis Management (see page 17) Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Human Rights and Security > Security Practices (see page 34) Sustainability Approach > Materiality (see page 41) Website > Disclosure Centre > Policies > EHS Policy Website > Disclosure Centre > Policies > Human Rights Policy		
GRI 410: Security Practices 2016				
410-1	Security personnel trained in human rights policies or procedures	Sustainability Performance > Key Performance Data (see page 93)		
Rights of Indigenous Peoples				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Human Rights and Security (see page 33) Sustainability Approach > Stakeholder Engagement (see page 39) Sustainability Approach > Materiality (see page 41) Our People > Our Approach > Diversity and Inclusion (see page 53) Social Impact > Our Approach > Indigenous Engagement (see pages 62–63) Social Impact > Manitoba > Engaging with Indigenous Communities (see pages 64–65) Website > Disclosure Centre > Policies > Human Rights Policy	EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, Indigenous rights, and operation in areas of conflict
GRI 411: Rights of Indigenous Peoples 2016				
411-1	Incidents of violations involving rights of Indigenous peoples	There were zero violations in 2020.		
MMS: Indigenous Rights				
MMS	Total number of operations taking place in or adjacent to Indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous peoples' communities	Sustainability Performance > Key Performance Data (see page 94)	EM-MM-210a.2	Percentage of (1) proved and (2) probable reserves in or near Indigenous land

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Human Rights Assessment				
GRI 103: Management Approach 2016				
103	Management approach	Our Company > Business Conduct > Risks, Issues or Complaints (see page 15) Our Company > Risk Management (see page 16) Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Human Rights and Security (see page 33) Sustainability Approach > Materiality (see page 41) Sustainability Approach > Responsible Supply Chain (see page 44) Our People > Our Approach > Diversity and Inclusion (see page 53) Website > Disclosure Centre > Policies > Human Rights Policy		
GRI 412: Human Rights Assessment 2016				
412-2	Employee training on human rights policies or procedures	Sustainability Performance > Key Performance Data (see page 93)		
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Website > Disclosure Centre > Policies > Supplier Code of Conduct and Ethics		
Local Communities				
GRI 103: Management Approach 2016				
103	Management approach	Our Company > Business Conduct > Risks, Issues or Complaints (see page 15) Our Company > Risk Management (see page 16) Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Materiality (see page 41) Sustainability Approach > Responsible Supply Chain (see page 44) Our People > Our Approach > Diversity and Inclusion (see page 53) Social Impact > Our Approach > Community Relations (see page 62) Social Impact > Our Approach > Local Hiring and Procurement (see page 63) Social Impact > Our Approach > Community Development (see page 63)	EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests
GRI 413: Local Communities 2016				
413-2	Operations with significant actual and potential negative impacts on local communities	Sustainability Performance > Key Performance Data (see page 94)		
MM6: Local Communities				
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous peoples	Sustainability Performance > Key Performance Data (see page 92)	EM-MM-210b.1	Number and duration of non-technical delays

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
MM7: Local Communities				
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous peoples, and the outcomes	Sustainability Performance > Key Performance Data (see page 93)		
Artisanal and Small-Scale Mining				
MM8: Artisanal and Small-Scale Mining				
MM8	Number and percentage of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks	Sustainability Performance > Key Performance Data (see page 94)		
Resettlement				
GRI 103: Management Approach				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Materiality (see page 41) Social Impact > Our Approach > Resettlement and Land Use (see pages 63–64)		
MM9: Resettlement				
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	Sustainability Performance > Key Performance Data (see page 92)		
Closure Planning				
GRI 103: Management Approach				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 30) Sustainability Approach > Materiality (see page 41) Social Impact > Our Approach (see page 62) Social Impact > Manitoba > Preparing for Closure Impacts and Transition (see page 64) Environment > Our Approach > Land and Biodiversity (see page 73) Environment > Our Approach > Closure and Reclamation (see page 75) Website > Disclosure Centre > Policies > EHS Policy		
MM10: Closure Planning				
MM10	Number and percentage of operations with closure plans	Sustainability Performance > Key Performance Data (see page 94)		

TCFD Recommendations	Response, page number(s) and/or URL(s)
TCFD Disclosures	
Governance	
A Describe the Board’s oversight of climate-related risks and opportunities.	Sustainability Approach > Sustainability Governance (see page 30) CDP Report
B Describe management’s role in assessing and managing climate-related risks and opportunities.	Sustainability Approach > Sustainability Governance (see page 30) Environment > Our Approach > Climate Change (see pages 73–74) CDP Report
Strategy	
A Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	Environment > Our Approach > Climate Change (see pages 73–74) Annual Information Form (see pages 43 and 44) CDP Report
B Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	Annual Information Form (see pages 43 and 44) CDP Report
C Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Annual Information Form (see page 32) CDP Report
Risk Management	
A Describe the organization’s processes for identifying and assessing climate-related risks.	Annual Information Form (see page 99) CDP Report
B Describe the organization’s processes for managing climate-related risks.	Environment > Our Approach > Climate Change (see pages 73–74) CDP Report
C Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management.	CDP Report
Metrics and Targets	
A Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Environment > Our Approach > Climate Change (see pages 73–74)
B Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Sustainability Performance > Key Performance Data (see page 95) Environment > Our Approach > Climate Change (see pages 73–74) Annual Information Form (see page 32)
C Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Sustainability Performance > 2021 Targets (see page 100)

A photograph of several wind turbines in a field, overlaid with a semi-transparent red filter. The turbines are silhouetted against a lighter background, and the overall scene is dominated by the red color.

ABOUT THIS REPORT

Since 2014, we have combined our annual report and our sustainability disclosures into a single report. The title of this report has evolved over time, and for 2020 we have simplified the name to Annual Sustainability Report. This report still incorporates the same scope of content, presenting our approach to achieving success as a sustainable business and how we have performed across financial, operational, social and environmental dimensions. We believe social and environmental performance is as important as financial and operating performance, and that combining the reports presents a holistic account of the Company's activities in 2020.

We published our **Management's Discussion and Analysis of Results of Operations and Financial Condition** and the **consolidated financial statements** for the year ended December 31, 2020, on February 18, 2021. The reports are posted on our website. The **Business and Financial Review** section of this report is based upon the financial and operational results disclosed in those documents.

We have produced an annual sustainability report every year since our 2003 report, and this is our 13th report based on the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. Our most recent previous report was released in May 2020. This report contains standard disclosures from the GRI Sustainability Reporting Standards, prepared largely in accordance with the Core option.

Our report covers all operating and project locations reported under **Our Company**, as well as exploration activities managed by Hudbay in Chile during the 2020 calendar year. Sustainability report content has been defined based on our materiality analysis and aspects identification process, which applied to all of Hudbay's operating assets.

More information on the scope of our reporting is available in the **Sustainability Performance** section of this report.

Qualified Person

The technical and scientific information in this report related to the Rosemont project has been approved by Cashel Meagher, P. Geo., Hudbay's Senior Vice President and Chief Operating Officer. The technical and scientific information related to our other material projects contained in this report has been approved by Olivier Tavchandjian, P. Eng., Hudbay's Vice President of Exploration and Geology. Messrs. Meagher and Tavchandjian are qualified persons pursuant to NI 43-101. For a description of the key assumptions, parameters and methods used to estimate mineral reserves and resources, as well as data verification procedures and a general discussion of the extent to which the estimates of scientific and technical information may be affected by any known environmental, permitting, legal title, taxation, socio-political, marketing or other relevant factors, please see the Technical Reports for the Company's material properties as filed by Hudbay on SEDAR at **www.sedar.com**.

Forward-Looking Information

This Annual Sustainability Report contains forward-looking information within the meaning of applicable Canadian and United States securities legislation. All information contained in this report, other than statements of current and historical fact, is forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “budget”, “guidance”, “scheduled”, “estimates”, “forecasts”, “strategy”, “target”, “intends”, “objective”, “goal”, “understands”, “anticipates” and “believes” (and variations of these or similar words) and statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” “occur” or “be achieved” or “will be taken” (and variations of these or similar expressions). All of the forward-looking information in this annual report is qualified by this cautionary note.

Forward-looking information includes, but is not limited to, production, cost and capital and exploration expenditure guidance and potential revisions to such guidance, anticipated environmental, health and safety performance, anticipated social development programs, anticipated production at our mines and processing facilities, expectations regarding the impact of the COVID-19 pandemic on our operations, financial conditions and prospects, and our ability to effectively engage with local communities in Peru and other stakeholders, expectations regarding the timing of mining activities at the Pampacancha deposit and any additional delivery obligations under the Constancia stream agreement, the anticipated timing, cost and benefits of developing the Rosemont project and the outcome of litigation challenging Rosemont’s permits, expectations regarding the Copper World exploration program, expectations regarding the Lalor gold strategy, including the refurbishment, commissioning and ramp-up of the New Britannia mill and the expectations regarding the mine plan for the 1901 deposit, increasing the mining rate at Lalor and optimizing the

Stall and New Britannia mills, the possibility of converting inferred mineral resource estimates to higher confidence categories, the potential and our anticipated plans for advancing our mining properties surrounding Constancia and elsewhere in Peru, anticipated mine plans, anticipated metals prices and the anticipated sensitivity of our financial performance to metals prices, events that may affect our operations and development projects, anticipated cash flows from operations and related liquidity requirements, the anticipated effect of external factors on revenue, such as commodity prices, estimation of mineral reserves and resources, mine life projections, reclamation costs, economic outlook, environmental regulation and legislation and other government regulation of mining operations, and business and acquisition strategies. Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, are inherently subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information.

The material factors or assumptions that we identified and were applied by us in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to:

- our availability to continue to operate safely and at full capacity during the COVID-19 pandemic;
- the availability, global supply and effectiveness of COVID-19 vaccines, the effective distribution of such vaccines in the countries in which we operate, the lessening of restrictions related to COVID-19, and the anticipated rate and timing for each of the foregoing;
- the ability to achieve production and unit cost guidance;

- no significant interruptions to our operations or significant delays to our development projects in Manitoba and Peru due to the COVID-19 pandemic;
- the availability of spending reductions and liquidity options;
- the timing of development and production activities on the Pampacancha deposit;
- no significant unanticipated delays to the development of Pampacancha;
- the successful completion of the New Britannia project on budget and on schedule;
- the successful outcome of the Rosemont litigation;
- the successful renegotiation of collective agreements with the labour unions that represent certain of our employees in Manitoba and Peru;
- the success of mining, processing, exploration and development activities;
- the scheduled maintenance and availability of our processing facilities;
- the accuracy of geological, mining and metallurgical estimates;
- anticipated metals prices and the costs of production;
- the supply and demand for metals we produce;
- the supply and availability of all forms of energy and fuels at reasonable prices;
- no significant unanticipated operational or technical difficulties;
- the execution of our business and growth strategies, including the success of our strategic investments and initiatives;
- the availability of additional financing, if needed;
- the ability to complete project targets on time and on budget and other events that may affect our ability to develop our projects;
- the timing and receipt of various regulatory and governmental approvals;

- the availability of personnel for our exploration, development and operational projects and ongoing employee and union relations;
- maintaining good relations with the labour unions that represent certain of our employees in Manitoba and Peru;
- maintaining good relations with the communities in which we operate, including the neighbouring Indigenous communities and local governments;
- no significant unanticipated challenges with stakeholders at our various projects;
- no significant unanticipated events or changes relating to regulatory, environmental or health and safety matters;
- no significant unanticipated changes to the various international and national standards we adhere to;
- no significant unanticipated changes to our water usage, emissions intensity or energy intensity;
- no significant unanticipated changes in the political climate in the various jurisdictions in which we currently or plan to explore or operate;
- the ability to contemplate the effects of climate change at our sites, on our operations and on the extractive industry in general;
- no contests over title to our properties including as a result of rights or claimed rights of Indigenous peoples or challenges to the validity of our unpatented mining claims;
- the timing and possible outcome of pending litigation and no significant unanticipated litigation;
- certain tax matters, including, but not limited to, current tax laws and regulations and the refund of certain value-added taxes from the Canadian and Peruvian governments; and
- no significant and continuing adverse changes in general economic conditions or conditions in the financial markets (including commodity prices and foreign exchange rates).

The risks, uncertainties, contingencies and other factors that may cause actual results to differ

materially from those expressed or implied by the forward-looking information may include, but are not limited to, risks generally associated with the mining industry, such as economic factors (including future commodity prices, currency fluctuations, energy prices and general cost escalation), uncertainties related to the development and operation of our projects, risks related to the US District Court’s recent decisions to set aside the US Forest Service’s FROD and the Biological Opinion for Rosemont and related appeals and other legal challenges, risks related to the new Lalor mine plan, including the schedule for the refurbishment, commissioning and ramp-up of the New Britannia mill and the ability to convert inferred mineral resource estimates to higher confidence categories, risks related to the schedule for mining the Pampacancha deposit (including risks associated with COVID-19 and risks associated with the impact of any schedule delays), dependence on key personnel and employee and union relations, risks related to political or social unrest or change, risks in respect of Indigenous and community relations, rights and title claims, operational risks and hazards, including unanticipated environmental, industrial and geological events and developments and the inability to insure against all risks, failure of plant, equipment, processes, transportation and other infrastructure to operate as anticipated, compliance with government and environmental regulations, including permitting requirements and anti-bribery legislation, depletion of our reserves, volatile financial markets that may affect our ability to obtain additional financing on acceptable terms, the failure to obtain required approvals or clearances from government authorities on a timely basis, uncertainties related to the geology, continuity, grade and estimates of mineral reserves and resources, and the potential for variations in grade and recovery rates, uncertain costs of reclamation activities, our ability to comply with our pension and other post-retirement obligations, our ability to abide by the covenants in our debt instruments and other material contracts, tax refunds, hedging transactions,

as well as the risks discussed under the heading “Risk Factors” in our 2020 Annual Information Form (AIF), and otherwise throughout this annual report.

Should one or more risk, uncertainty, contingency or other factor materialize or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information. Accordingly, you should not place undue reliance on forward-looking information. We do not assume any obligation to update or revise any forward-looking information after the date of this annual report or to explain any material difference between subsequent actual events and any forward-looking information, except as required by applicable law.

Note to United States Investors

This report has been prepared in accordance with the requirements of the securities laws in effect in Canada, which may differ materially from the requirements of United States securities laws applicable to US issuers.

Contact Us

We invite your comments and questions about this report.

For investor relations matters, please contact Candace Brûlé, Director, Investor Relations, 416 814-4387, investor.relations@hubbay.com.

For sustainability matters, please contact David Clarry, Vice President, Corporate Social Responsibility, 416 362-7364, david.clarry@hubbay.com.

Annual and Special Meeting of Shareholders
May 17, 2021 at 1:00 p.m. E.T.
Toronto, Ontario

Glossary

Biodiversity – short for “biological diversity”; the variety of living organisms, genetic diversity and habitat diversity that creates and sustains variation in the environment

CDP – a non-profit that runs a global disclosure system for companies and governments to disclose their environmental performance

Community investment – voluntary investment of funds in the broader community, including for physical infrastructure and social programs

Conflict-free minerals – mineral production that does not contribute to serious human rights abuses in regions of armed conflict (drawing on the definitions provided in the *Dodd–Frank Act*)

Contractor – one who agrees to perform work or supply items at a certain price or rate

COVID-19 – an infectious disease caused by a novel coronavirus called severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)

Donations – contributions to charities

Employee – a person directly employed by Hudbay and/or its subsidiaries

GHG emissions – greenhouse gas emissions

Global Reporting Initiative (GRI) – an independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines. For more information, visit www.globalreporting.org

GRI Standards – performance indicators contained in the GRI Sustainability Reporting Standards

Grant in lieu – an amount paid instead of property taxes

Injury frequency – number of injuries per 200,000 hours worked (approximately per 100 full-time employees)

ISO – International Organization for Standardization, a non-governmental international organization that develops voluntary management standards

Lost time injury (LTI) – a work-related injury that prevents the injured person from returning to work on his/her next scheduled workday after the day the injury occurred, because he/she is unfit to perform any duties

MAC – Mining Association of Canada

Material information – a fact or a change to the Company that could reasonably be expected to have a significant effect on the market price or value of the securities of the Company

Materiality – a process to identify the economic, environmental, governance and social issues most important to stakeholders and our business

Medical aid injury – a work-related injury that requires medical treatment based on criteria set out by the International Council on Mining and Metals (ICMM)

N/ap – not applicable

N/av – not available

Recordable injury – includes lost time injuries, restricted work injuries and medical aid injuries

Restricted work – a work-related injury where a licensed health care provider or the employer recommends that the employee not perform one or more routine job functions or not work the usual full workday

SASB – Sustainability Accounting Standards Board, a set of standards to guide the disclosure of financially material sustainability information

SDGs – the 17 United Nations Sustainable Development Goals that were established in 2015 and aim to achieve a better and more sustainable future for all by 2030

Tailings – the fine waste rock that remains after separating the valuable minerals from the ore during mining and processing of mineral resources. Tailings may contain trace quantities of metals found in the host ore, as well as added compounds used to extract the minerals

TCFD – Task Force on Climate-related Financial Disclosures, a framework created by the Financial Stability Board to improve and increase reporting of climate-related financial disclosures

TSM – Towards Sustainable Mining, an initiative of the Mining Association of Canada

Work-related injury – An injury that is work related, and therefore included in Hudbay reporting statistics, according to criteria established by ICMM