



CONNECTED

2021 ANNUAL SUSTAINABILITY REPORT

HUBBAY

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Global demand for the metals that Hudbay mines continues to rise – copper, gold, zinc and silver are all critical to the green technology that will play an essential role in meeting the challenge of climate change. And with copper, in particular, current global copper mines and projects cannot meet long-term demand expectations. But with our expertise in finding, developing and operating low-cost, long-life mines; our exceptional portfolio of high-quality assets and high-potential projects; our track record for responsible mining; and our remarkable pool of in-house talent, Hudbay is *Connected* – to opportunity, to long-term growth, to our communities and to creating lasting benefits for all of our stakeholders.

OUR FEATURE STORIES

[Technical Services: Connected to Innovation](#)

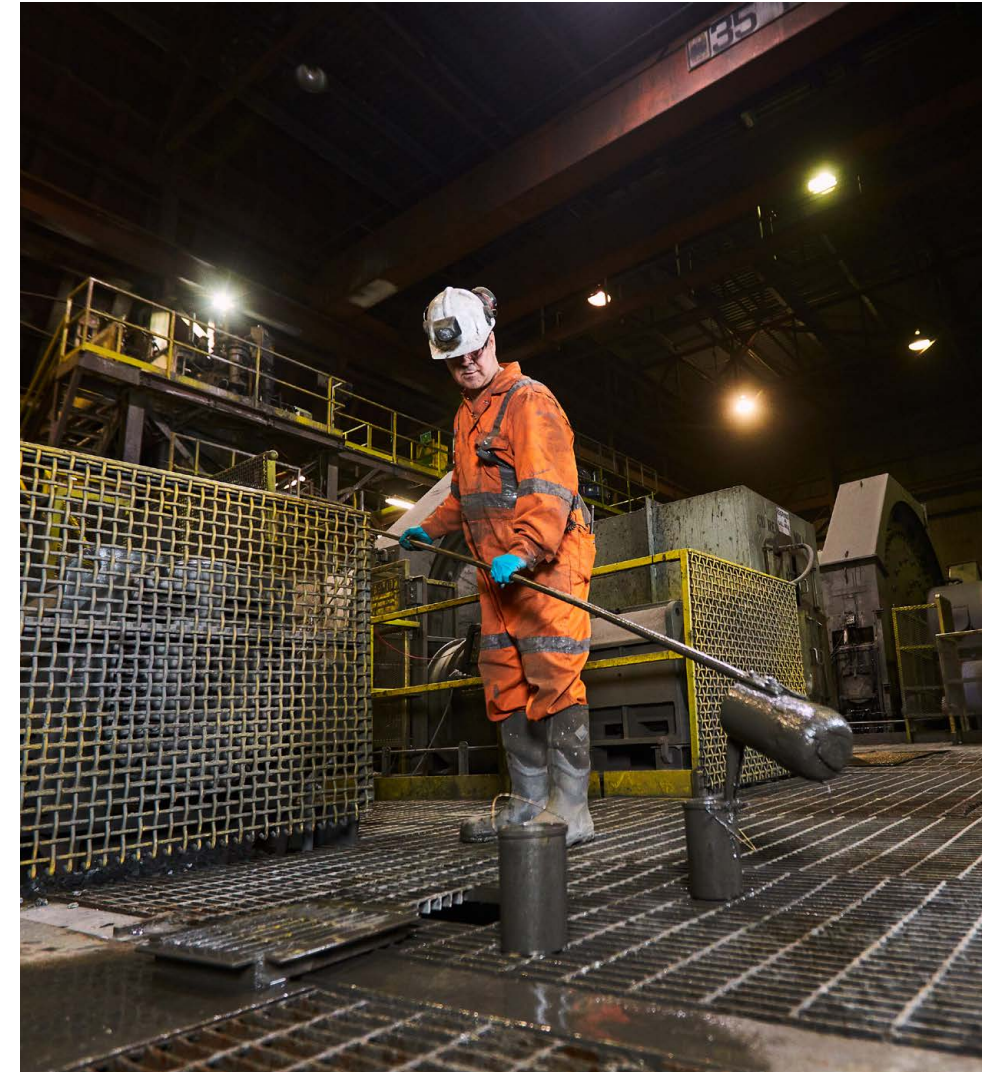
[Connected to a Reduced GHG Emissions Future](#)

[Exploration and Geology: Connected to Revealed Value](#)

[Connected to Community](#)

ABOUT THE COVER

We use IDS GeoRadar (model IBIS-ArcSAR shown) to monitor slope stability of the pit walls at our Constancia mine in Peru. Powered by a hybrid solar-diesel generator and also equipped with an integrated HD panoramic camera, the radar helps keep our mine safe by tracking even small movements in the slope wall. This information allows the operations team to quickly assess and address slope stability issues.



CEO Message



INFLECTION POINT

At the close of 2021, Hudbay finds itself at an inflection point. After making significant investments in exploration, infrastructure and productivity improvements, we are poised to deliver value for all of our stakeholders. We completed two crucial projects in 2021 – Pampacancha and the New Britannia mill – and we expect to enjoy growing cash flows thanks to increased copper and gold production and anticipated higher metal prices throughout the year. We also made a significant discovery at our Copper World properties adjacent to Rosemont. These milestones were all reached while we continued to meet the COVID-19 challenge with discipline and determination.

Hudbay's stakeholders are already reaping the benefits of our hard work over the last few years: communities from our investments, northern Manitoba from growth in Snow Lake, and employees and shareholders from our improved profitability. The significant production and cash flow growth expected in 2022 will provide continuing stability and benefits, particularly for our investors, who have been patient during this period of capital expenditure. We also advanced growth projects drawn from our in-house pipeline across all three business units. These achievements are connected: they reflect a 100-year-long tradition of running efficient operations while maximizing the long-term value of our existing assets. They highlight our connected strengths across the mining lifecycle in exploration, development, operation, and mine closure and maintenance.

A COMMITMENT TO ZERO HARM

Our excitement over our achievements in 2021 is tempered by the fatal incident that occurred at our Lalor mine in June. A worker, well known and well regarded by his fellow miners, was fatally injured from a fall. We are deeply saddened by this loss of a colleague who was also a beloved husband and father. This tragic incident was a powerful reminder that there is always an element of risk in mining, and that safety must always be our top priority. Hudbay continues to support those who were affected, and we are more committed than ever to achieving our objective of maintaining a zero-harm workplace.

SUCCESSFULLY NAVIGATING THE PANDEMIC

Throughout 2021, Hudbay continued to navigate the COVID-19 pandemic successfully. In the face of new variants, we experienced incidents in Manitoba and Peru but were still able to maintain continuous operations at our sites. Across the Company, the majority of employees and contractors are vaccinated, with a 96% vaccination rate in Peru. In Manitoba, where both vaccination and reporting are voluntary, over 82% of the workforce and contractors have confirmed that they are vaccinated, and there is regular testing for non-vaccinated individuals. Like the rest of the world, we are eagerly looking forward to the day when we can put the pandemic behind us. In the meantime, we will continue to work closely with local health authorities, remain vigilant and stay focused on keeping our people and communities safe while still meeting our performance and strategic goals.

MANITOBA

In a significant year for Manitoba, three-and-a-half-year contracts with the six Manitoba unions were ratified and built on our strong relationship as all groups looked ahead to managing the impact of the closure of the Flin Flon operations. In addition, we commissioned the New Britannia gold mill and transitioned quickly into full production. Both events took place ahead of the original schedule and were critical milestones in the shift of Lalor to a gold-focused mine. In bringing the New Britannia mill online, we embraced the opportunity for innovation; this included introducing a modern, first-of-its-kind copper concentrate circuit based entirely on Jameson Cells. The pioneering usage of these cells in Canada highlights the exceptional capacity of our Technical Services team. It is just one example of the many ways they create value for Hudbay.



Hudbay has been operating in northern Manitoba for close to a century. While we have always complied with regulations, times change, and technical understanding and expectations evolve. Accordingly, in 2021 we invested close to \$25 million in upgrading existing tailings structures as part of a three-year \$60 million program to improve the Flin Flon Tailings Impoundment System's factor of safety. This commitment reflects the management diligence through which our Manitoba operation can maintain its AA rating in the Mining Association of Canada's Towards Sustainable Mining (TSM) program. In addition, we are in the early stages of evaluating the potential of reprocessing the tailings left over from close to a century of mining in the area. New processing techniques could reclaim significant value in terms of gold, copper, zinc and silver, while helping to address and mitigate the impact of tailings deposits and potentially acid-generating rock. If our studies live up to our expectations and confirm the project is viable, it could also deliver significant economic benefits to the city of Flin Flon.

In preparation for the closure of the Flin Flon operations in June 2022, we continued to work with employees and the community of Flin Flon. The full extent of our efforts is outlined elsewhere in this report, but, as our tailings reprocessing initiative demonstrates, we remain committed to supporting Flin Flon and looking for potential opportunities in the area.

PERU

We completed our land user agreements for Pampacancha in early 2021 and moved forward with pit development activities. Subsequently, production ramped up quickly and, in line with our mine plan, contributed to increased production at our Constancia operations. Securing the land user agreements at Pampacancha was the result of a careful and disciplined process and is a testament to the efforts of the community relations team at Constancia. Our focus is always to make sure that we meet the needs of the community as well as the business. This approach, and a recognized commitment to open dialogue with all stakeholders, has served us and our communities well, in terms of dealing with both our immediate neighbours and all levels of government.

In addition to pursuing business sustainability by expanding the resource footprint around Constancia, we also found ways to use innovative technology to enhance productivity while keeping costs low. In 2021, we completed a three-stage project aimed at optimizing the flotation circuit at Constancia. By installing centre launders to increase the froth surface area generated throughout the flotation circuit, we were able to increase recoveries by 0.7% for copper and 1.4% for molybdenum. The incremental increase in cash flow enabled us to pay for the project in less than six months. Subsequently, this project was recognized with an award from *Mining* magazine.

Our constant focus on enhancing both productivity and profitability led us to initiate a project aimed at improving our ore-sorting capabilities by using X-ray fluorescence (XRF)-based technology to quickly distinguish valuable ore from waste rock. If the project proves economic, high-speed XRF sensors will be installed in the buckets of shovels used in our pits. Data from the scans provide the mine with real-time insight that allows the on-site team to quickly assess grades and direct the material to the mill, stockpile or waste.

Throughout the year, we continued to evaluate the underground potential at Constancia Norte while pursuing discussions with the community of Uchucarcco on the Maria Reyna and Caballito properties. Beyond Constancia, we conducted a drilling program at Llaguen, a property in northern Peru. We also successfully negotiated a collective agreement with the union at Constancia.

ARIZONA AND NEVADA

In Arizona, we continue to be focused on ways to unlock value at Rosemont for the benefit of all our stakeholders. One such possibility is through the further development of our recently discovered Copper World project. Found primarily on our wholly owned private land, Copper World offers many potential synergies with Rosemont in an alternative joint development plan. We completed extensive drilling on Copper World throughout 2021, which resulted in a sizeable initial resource estimate – at a higher classification than expected – and demonstrated Copper World's attractive grade and near-surface nature, as well as our team's proven strengths in exploration. We expect to publish the results of a preliminary economic assessment (PEA) for Copper World in the first half of 2022. In April 2021, we released a positive PEA for our Mason copper project in Nevada, which has the potential to more than double Hudbay's current production levels.



Together, Copper World and Mason highlight the remarkable depth of Hudbay's portfolio, which allows us to create value from our existing asset base and selective acquisitions.

OUR FOCUS ON ESG

Environmental, social and governance (ESG) considerations have always been fundamental to our business; it's not new for us. The announcement, in early 2021, that David Clarry, our Vice President of Corporate Social Responsibility, had been appointed to a two-year term as Chair of the Mining Association of Canada, is a testament to both David's insight and abilities and the importance of ESG at Hudbay. We recognize that every business has an obligation to help the world meet the challenge of climate change. This year, we took the necessary steps to begin laying out our Greenhouse Gas Reduction Roadmap, which will allow us to define specific targets and reduction paths in 2022. Our work in 2021 was to define and understand the sources and drivers of greenhouse gas (GHG) emissions at our operations. Our work in 2022 will be to define GHG reduction goals for 2030 and 2050, and develop technical and management plans for achieving those goals. We also made significant progress, including an organization-wide culture survey, toward strengthening our culture of diversity, inclusion and belonging. We understand that a culture that supports people in bringing their best selves to work is essential to maintaining and growing the talent pool that gives Hudbay a competitive edge.

LOOKING FORWARD

In early 2021, we strengthened our balance sheet through a bond offering and moved to extend our debt maturities and further lower our interest rates. Together with renegotiating our revolving credit facility, these steps will give us greater flexibility and enhance our ability to capitalize on a range of internal opportunities. We are primarily a copper producer, but with gold, our secondary metal, we have a diversity that will help us manage market volatility while pursuing growth through the development of high-potential assets within our existing portfolio. As the world moves to address the challenge of climate change with green technologies, the demand for copper will continue to grow, and Hudbay remains uniquely well placed – in terms of both in-house expertise and organic assets – to meet that demand. The strong supply-side fundamentals for copper – a lack of inventory

of new copper projects, growing social and regulatory issues in relation to mining, and declining copper grades on a global scale – all contribute to a robust long-term outlook for the metal. Hudbay has proven capabilities across the mining lifecycle and an exceptional portfolio of assets. Moreover, we are recognized for operating transparently and responsibly, so customers and other stakeholders know that the metals we mine are produced in accordance with leading ESG practices. I believe this will be an increasingly important consideration and a source of advantage for Hudbay.

REAPING THE REWARDS

Across Hudbay, we can look at 2021 as a year of execution and achievement. We leveraged our people, technical skills and thoughtful investments to enhance performance, extend resources and improve production through brownfield projects at Pampacancha, New Britannia and Lator. At the same time, we saw encouraging exploration results in Manitoba, Peru, Arizona and Nevada. As a result, we created value by building on the assets in our current portfolio and can look forward to meaningful growth in copper and gold production along with growth in our EBITDA and cash flow.

In 2022, our stakeholders will reap the rewards of our disciplined growth strategy while we advance our “triple A” copper growth pipeline. It is a tremendously exciting time for Hudbay, and I want to thank our employees for their continued commitment and resilience; they make our achievements possible. In addition, I want to thank our Board for their guidance and support, which has also been crucial in putting Hudbay on the path to deliver strong, lasting growth.

Sincerely,

Peter Kukielski

President and Chief Executive Officer


FEATURE STORY

Technical Services: Connected to Innovation

When Hudbay set up its first mining operations in northern Manitoba in the 1920s, we brought two generators to make electricity, the first in the entire region. Since then, we've compiled a notable record for applied innovation and technical firsts, and our Technical Services team continues to play an essential role in enhancing the efficiency, safety, productivity and profitability of our operations.

In 2021, the team made vital contributions to the ramp-up of the New Britannia mill, expanding the implementation of automation at our mines in Manitoba and improving recovery rates at Constanca. They are also exploring the feasibility of using modern reprocessing techniques to increase gold recovery at the Stall mill, to recover value from a century's worth of tailings at Flin Flon, and to further minimize the environmental impact of those tailings.

On a day-to-day basis, Hudbay's Technical Services team provides corporate guidance and support for the acquisition, implementation and evaluation of new technologies at our operations. They also work with the engineers of record at our mines to review a range of processes, particularly tailings management, to make sure they are always in line with our standards, agreements and evolving industry best practices.

 Anderson Tailings Pond



PIONEERING TECHNOLOGY AT NEW BRITANNIA

As noted, one of the team's key achievements for 2021 was supporting the design and ramp-up of the refurbished New Britannia mill, which was commissioned in July and delivered its first gold pour in August, several months ahead of the original schedule. The mill plays an essential role in the transition of Lalor to a gold-focused mine and employs a flotation circuit consisting of four Jameson Cells, the first of its kind in Canada.

Jameson Cells use small, uniform bubbles, produced through the innovative application of vacuum pressures instead of mechanical agitators, to drive the recovery process. The cells have no moving parts, which reduces operating costs, and, compared to traditional cells, have a smaller footprint and reduced retention time. They are effective at accommodating changes to head grade, which is an important consideration at Lalor, where the head grade tends to fluctuate rapidly. Overall, the Jameson Cells are helping to cut costs and improve recovery rates for copper and gold. The team is currently looking at the viability of a Jameson Cells circuit for Copper World.

IMPROVING RECOVERY RATES AT CONSTANCIA

Recovery rates are also a vital consideration at Constancia, where, as noted in our mine plan, ore grades are decreasing. In 2021, we completed upgrading the flotation lines at Constancia by adding cells with centre launders to the rougher lines. Effectively a solution for resource extension, this approach improves the capacity to recover ore-carrying froth from the circuit. Since the installation of the centre launders, we have seen a recovery increase of 0.7% for copper and 1.4% for molybdenum. The cash flow generated from these improvements resulted in a payback period of under six months. We partnered on this project with Metso Outotec, and it was recognized in January 2022 with the Service and Support Award by *Mining* magazine.



Jameson Circuit, New Britannia Mill

IMPROVING GOLD RECOVERY AT STALL

The recovery of gold from the Lalor deposit through the Stall mill has historically been below 60%. With advancements in ore body knowledge of the Lalor deposit, we are advancing opportunities to maximize the recovery of the contained metal value of the ore. The first phase of the work currently under construction includes a modernization program of the mill, which includes the installation of five Jameson Cells and a process control upgrade. The second phase under study envisions additional fine grinding capacity, and the addition of a lead flotation circuit and a tail leaching circuit to scavenge the residual gold and silver not recovered in the flotation stages.

TRANSFORMING TAILINGS INTO A RESOURCE

Currently, the Technical Services team is doing preliminary work on a potentially transformative and pioneering project: recovering gold, copper, zinc and other valuable metals and minerals from close to a century's worth of mine tailings stored in the vicinity of Flin Flon. These tailings from Hudbay operations, all properly stored and monitored, were deposited when recovery processes were not as efficient or effective as modern technologies.

The team is looking at solutions – including high-intensity grinding, bioconcentrate leaching and a variety of hydrometallurgical approaches – for unlocking value from the tailings.

The impact of the Technical Services team is felt in everything Hudbay does, and everywhere we operate. The team not only helps make the Company more productive and more efficient, but also helps makes our workplaces cleaner and safer, and consistently better across every dimension, highlighting the value of maintaining and building expertise across the mining cycle.

Connected to a Reduced GHG Emissions Future

Miners, by profession, are practical problem solvers. It's how we approach getting minerals out of the ground – safely, responsibly and profitably. And it's how we are approaching the commitment to support the global greenhouse gas (GHG) reduction challenge of climate change. We are currently working toward specific reduction targets to align with the global objective of 50% by 2030.

Hudbay is already a low-GHG-intensity copper producer. We have reported to the CDP climate questionnaire for more than 10 years and already have a solid grasp of the nature, scale and drivers of our Scope 1 and 2 GHG emissions. At the site level, we follow the TSM Climate Change Protocol (before 2021, the TSM Energy and Greenhouse Gas Emissions Management Protocol). As we strive to meet our company's climate change challenge, it is important to

note that, as a baseline, all our facilities are grid-connected. We are not a power producer, and our electricity source in Manitoba is effectively 100% hydroelectric, while the grid in Peru is close to 50% hydroelectric. Interestingly, because we already make significant use of renewable energy, it is more challenging to implement certain types of dramatic energy reductions or energy source improvements.



Electrical Room, Lalor

CLASSIFYING GHG EMISSIONS

Scope 1 emissions are direct GHG emissions that occur from sources controlled or owned by Hudbay.

Scope 2 emissions relate to purchased electricity.

Scope 3 emissions come from up and down the supply chain and can include activities ranging from production of grinding media to downstream processing.

FOCUSED ON GROWTH AND GHG REDUCTION

Additionally, Hudbay remains a growth-oriented company with a robust portfolio of high-potential projects. We are working to increase our base and precious metals production, including copper and zinc, both of which are essential for making the global transition to green energy. Increasing production will mean expanding our operations – whether adding satellites to existing mines or developing properties in our portfolio – which will have an impact on the energy we use and the emissions we produce.

To achieve results that align with growth, we not only look at GHG intensity in terms of per unit of metal in concentrate at our operating mines, but we also consider potential emission reductions in the design of our advanced projects. At present, our GHG reduction focus is on minimizing the GHG intensity of our production. These efforts include finding ways to improve efficiency at our operations – through flotation and recovery improvements, for example – and fuel-switching, when practical.

PRACTICAL SOLUTIONS FOR MEETING OUR TARGETS

In 2021, to better understand the nature of our GHG footprint and our best options for approaching and achieving sustainable GHG reductions, we began work on a 10-year Greenhouse Gas Reduction Roadmap.

The roadmap will identify key sources of emissions, including Scope 3 emissions, and the nature of the changes – operational or technical – that will be required to make full or significant changes in each source area. With this information, the corporate office and each business unit will determine what they can do in terms of future operational choices and capital investments to support sustainable reductions that will ensure we hit our targets for 2030 and 2050.



Processing Plant, Constanca

Exploration and Geology: Connected to Revealed Value

Going back almost 100 years, Hudbay has built and maintained an outstanding record for finding – and extending the working life of – mines that are profitable throughout the commodity price cycle. The skills we have developed and our capacity to discover and understand high-potential mineral deposits help define our company, while creating attractive returns for our investors, jobs and investments for our communities, and sustainable business value that benefits all of our stakeholders.

In 2021, Hudbay's Exploration and Geology team provided insights that will add to the mine life and profitability of our operations in Manitoba and Peru: they helped make a remarkable discovery, Copper World, on our wholly owned private land in Arizona, and they further confirmed the significant potential of our Mason project in Nevada. They also worked with our Technical Services team to assess the viability of

a truly game-changing initiative: reprocessing close to a century's worth of tailings at Flin Flon.

Hudbay's corporate Exploration and Geology team works closely with corresponding in-house teams at our various operations. These teams also supplement our internal capabilities by engaging outside contractors who work according to our direction.



Core Samples, Lalar



EXPANDING RESOURCES IN MANITOBA AND PERU

In Manitoba, mineral resources at Snow Lake, defined through test drilling and other methods, continued their record of year-over-year increases, and resource-to-reserve conversion offset mining depletion. Overall, the value of the mineral reserve estimates at Lalor and 1901 increased, resulting in the addition of approximately 220,000 ounces of gold and adding another year to the mine life after accounting for the 2021 mining depletion.

Exploration teams working at Constancia in Peru identified the potential for a satellite underground operation at the northern end of the mine, which we refer to as Constancia Norte. Although it was not included in the original mine plan, a preliminary economic assessment has confirmed the potential technical and economic viability of the satellite underground operation. Based on limited historical drilling done by Vale, geological mapping and geophysical surveys, we are also eager to explore Maria Reyna and Caballito, high-potential targets within trucking distance of Constancia's existing processing infrastructure. Beyond Constancia, in 2021 we began a drilling program at our Llaguen property in northern Peru. Building on work done by Vale a decade ago, we anticipate publishing our results from recent drilling at Llaguen in 2022.

Demonstrating the economic potential of our large resource base in the United States, our most significant discovery of 2021 was Copper World in Arizona. A collaborative effort between our corporate and Arizona teams, Copper World was discovered adjacent to our Rosemont project, but from drilling activities on private land wholly owned by Hudbay. Historically, Copper World had been the site of past mining activities, and in late 2020 we decided to drill several exploratory holes. The results were encouraging. Consequently, we expanded our program in early 2021 to get a better understanding of the full area. Again, the results were very positive, as we kept intersecting high-grade mineralization close to the surface in an almost continuous fashion over a seven-

kilometre strike extent. In December 2021, Hudbay announced an initial global resource estimate consisting of indicated mineral resources of 272 million tonnes at 0.36% copper and inferred mineral resources of 142 million tonnes at 0.36% copper. There is a significant high-grade portion of the resource that is located near-surface and is expected to be mined earlier in the mine life, including indicated mineral resources of 96 million tonnes at 0.57% copper and inferred mineral resources of 31 million tonnes at 0.71% copper. We look forward to publishing a preliminary economic assessment (PEA) in the first half of 2022, which will evaluate the potential for developing Copper World in conjunction with Rosemont.

At our Mason project in Nevada, we were similarly successful. As outlined in the PEA we released in April 2021, Mason, the third-largest undeveloped copper deposit in the United States, has a 2.2 billion tonne measured and indicated resource, and a predicted 27-year mine life. Guided by the Exploration and Geology team, Hudbay has been judiciously assembling and expanding its land package in Nevada. We know that in the 1930s and '40s there had been small-scale mining in the area, extracting high-grade copper. As the grades declined, the mines were closed. However, by applying modern geophysical techniques, we have been able to expose the remarkable potential of this property, which provides further upside to the already robust PEA for Mason. We expect to begin drilling the expanded land package later in 2022.

OPPORTUNITY IN FLIN FLON

In addition to conducting and overseeing exploration and geological assessments of what could be described as conventional mineral resources, our team, as noted, is currently working with Technical Services to help them understand the scale, nature and potential of the resource represented by tailings in Flin Flon.



Core Sampling, Lalor

Connected to Community

Flin Flon, Manitoba, and Hudbay Minerals grew up together. The rich mineral strike that prospector Tom Creighton made near the 55th parallel in northern Manitoba eventually led to the creation of the town and the Company. Our roots in the area, which now encompasses Flin Flon along with Creighton and Denare Beach in Saskatchewan, run deep, and so does our commitment.

Several years ago, it became apparent that the 777 mine in Flin Flon was coming to the end of its productive life, which would also impact the Flin Flon mill and zinc plant. The official closure of the 777 mine, along with most of the associated operations, including the zinc plant, power facility and oxygen plant, is set for spring 2022. However, Hudbay has long been working with the communities that will be impacted to help them successfully manage this transition.

As a company, we maintain open communications with our employees and the community about our evolving plans. This includes holding meetings between Hudbay executives and community leaders to provide business updates and hear their concerns. We are also working closely with the six unions that represent employees in the Manitoba Business Unit (see [Managing through Changes and Uncertainties](#)) and have established a memorandum of understanding that outlines how to manage the transition of employees from Flin Flon to Snow Lake.



New Britannia Mill

For several years, Hudbay has sponsored a third-party advisor to work with local communities on economic development and diversification. Additionally, Hudbay has also provided financial support for an economic development officer for the area. In 2021, we made our fourth annual payment of \$25,000 to the Flin Flon, Creighton and Denare Beach regional economic development commission. These efforts aim to help the communities assess their strengths and areas for improvement and then help them identify and pursue opportunities for development and expansion, such as tourism or industry beyond mining.

While several mine-related operations are closing, Hudbay will continue to use Flin Flon as a base for transloading our concentrate from trucks to rail cars. Additionally, we have state-of-the-art equipment on-site at our fabrication shop in Flin Flon, so it will remain open to support operations at Snow Lake.

The Flin Flon mill will be placed on care and maintenance when the 777 mine is closed. The first step will require diligent preparation, which includes draining all fuel and fluid lines at the facility and lifting the ball mills onto jacks to take pressure off the bearings. Subsequently, the facility will be monitored regularly with a program in place to ensure facilities and equipment remain in good repair. Being placed on “care and maintenance” reflects the belief that there is potential for operations to recommence at some future date if a new source is found, though Hudbay may not be the operator. For example, the refurbished New Britannia mill, a cornerstone of our Snow Lake operations, was on care and maintenance for 10 years before Hudbay purchased it in 2015.

Tailings management is an ongoing responsibility for Hudbay. Recently, we have begun to explore the unrealized potential of 90 years’ worth of mine tailings. Our Technical Services team is currently looking into the feasibility of reprocessing tailings from the Flin Flon Tailings Impoundment System, using modern milling technology (see [Technical Services: Connected to Innovation](#)). Should it prove feasible, reprocessing tailings could provide significant economic and environmental benefits for the region.

For many years, Hudbay has paid a grant-in-lieu in place of property taxes in Flin Flon and will continue to do so. Currently, we are working with the community to adjust the grant-in-lieu to reflect the change in our workforce and remain fair for all concerned. Additionally, we are also determining the best way to provide ongoing support for various local activities, such as junior hockey.

While we are preparing for the closure of 777, we are not leaving the community or the region. Hudbay and Flin Flon are working together to manage this change and build a foundation for a strong future.



New Britannia Mill



Hudbay is a diversified mining company primarily producing copper concentrate (containing copper, gold and silver), zinc metal and silver/gold doré. Directly and through its subsidiaries, Hudbay owns three polymetallic mines, four ore concentrators and a zinc production facility in northern Manitoba and Saskatchewan (Canada) and Cusco (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.

 *Surveying, Lalor*

OUR COMPANY

Our Locations

CHUMBIVILCAS, PERU

CONSTANCIA MINE

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

PAMPACANCHA MINE

- 100% ownership
- Satellite open pit copper/gold mine

MANITOBA, CANADA

LALOR MINE

- 100% ownership
- Long-life, underground gold/zinc/silver/copper mine
- Stall concentrator processes Lalor base metal ore
- New Britannia mill processes Lalor gold-rich ore

777 MINE (CLOSING IN 2022)

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

1901 DEPOSIT

- 100% ownership
- Underground zinc/copper/gold/silver project adjacent to the Lalor mine (one kilometre from existing underground ramp)

UNITED STATES

ROSEMONT PROJECT (ARIZONA)

- 100% ownership
- Open pit copper project

COPPER WORLD PROJECT (ARIZONA)

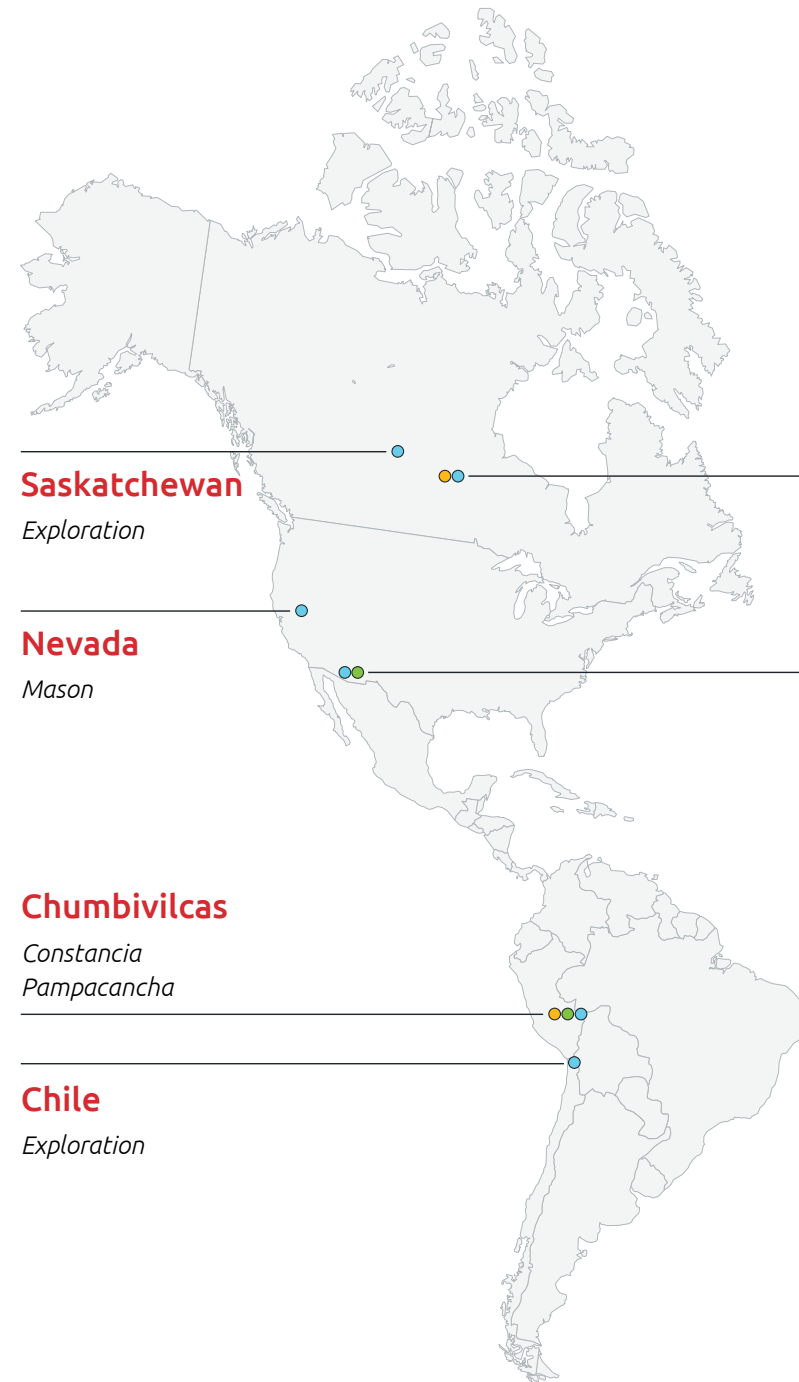
- 100% ownership
- Open pit copper project

MASON PROJECT (NEVADA)

- 100% ownership
- Open pit copper project

EXPLORATION PROPERTIES

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



Saskatchewan

Exploration

Manitoba

777
Lalor

Nevada

Mason

Arizona

Rosemont
Copper World

Chumbivilcas

Constancia
Pampacancha

Chile

Exploration

Operations ●
Development ●
Exploration ●

Mission and Values

MISSION

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

VALUES

DIGNITY AND RESPECT

We treat our stakeholders and 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 HUBBAY
how we work

Corporate Governance

We recognize that strong governance serves as the foundation for mitigating risk, operating efficiently and effectively, and realizing our opportunity to positively contribute locally and globally to a more sustainable world.

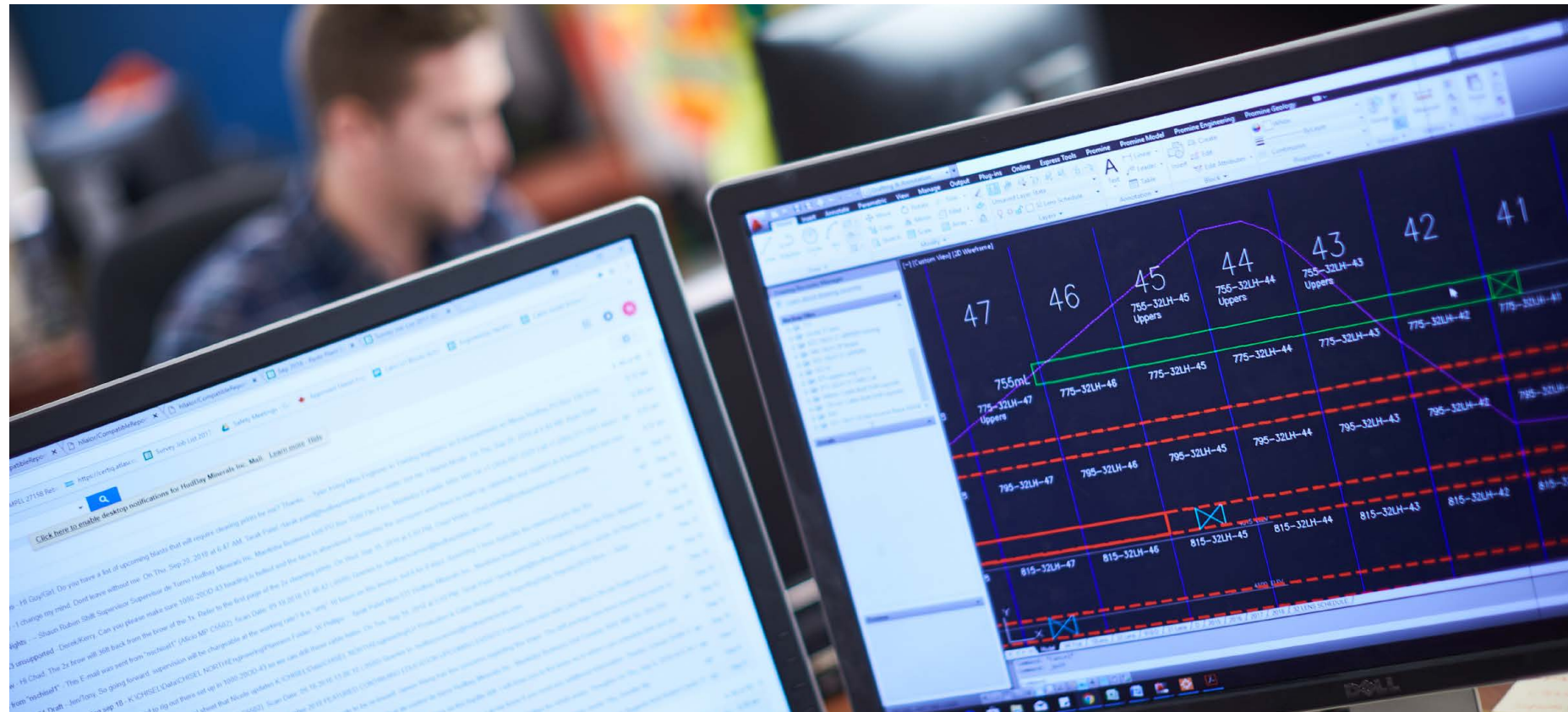
As stated in our [Corporate Governance Guidelines](#), Hudbay's Board of Directors commits to provide the Company direction and oversight with the highest standards of ethical conduct and in the best interests of the Company and our shareholders.

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. Hudbay's Board of Directors' [Diversity Policy](#) states the Board's commitment to setting a tone at the top that leads to a greater diversity of gender, viewpoints, backgrounds, experiences and other demographics (including representation of Indigenous peoples, persons with disabilities and members of visible minority groups) among Board members, senior leaders and across the organization.

Five committees – Audit; Compensation and Human Resources; Corporate Governance and Nominating; Environmental, Health, Safety and Sustainability; and Technical – support the Board in fulfilling its duties.

MSCI ranked Hudbay's corporate governance in the top 10% of all companies it assessed, with an overall ESG rating of "AA".

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



 Control Room, Lalar

Board of Directors

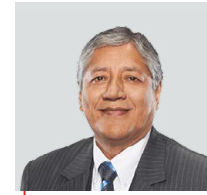
As of May 10, 2022, the following were members of Hudbay’s Board of Directors:



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



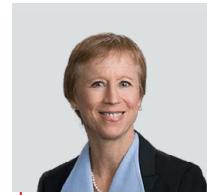
IGOR GONZALES*
 Environmental, Health, Safety and Sustainability Committee
 Technical Committee



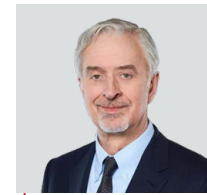
RICHARD HOWES*
 Compensation and Human Resources Committee
 Technical Committee



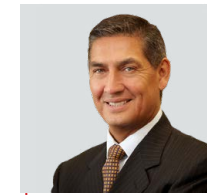
SARAH B. KAVANAGH*
 Environmental, Health, Safety and Sustainability Committee (Chair)
 Corporate Governance and Nominating Committee



CARIN S. KNICKEL*
 Compensation and Human Resources Committee (Chair)
 Corporate Governance and Nominating Committee



PETER KUKIELSKI
 President and Chief Executive Officer



GEORGE LAFOND*



DANIEL MUNIZ QUINTANILLA*
 Audit Committee
 Environmental, Health, Safety and Sustainability Committee



COLIN OSBORNE*
 Technical Committee (Chair)
 Audit Committee



DAVID SMITH*
 Corporate Governance and Nominating Committee (Chair)
 Compensation and Human Resources Committee
 * Independent

Learn more:

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

Note: George Lafond was elected to the Board at the May 10, 2022 AGM. All other Directors were members of Hudbay’s Board of Directors in 2021 and re-elected at the May 2022 AGM. The committee memberships reflect the composition of the Board’s committees in 2021.

Business Conduct

At Hudbay, our success is defined by what we do and how we do it. Our values are the foundation of a strong culture of integrity, and our Code of Business Conduct and Ethics (the Code of Business Conduct or the Code) and Supplier Code of Conduct and Ethics state the principles of ethical conduct expected of everyone working on our behalf. We also recently introduced a Customer Code of Conduct and Ethics that sets substantially similar standards for our customers.

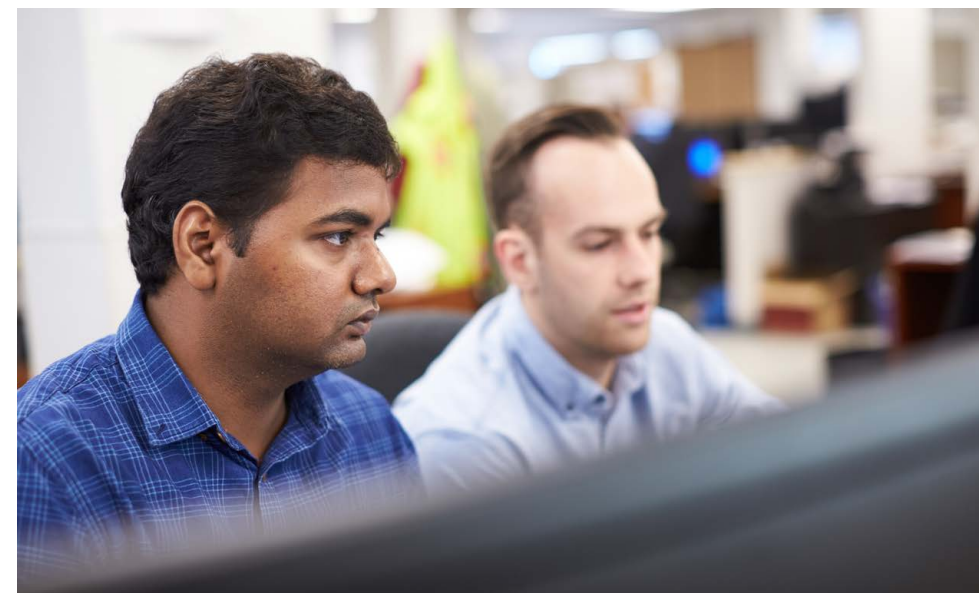
We are committed to making decisions based on high standards of conduct consistent with our values and the principles in our Code of Business Conduct. This includes avoiding conflicts of interest; ensuring compliance with all applicable laws, rules and regulations; protecting Hudbay's confidential and proprietary information, assets, systems and property; creating a healthy and safe workplace; and fostering a work environment of respect, belonging and dignity.

Upon joining the Company, all Board members and employees confirm that they understand and will comply with the Code, which includes an obligation for directors and executive officers to disclose any direct or indirect conflict of interest to the Board. Every year, directors, officers and employees with a Hudbay email address must confirm compliance with our Code of Business Conduct, Confidentiality and Insider Trading Policy and Statement on Anti-Corruption. They also must acknowledge that they understand 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 personnel may 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 committed to engaging with all relevant government officials regardless of political affiliation.

COMPLIANCE TRAINING

Our legal function manages our compliance program, which includes training on our Code of Business Conduct and related policies for all employees with a Hudbay email address, as well as members of our Board of Directors. 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 is targeted at specific groups or roles the Company deems appropriate. For example, in Peru we conduct targeted anti-corruption compliance training that addresses matters most relevant to the jurisdiction.



 Office, Lalor

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 act before a significant issue arises.

 On-site Discussion, Constanca



In 2021, there were no incidents of corruption reported, and no accusations brought against the Company of corruption involving employees, business partners or legal cases. In 2021, our third-party whistleblower service reported 12 incidents, 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 improper business practices, or improper behaviour in contravention of applicable policies and procedures.

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

- Our grievance process at each project and operating site addresses community concerns. For details about community concerns during 2021, see the [Community Relations](#) section of this report or look for locally available information.
- Shareholders wishing to directly communicate with our Board of Directors can email our Board Chair at chair@hudbay.com. The Chair of Hudbay's Audit Committee also 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 committee chair is responsible for ensuring reports 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 for discussion and assists businesses, employee organizations and other concerned parties to resolve 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](#).

Risk Management

Hudbay explores and operates in multiple jurisdictions and must adhere to numerous laws and regulations. Our risks and opportunities are broad and complex, extending beyond financial and operational considerations to include geopolitical, social and environmental matters. Because our material sustainability matters (e.g., climate change, water use and community conflicts) have the potential to impact our operations and financials, we integrate sustainability risks into our overall risk management approach to achieve our business objectives.

Hudbay's enterprise risk management (ERM) process ensures alignment across the organization in identifying, analyzing and mitigating existing and emerging strategic risks facing our business. Our ERM process is designed to embed effective risk management practices and tools into our culture, systems and processes.

Our Board of Directors provides oversight of our risk management approach. The Board reviews the Company's principal risks and, with the assistance of the Audit Committee, implements policies and oversees 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, 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 risk management process supports Hudbay's commitment, throughout the mine lifecycle, to conduct our activities under the precautionary approach – a risk management principle that calls for preventive actions when an activity has the potential to pose a risk to human health or the environment. In applying this principle, we consider preventive action 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 assess risks and develop action plans 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

Hudbay has plans and procedures to ensure business continuity in the event of a crisis or emergency. Each business unit maintains a crisis management and preparedness plan that helps 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 are expected to conduct regular training and exercises to maintain a state of readiness.

We activated crisis management plans in the business units and at the corporate level in early March 2020 once the spread of the COVID-19 virus reached pandemic levels. In November 2021, we stood down our corporate crisis activities as the management activities and controls we put in place at our corporate office and at our operations have been tested and proved adequate through several cycles of the pandemic.

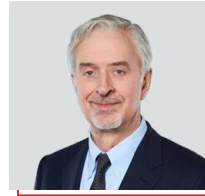
For the 2021 self-assessment against the TSM Crisis Management Protocol, we did not meet the indicator requirement for completion of lessons learned with respect to crisis planning and communications. We have now completed and documented a review of our COVID-19 and fatality responses, and we are revisiting the assignment of responsibilities to better ensure we are documenting lessons learned in the future.

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, develop strategies and carry out those strategies in a safe and responsible manner.

As of May 1, 2022, the following were members of Hudbay's management team:



PETER KUKIELSKI

President and Chief Executive Officer



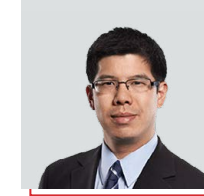
STEVE DOUGLAS

Senior Vice President and Chief Financial Officer



ANDRE LAUZON

Senior Vice President and Chief Operating Officer



EUGENE LEI

Senior Vice President, Corporate Development and Strategy



PETER ADAMEK

Vice President, Finance



CANDACE BRÛLÉ

Vice President, Investor Relations



ROB CARTER

Vice President, Manitoba Business Unit



DAVID CLARRY

Vice President, Corporate Social Responsibility



JAVIER DEL RIO

Vice President, South America and USA Business Units



PATRICK DONNELLY

Vice President and General Counsel



JON DOUGLAS

Vice President and Treasurer



ELIZABETH GITAJN

Vice President, Risk Management



OLIVIER TAVCHANDJIAN

Vice President, Exploration and Technical Services

Learn more:

- [Management team biographies](#)

2021 was a year of investment and delivery for Hudbay, as we successfully completed our short-payback, high-return investments at Pampacancha and New Britannia. These and other achievements have placed Hudbay at an inflection point, and we are positioned to provide our stakeholders with significant value in the coming years.

 Haul Road, Constancia

BUSINESS AND FINANCIAL REVIEW

TECHNOLOGY SNAPSHOTS



Eyes in the Sky for Safety and Biodiversity

At our operations in Peru, the team uses drones, equipped with cameras and two-way radios, to monitor our property, to ensure we are aware of anyone crossing into our perimeter (for both safety and security reasons), and to track animals and plant species as part of our commitment to preserving biodiversity.



Preparing Drone, Constanca

In Peru, despite the challenges of a change in government, social pressure and the continuing impact of COVID-19 on our workforce, the team successfully navigated this environment, realizing our copper production guidance and exceeding our gold production guidance. In addition, the successful ramp-up of Pampacancha, which achieved first production in April 2021, made a significant contribution to our attaining higher gold production than planned in 2021 and put us on track for mining higher copper grades in 2022.

Our updated mine plan for Constanca, released in March 2021, reflects an increase in copper and gold production from 2022 to 2025 as higher grades from Pampacancha enter the mine plan. The plan also incorporates higher-grade reserves from the Constanca Norte pit extension, which extended the higher-grade profile to 2028. This resulted in an increase of approximately 11% in contained copper and 12% in contained gold over the prior year's reserves.

In Manitoba, we continued to shift our operational focus toward Snow Lake while we prepared for closing the 777 mine. We achieved our 2021 guidance for full-year copper production; however, Manitoba zinc production was below 2021 guidance, primarily due to higher dilution and mine plan limitations at the 777 mine as it approaches closure.

We also updated our Snow Lake mine plan in March 2021. Planned enhancements include increased recoveries and throughput at Stall, the conversion of additional resources to reserves at Lalor, expanding Lalor to 5,300 tonnes per day by 2023, and mining zinc reserves from the 1901 deposit starting in 2026. Driven by these initiatives, annual production of gold, copper and silver is expected to increase by 18%, 35% and 27%, respectively, from 2022 to 2027 compared to the previous mine plan.

Refurbishment of the New Britannia mill was completed ahead of schedule, with first gold production achieved in August. In October, we both completed construction of a new copper flotation facility and achieved first production of copper concentrate. New Britannia attained commercial production in November.

In the US, we discovered seven deposits at Copper World on our wholly owned private land adjacent to Rosemont in Arizona. By year's end, we announced a larger mineral resource at a higher classification than initially expected.

In April 2021, we released the initial preliminary economic assessment (PEA) for the Mason deposit in Nevada. The PEA anticipates a 27-year mine life and production levels that could more than double Hudbay's production profile.

High-quality copper projects in preferred jurisdictions are scarce, and we are uniquely positioned with the Rosemont, Copper World and Mason copper projects in our pipeline. These projects offer incredible leverage to copper and long-term optionality for copper growth.

Key Accomplishments

- Consolidated copper production of 99,470 tonnes and consolidated gold production of 193,783 ounces represented an increase of 4% and 55%, respectively, in 2021 as compared to 2020.
- Achieved 2021 consolidated copper, gold and silver production guidance, while zinc production fell short of the 2021 guidance range.
- Peru copper production met 2021 guidance with strong operating performance in the fourth quarter, aided by the continued ramp-up of Pampacancha.
- Manitoba zinc production was below 2021 guidance, primarily due to higher dilution and mine plan limitations at the 777 mine as it approaches closure.
- Peru gold production reached record annual levels and exceeded the top end of the guidance range in 2021 with the successful ramp-up of the Pampacancha mine.
- Manitoba gold production benefited from the completion of the New Britannia gold mill refurbishment, with the first gold pour achieved in August 2021, followed by the completion of the new copper flotation circuit in October 2021, ahead of the original timelines.
- Full-year consolidated cash cost and sustaining cash cost per pound of copper produced, net of byproduct credits¹, of \$0.74 and \$2.07, respectively, achieved 2021 guidance as inflationary cost pressures were offset by strong byproduct credits.
- Discovered Copper World in Arizona in early 2021 and published an initial mineral resource estimate by the end of the year, which contains a higher-grade, near-surface zone that has the potential to be mined earlier in the mine life.

¹ Cash cost and sustaining cash cost per pound of copper produced, net of byproduct credits, are non-IFRS financial performance measures 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 56 of Hudbay’s Management’s Discussion and Analysis filed February 23, 2022.



 Pit Bulldozer, Constancia

Operations and Financial Summary

OPERATIONS SUMMARY

For the years ended December 31

Production (contained metal in concentrate and doré) ^{1,2}	2021	2020
Copper (000 tonnes)	99.5	95.3
Gold (000 ounces)	193.8	124.6
Silver (000 ounces)	3,045.5	2,750.8
Zinc (000 tonnes)	93.5	118.1
Molybdenum (000 tonnes)	1.1	1.2

¹ Metal reported in concentrate and doré are 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, 2021	Dec. 31, 2020
Cash	\$270,989	\$439,135
Working capital ³	147,512	306,888
Total assets	4,616,231	4,666,645
Total long-term debt	1,180,274	1,135,675
Equity	1,476,828	1,699,806

³ Working capital is determined as total current assets less total current liabilities as defined under IFRS and disclosed on the consolidated financial statements.

Financial Performance (in \$000s, except per share and cash cost amounts)	Dec. 31, 2021	Dec. 31, 2020
Revenue	\$1,501,998	\$1,092,418
Profit (loss) before tax ⁴	(202,751)	(179,089)
Basic and diluted earnings (loss) per share ⁴	(0.93)	(0.55)
Profit (loss)	(244,358)	(144,584)
Operating cash flows before precious metals stream deposit and change in non-cash working capital	483,862	241,863
Production		
Contained metal in concentrate and doré ⁵		
Copper (tonnes)	99,470	95,333
Gold (ounces)	193,783	124,622
Silver (ounces)	3,045,481	2,750,873
Zinc (tonnes)	93,529	118,130
Molybdenum (tonnes)	1,146	1,204
Metal sold		
Payable in metal in concentrate and doré ⁵		
Copper (tonnes)	92,200	88,888
Gold ⁶ (ounces)	168,358	122,949
Silver ⁶ (ounces)	2,427,508	2,585,586
Refined zinc ⁷ (tonnes)	96,435	109,347
Molybdenum (tonnes)	1,098	1,321

⁴ Net loss for 2021 was negatively impacted by an impairment charge of \$193.5 million related to an updated closure plan for our Flin Flon operations. We aim to update our closure plan every five years, and this increase largely reflects higher long-term water treatment costs in Flin Flon. We are committed to our closure plans and to satisfying our obligations.

⁵ Metal reported in concentrate and doré are prior to deductions associated with smelter contract terms.

⁶ Includes total payable gold and silver in concentrate and in doré sold.

⁷ Includes refined zinc metal sold and payable zinc in concentrate sold.

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 copper has the best long-term supply/demand fundamentals in the mining industry and offers shareholders the greatest opportunity for sustained risk-adjusted returns. Through the discovery and successful development of economic mineral deposits, and through highly efficient low-cost operations to extract the metals, we believe sustainable value will be created for all stakeholders.

Hudbay's successful development, ramp-up and operation of the Constancia open pit mine in Peru, our long history of underground mining and full lifecycle experience in northern Manitoba, and our track record of reserve expansion through effective exploration provide us with a competitive advantage relative to other mining companies of similar scale.

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

To ensure that any investment in our existing assets or acquisition of other mineral assets is consistent with our mission and creates sustainable value for stakeholders, we have established a number of criteria for evaluating these opportunities. These include the following:

Sustainability: We are focused on jurisdictions that support responsible mining activity. 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.

Copper Focus: We believe copper has the best long-term supply/demand fundamentals in the mining industry, as the world's copper mine supply will be unable to meet demand from global decarbonization initiatives. 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 investing in long-life, low-cost, high-quality assets that can capture peak pricing of multiple commodity price cycles and can generate free cash flow through the trough of price cycles.

Potential: We consider the full spectrum of acquisition and investment opportunities, from early-stage exploration to producing assets, that offer significant incremental potential for exploration, development and optimization beyond the stated resources and mine plan.

Process: We develop a clear understanding of how an investment or acquisition can create value through our robust due diligence and capital allocation process that applies our technical, social, operational and project execution expertise.

Operatorship: We believe real value is created through leveraging Hudbay's leadership to drive safe and efficient operations and effective project exploration and development.

Capital Allocation: We pursue investments and acquisitions that are accretive to Hudbay on a per share basis. Given that our strategic focus includes allocating capital to 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.

TECHNOLOGY SNAPSHOTS



New Britannia Jameson Cell Flotation Circuit

The recently installed flotation circuit at the New Britannia mill is composed entirely of Jameson Cells. Using air bubbles instead of a mechanical blade to mix air into the flotation circuit, Jameson Cells have no moving parts aside from the pump, reducing costs and maintenance. An innovative design allows for cleaner, more compact and efficient ore separation.



Flotation Circuit, New Britannia Mill

BUSINESS OBJECTIVES FOR 2022

Looking forward to 2022, our goals are to:

- Deliver meaningful copper and gold production growth to generate positive cash flow and strong returns on invested capital
- Accelerate drilling, economic studies and permitting activities for the recently discovered Copper World deposits and identify synergies with Rosemont to unlock value
- Execute the third phase of the Company's Snow Lake gold strategy by optimizing the New Britannia mill, preparing for the ramp-up to 5,300 tonnes per day at Lalor and initiating the Stall mill recovery improvement program
- Progress Constanica's leading efficiency metrics by applying smart technologies to continuously improve operating performance, including sensor-based ore sorting and milling flowsheet enhancements
- Reach community agreements to explore the prospective properties near Constanica
- Transition the Flin Flon operations through orderly closure while further exploring the potential to reprocess tailings in Flin Flon
- Conduct brownfield and greenfield exploration programs in the Snow Lake region, Peru, Arizona, Nevada and Chile for new mineral discoveries
- Define greenhouse gas emissions reduction targets to further enhance the Company's ESG objectives
- Evaluate growth opportunities that meet the Company's stringent strategic criteria and allocate capital to pursue those opportunities that create sustainable value for the Company and its stakeholders



Pit Scooper, Constanica

Business Activities

In 2021, key investments and achievements positioned Hudbay for sustained growth driven by assets within our existing portfolio. On a consolidated basis, our copper, gold and silver production met 2021 guidance; however, production of zinc and molybdenum fell short of our 2021 guidance ranges. Production of gold in Peru exceeded the top end of the guidance range due to strong gold grades from Pampacancha.

Production of gold and silver in Manitoba fell below our 2021 guidance range, primarily due to higher-than-expected grade dilution at the 777 mine during the fourth quarter and the prioritizing of base metal rich zones in the fourth quarter at Lalor while some gold-rich ore was deferred for future processing at New Britannia to achieve higher gold recoveries. Zinc production was impacted by higher dilution and mine plan limitations as the 777 mine approaches the end of life.

- Delivered consolidated copper production of 99,470 tonnes and consolidated gold production of 193,783 ounces, which represented an increase of 4% and 55%, respectively, in 2021 as compared to 2020
- Full-year consolidated cash cost and sustaining cash cost per pound of copper produced¹, net of byproduct credits, of \$0.74 and \$2.07, respectively, achieved 2021 guidance as inflationary cost pressures were offset by strong byproduct credits
- Identified and advanced several growth initiatives across the business
- Maintained our strong sustainability performance

MANITOBA

- Announced phase three of the Snow Lake gold strategy with an anticipated 18% increase in annual gold production – to approximately 180,000 ounces at average cash costs of \$412 per ounce – over the first six full years of New Britannia operating
- Refurbishment of New Britannia gold circuit completed in July with first gold pour in August, ahead of the original schedule; construction of new copper flotation circuit completed in October, followed by a brief commissioning period; commercial production achieved in November 2021
- Production ramp-up strategy underway to increase Lalor's throughput from 4,650 tonnes per day to 5,300 tonnes per day by the end of 2022

- Successfully reached agreements with all six Manitoba unions
- Supported workforce transition in preparation for closure of the 777 mine and related activities in June 2022
- Conducted surface and underground drilling activities at 1901 to expand mineralization and test extensions of the copper-gold feeder zone
- Initiated confirmatory drill program on Flin Flon tailings facility to support the evaluation of the tailings reprocessing opportunity

PERU

- Finalized land user agreements at Pampacancha in order to gain land access to begin development and achieve first production in April
- Annual gold production increased by 306%, exceeding the 2021 guidance range, due to the successful ramp-up of Pampacancha; Pampacancha on track to achieve higher copper grades in 2022
- Increased Constancia's copper reserves by 11% and gold reserves by 12% with the inclusion of newly discovered Constancia Norte near the Constancia pit
- Updated Constancia mine plan increased annual copper production to 102,000 tonnes at cash costs of \$1.18 per pound over the next eight years
- Pursued ongoing drilling and scoping study activities to evaluate further upside at Constancia Norte from the potential underground mining
- Signed new collective bargaining agreement with the union at Constancia
- Advanced exploration agreement discussions with nearby communities on prospective properties near Constancia
- Continued drilling at Llaguen with confirmatory phase of program totaling over 7,000 metres in 16 holes

¹ Cash cost and sustaining cash cost per pound of copper produced, net of byproduct credits, are non-IFRS financial performance measures 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 56 of Hudbay's Management's Discussion and Analysis filed February 23, 2022.

UNITED STATES

- Copper World project discovered in early 2021 with the identification of four deposits, followed by an extensive drill program that expanded the mineralization to seven deposits by September
- December 2021 initial resource estimate for Copper World includes indicated resources of 272 million tonnes and inferred resources of 142 million tonnes at 0.36% copper
- Successfully expanded our private land package and now hold over 4,500 acres to support a potential operation entirely on private land
- Initiated state-level permitting on private land in Arizona for Copper World
- Expect to publish Copper World PEA in the first half of 2022
- Published PEA for Mason in April 2021, anticipating a 27-year mine life and potential production level that could more than double our annual copper production
- Continued to seek ways to unlock value at Rosemont while awaiting the outcome of litigation

CORPORATE

- Continued to keep people and communities safe by maintaining COVID-19 protocols in all operations
- Andre Lauzon appointed as Chief Operating Officer as part of our succession planning
- Initiated work on our Greenhouse Gas Reduction Roadmap, which will be published in 2022, to set our GHG reduction pathway
- Strengthened balance sheet with the issuance, in March 2021, of new senior notes that lower our interest rate by more than 3%
- Renegotiated our revolving credit facilities in October to increase the size to \$450 million, lowered the interest rate and extended the term, which provides significant financial flexibility



 Zinc Casting, Flin Flon

Financials

In 2021, Hudbay achieved consolidated copper, gold and silver production guidance, while zinc production fell short of the 2021 guidance range.

Peru copper production met 2021 guidance expectations with strong operating performance in the fourth quarter, including the continued ramp-up of Pampacancha. Manitoba zinc production was below 2021 guidance, primarily due to higher dilution and mine plan limitations at the 777 mine as it approaches closure. Hudbay's full-year revenue for 2021 was \$1,502.0 million, \$409.6 million higher than 2020, primarily due to higher copper and gold sales volumes and higher copper and zinc realized prices, partially offset by lower zinc sales volumes. Cash generated from operating activities increased to \$383.8 million in 2021 from \$239.5 million in 2020. Operating cash flow before precious metals stream deposit and changes in non-cash working capital increased to \$483.9 million from \$241.9 million in 2020. The increase is the result of higher realized base metal and molybdenum prices and higher sales volumes of gold and copper, partially offset by lower zinc sales volumes. Full-year consolidated cash cost and sustaining cash cost per pound of copper produced, net of byproduct credits¹, of \$0.74 and \$2.07, respectively, achieved 2021 guidance as inflationary cost pressures were offset by strong byproduct credits.

¹ Cash cost and sustaining cash cost per pound of copper produced, net of byproduct credits, are non-IFRS financial performance measures 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 56 of Hudbay's Management's Discussion and Analysis filed February 23, 2022.

[Consolidated Financial Statements](#)

[Management's Discussion and Analysis](#)



How we manage the social, environmental and economic risks, impacts and opportunities associated with our activities directly correlates to the Company's success, both in the short and long term. Living our values helps us meet stakeholder expectations, build stronger relationships with key stakeholders and make Hudbay a more sustainable company.

 Konuto Reclamation, Flin Flon

\$87.6 million
spent with local suppliers

17%
of workforce is female

AA level
rating across all TSM Tailings
Management Protocol indicators
in both Manitoba and Peru

SUSTAINABILITY APPROACH

Technology Advances at Lalor Enable a Better, Safer Mine

At our Lalor underground mine in Manitoba, we are employing multiple technology initiatives that go beyond productivity improvements to create an overall better, safer mine.

In 2021, Lalor implemented a better process to manage each shift, called Short Interval Control. This process is enabled by near real-time data produced by the Mobilaris Mining Intelligence™ technology solution and is put into action by a new Mine Coordinator role, operating in the mine control room. The technology solution, which has several operating efficiency benefits, allows us to monitor our underground operation remotely via video in a control room from which the coordinator can see where all the equipment is located, be alerted to any bottlenecks or traffic congestion issues, recognize issues sooner and respond sooner with better information, or help avoid issues altogether. This capability has also been provided to supervisors at their request, as it helps people underground to find the equipment they need more quickly. With this solution, miners spend more time on value-added activities with fewer barriers in the way of their work.

A related initiative, Mobilaris Onboard™, was launched in 2021. Installed on smart tablets, the technology uses Google Maps/GPS-style search and navigation to show

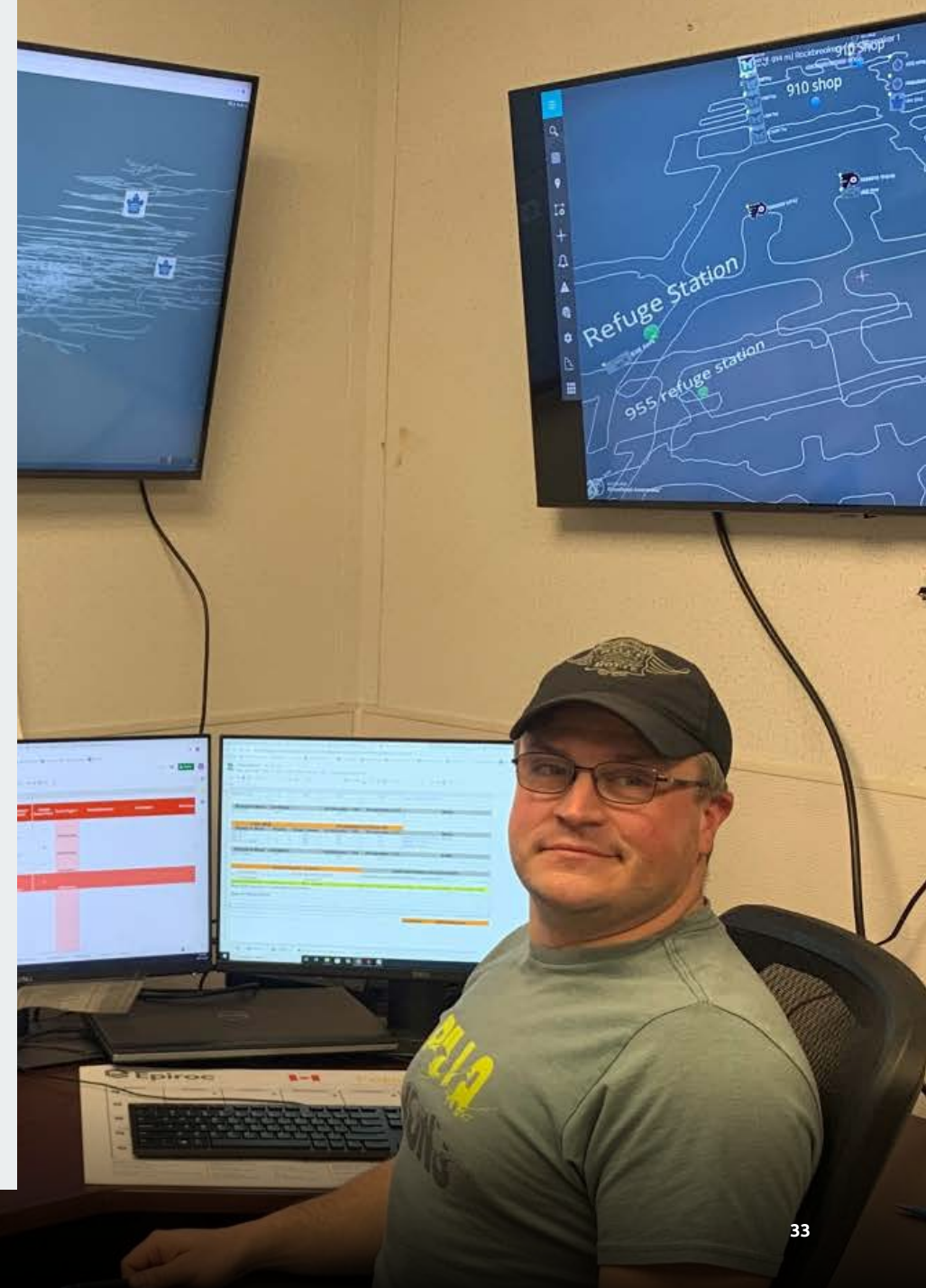
operators where they are in the mine on a 3D map that provides the ability to search and navigate to any point of interest in the mine. The system also provides operators with advance notice of any vehicles approaching their location, along with a quick link to find the nearest refuge, if they have to get out of the way or find emergency shelter for some other reason.

We installed the technology based on two years' worth of health and safety data, which shows that 8% of all Lalor safety incidents were vehicle on vehicle. In the future, more functionality will be added to the Onboard technology, which is currently functioning in 62 vehicles at Lalor.

Another important technology we began deploying during the year is tele-remote mucking, which allows the mucker to mine out a stope and move material to an underground ore pass while the person operating the mucker is located on the surface of the mine away from any mining hazards. In 2022, we plan to expand our tele-remote equipment to include Simba longhole drills. These are blast hole drills, and with the tele-remote technology, the longhole operator can operate the drill from the surface rather than being exposed to the hazards present in the stopes while drilling blast holes.



Control Room, Lalor



Transforming Mining into Sustainable Development

In 2018, the International Council on Mining and Metals (ICMM) published a report – [Social Progress in Mining-Dependent Countries: Analysis through the lens of the SDGs](#) – that analyzed the socio-economic progress and improved well-being of citizens in mining-dependent countries (MDCs) between 1995 and 2015. The study examined a set of metrics grouped under 12 of the UN Sustainable Development Goals (SDGs) and found that across 78% of the metrics, life in these countries has improved.

Among the MDCs (which are defined by the percentage of exports and gross domestic product coming from mining) with the biggest relative improvement is Peru.

Hudbay recognizes that our mining activities can be a powerful force for development, especially in countries where mining plays a significant role in the economy. At our Constancia operation in Peru, socio-economic development considerations are integrated into all stages of the mine life and across all levels of the business. Our goal is for the communities near our operation to benefit from our presence and to continue to thrive long after our operations cease. At Constancia, we work to contribute to this

goal by providing meaningful jobs, supporting livelihoods, developing skills, improving education and investing in infrastructure the communities want and need.

In 2021, ICMM published an [update](#) that extends the analysis in the 2018 report to further explore how socio-economic development has progressed in the MDCs and the extent to which governance has influenced outcomes. The update concluded that the higher the quality of natural resource governance, the greater the socio-economic progress.

Initiatives such as the [Extractive Industries Transparency Initiative](#) (EITI) support the efforts to fight corruption, improve transparency and accountability, and strengthen resource governance to unlock better socio-economic outcomes. As a member of the Peruvian Mining Society, we support the EITI process in Peru and efforts to promote better resource governance so that the full range of benefits from mining are captured for the people of Peru and used to foster continued development and social progress.



Cullahuata Dairy Processing Plant, Chumbivilcas

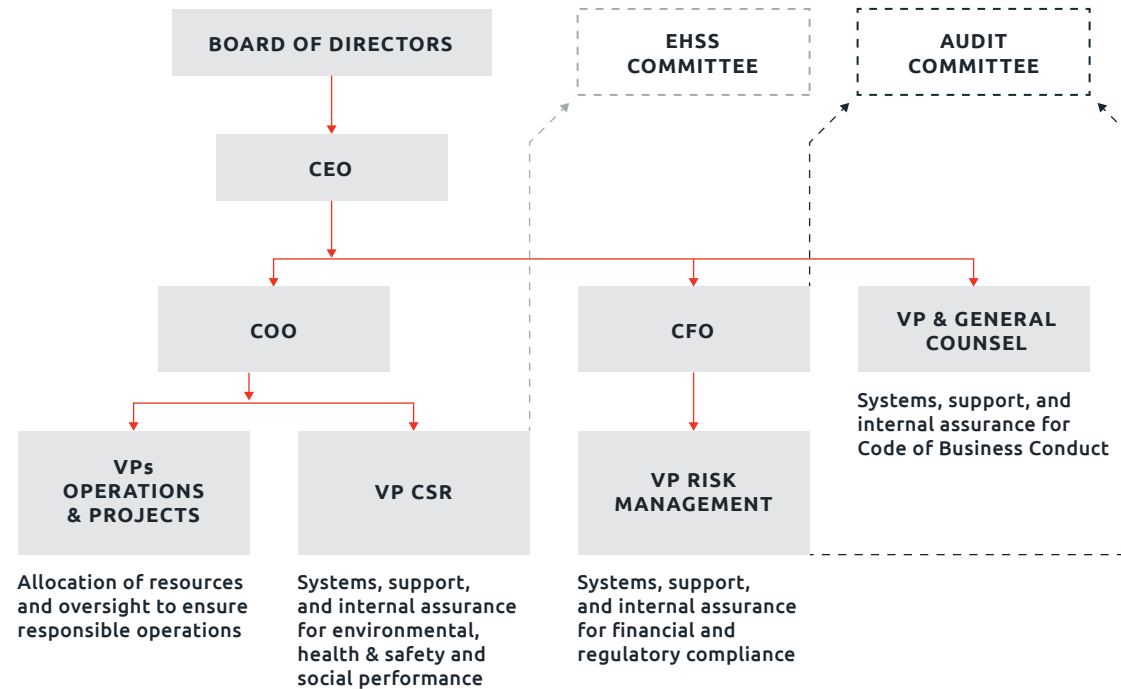
Sustainability Governance

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

The Board’s Environmental, Health, Safety and Sustainability (EHSS) Committee provides detailed oversight of the Company’s human rights, social, environmental, health and safety policies, programs and systems on the Board’s behalf. The Committee meets quarterly to review the Company’s performance and management of key EHSS risks, and tracks the effectiveness of Hubday’s management systems through the certification and TSM performance assessment processes. Our Vice President, Corporate Social Responsibility is accountable 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 personnel dedicated to the day-to-day management of health, safety, environmental, community relations and other social and human rights matters.

Hubday’s ability to achieve our business objectives is supported by the policies, processes and procedures that make up our management systems across all functions. Our Sustainability Management Framework establishes the foundation for operating in an environmentally and socially responsible manner. Hubday’s [Code of Business Conduct](#), [Human Rights Policy](#), [Environmental Health and Safety Policy](#), [Supplier Code of Conduct and Ethics](#) and recently published [Customer Code of Conduct and Ethics](#) state our social, environmental and ethical commitments across our business, including our supply chain.

SUSTAINABILITY MANAGEMENT FRAMEWORK



Each operation has 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 2021, both our Manitoba and Peru business units maintained ISO 14001 and 45001 certifications throughout the year.

Our business units are responsible for setting objectives, identifying risks and providing assurance to leadership and the Board that EHSS matters are being managed appropriately. One tool we use to support 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. In Arizona, Nevada and Manitoba, we also use Intelx to support permitting requirements.

Our management systems require that we identify our legal, regulatory and other requirements and commitments. Through our voluntary membership in the Mining Association of Canada (MAC), we are required to participate in MAC's 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 assessments at the site level.

Increasingly, the TSM program is being recognized as global best practice. Today, mining associations in nine other countries – Argentina, Australia, Botswana, Brazil, Colombia, Finland, Norway, the Philippines and Spain – have adopted the program, and other countries are considering its adoption. In 2021, MAC published the [TSM Responsible Sourcing Alignment Supplement](#), which maps the TSM processes to emerging performance frameworks, including the International Council on Mining and Metals (ICMM) Mining Principles (MPs), the World Gold Council's Responsible Gold Mining Principles (RGMPs), and the Responsible Minerals Initiative (RMI) Risk Readiness Assessment (RRA), which includes the International Copper Alliance and 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:

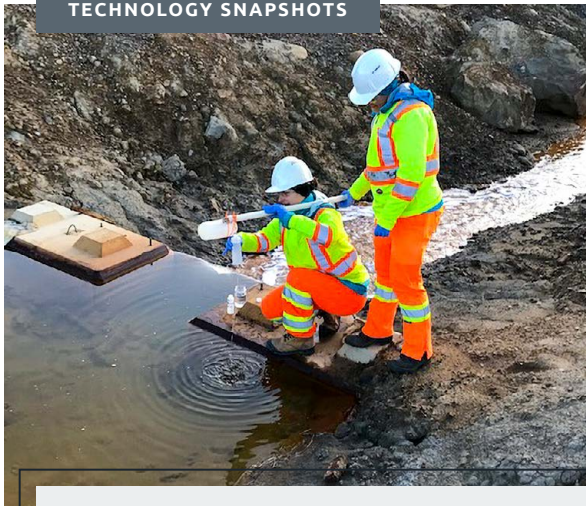
- Biodiversity Conservation Management
- Energy and GHG Emissions Management (revised to Climate Change beginning with 2022 assessments)
- Crisis Management and Communications Planning
- Indigenous and Community Relationships
- Prevention of Child and Forced Labour
- Safety and Health
- Tailings Management
- Water Stewardship

TSM also has a Mine Closure Framework to ensure TSM participants develop and maintain robust closure plans and engage with communities of interest on closure activities. In 2021, MAC's Board of Directors approved a scope of work for developing an eighth protocol for Equity, Diversity and Inclusion (EDI). The development of this protocol is expected to take place in 2022.

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 development and implementation via an independent Community of Interest Advisory Panel
- Encouraging and supporting continual performance improvement

TECHNOLOGY SNAPSHOTS



Managing Sulfur Impacts through Genomics

In Flin Flon, Hudbay is partnering with an international research team, headed by the University of Toronto's Dr. Lesley Warren, in testing processes that use biologically based techniques to monitor and manage sulfur compounds in mine waste water and tailings impoundment facilities. The techniques developed in this research provide faster and more accurate monitoring of water quality at a lower cost.



Sulfur Testing, Flin Flon

Although our MAC membership only requires us to implement the program at our Canadian operations, we have implemented it at all operations. Assessments assign a rating based on a five-level scale (from C to AAA). Our goal is for each facility to achieve at least a level A rating (considered good performance and evidence that commitments and accountabilities are in place and consistent with the protocol) across all indicators.

A Hudbay representative serves on MAC's federal review task force, which works to ensure public policy impacting the mining industry is both protective of people and the environment and implementable in real-world situations. In 2021, David Clarry, Hudbay's Vice President of Corporate Social Responsibility, was elected as Chair of MAC for a two-year term.

INTERNATIONAL SYSTEMS AND PERFORMANCE STANDARDS

To inform our sustainability programs and improve our performance, we apply the following international best practice standards.

INTERNATIONAL SYSTEMS

- [ISO 14001](#) environmental management systems 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.

Transparently disclosing our sustainability performance is good business, and essential to earning and maintaining stakeholder trust. Hudbay voluntarily participates in the following environmental, social and governance (ESG) disclosure frameworks and programs.

INTERNATIONAL REPORTING STANDARDS

- [Global Reporting Initiative \(GRI\)](#) – an independent, international organization that provides the world's most widely used standards for sustainability reporting, known as 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 water use, biodiversity impacts 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
- [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

The disclosures in this report have been mapped to the GRI, the SASB Metals & Mining industry standard and the TCFD.

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 Chamber of Commerce & Industry
- Arizona Mining Association
- Arizona Small Business Association
- Arizona Trails Association
- Several Arizona Chambers of Commerce – Greater Vail Area, Green Valley/Sahuarita, 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 Perú Canadá
- Canadian Council for Aboriginal Business
- Canadian Institute of Mining, Metallurgy and Petroleum and relevant societies
- Catalyst Accord 2022 and the 30% Club
- Coalition for Energy Efficient Comminution (CEEC) (an international, not-for-profit, registered charity committed to sharing energy-efficient mining and mineral processing solutions)
- 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)
- Flin Flon and District Chamber of Commerce
- Instituto de Ingenieros de Minas del Perú (Peruvian mining engineers association)
- 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)
- Nevada Mining Association
- Nogales–Santa Cruz Chamber of Commerce
- Saskatchewan Mining Association
- Snow Lake Chamber of Commerce
- Sociedad de Comercio Exterior del Perú – COMEX (Peruvian business association made up of the largest export and import companies)
- 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
- Yerington Chamber of Commerce

Human Rights and Security

Hudbay's values state our expectation to treat each other with dignity and respect and contribute to the well-being of people. 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.

Respecting the dignity of all people includes valuing their culture, customs and traditions. 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 for anyone who is impacted. The framework we use to identify and mitigate social, security and human rights risks is anchored in the principle that respecting human rights is foundational to managing social risks and opportunities. The guidance materials that support the framework ensure we mitigate impacts, employ security practices that are informed by a thorough understanding of community concerns, engage communities and key stakeholders, and continuously improve 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 individuals and communities. The framework and guidelines provide a consistent structure and expectation for the scope of this area of risk management while allowing sites to develop a process applicable to the local context.

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 of this report. In 2021, there were no human rights issues raised or reported through our Board, hotline, site grievance mechanisms or external agencies.

SECURITY PRACTICES

Our Security Policy and Corporate Plan incorporates the commitments in our Human Rights Policy and details how we assess risks, provide a secure work environment, and protect our employees, contractors and physical assets. Our goal is to take a measured approach and respond appropriately to security threats while reducing conflicts and building trust with communities and other stakeholders.

The Security Policy and Plan includes an assessment to rank the security risk level of each operation, while detailed risk assessments at each location 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

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

In 2021, there were three community protests near our Constanca operation, with one in March that involved protestors attempting to enter the mine site. Our agreement with the Peruvian National Police prevents Hudbay security personnel from engaging with community protestors, so during these incidents the National Police were responsible for handling the protestors. Hudbay's community relations team in Peru reached out to the relevant stakeholders to establish a dialogue table to discuss the protestors' concerns. We detail the outcomes of the dialogue table in the [Our People](#) section of this report.



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](#).

 Hudbay-Supported Greenhouse, Peru

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 can result in catastrophic impacts to people 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 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 Industry Standard on Tailings Management (GISTM), which was developed through a collaboration between the International Council on Mining and Metals and several investors and civil society groups.

MAC provided extensive support to the GISTM creators and engaged with global institutional investors to define how TSM aligns with the GISTM. The TSM Tailings Management Protocol is recognized as being at a more advanced stage of implementation, particularly in its well-established verification processes, and there is agreement among key investors that a company that maintains level A or higher in all TSM indicators and ensures tailings facilities are constructed in accordance with the Canadian Dam Safety Guidelines would be accepted as equivalent to following the GISTM. The protocol's five performance indicators measure the implementation level of the following practices:

- Tailings management policy and commitment
- Tailings management system and emergency preparedness
- Assigned accountability and responsibility for tailings management
- Annual tailings management review
- Operation, maintenance and surveillance

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

Our requirement is for both of our business units to maintain a level A or higher rating for the protocol, and in the latest TSM assessment against the protocol, both business units received AA-level ratings 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.

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 Hudbay's Board on any issues related to tailings management. 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 implementation of appropriate processes to carry out the required third-party reviews and provide information to the AEO.

TECHNOLOGY SNAPSHOTS



Monitoring Tailings Facilities with Electronic Sensors

Mill tailings from processing activities at Constanica are safely stored underwater in a tailings management facility near the mine. An array of electronic sensors throughout the facility, operating 24/7/365, provide the mine's control tower with continually updated reports on rain impact, water levels, depth and drainage.



Tailings Management Facility, Peru

Key third-party roles include the following:

- **Independent peer review board (IPRB)** – a panel of qualified and experienced individuals, who have not been directly involved with the design or operation of the facility, evaluates the technical aspects of TSFs at least annually (and typically twice per year – one being a site visit and the other a teleconference) throughout the mine lifecycle.
- **Engineer of record (EOR)** – a qualified individual who carries out the design and 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** – an external expert 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 at our operating sites assess compliance with our Tailings Governance Charter and the TSM protocol. The review findings are reported to our Board.

ON-THE-GROUND APPROACH TO TAILINGS STEWARDSHIP

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

There were no incidents at any of our TSFs that threatened human health or the environment during the year.

In our Manitoba Business Unit, we initiated the third and final phase of a three-year \$60 million dam investment project to improve the Flin Flon Tailings Impoundment System's (FFTIS) factor of safety (FOS) – a metric used by engineers to measure the structure's robustness against unexpected events. The upgrades incorporate recommendations from Hudbay's 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 third phase involves bringing all 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 were completed in 2021, with the three remaining structures on track to be completed in 2022.

Community members and other local stakeholders were kept apprised of the dam stabilization work.

At our Snow Lake operation, our environment and operations teams work together to monitor the capacity of the Anderson tailings impoundment area (TIA) to ensure it can accommodate increased production from our Lalor mine. Any dam expansion projects will use the downstream construction method.

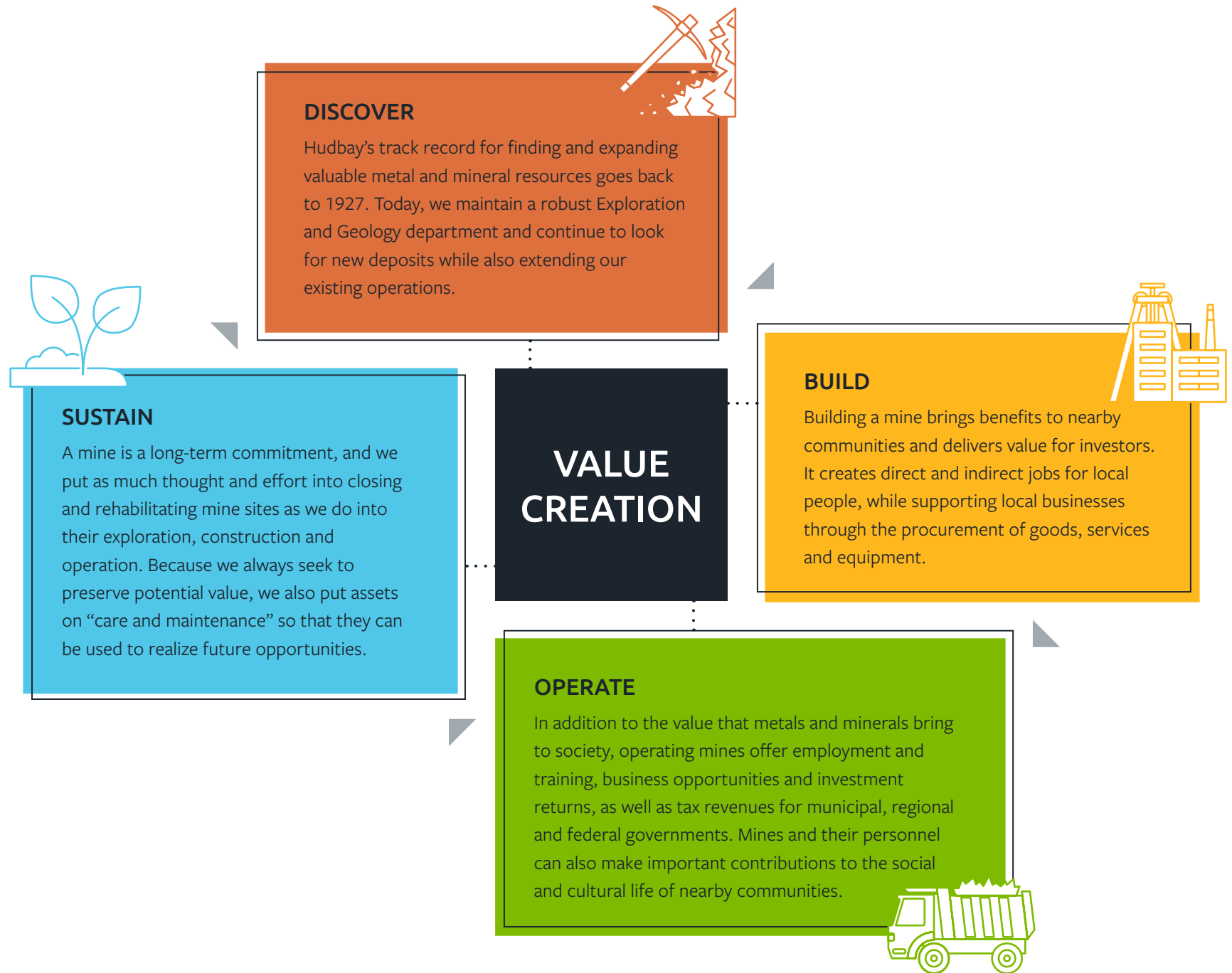
In Peru, we conducted an external audit of our tailings facility, which resulted in an improved TSM level rating across all indicators.





Anderson Tailings Pond, Flin Flon


Value Creation

By leveraging our expertise across the mining cycle, from exploration to closure, Hudbay creates value for communities, employees, investors and others. We've been doing it for close to a century and are positioned to continue delivering value beyond financial returns for decades to come. Included here are some of the actions taken in 2021, and ways that Hudbay creates value for stakeholders across its operations and the mining lifecycle.



 <p>HOW EXPLORATION CREATES VALUE</p>	Activities	Value Creation Examples
	<p>Conducted greenfield and brownfield explorations in Manitoba, Arizona, Nevada, Peru and Chile</p>	<ul style="list-style-type: none"> • Successful exploration over the years has increased Constancia's copper reserves by 112% and Snow Lake's gold reserves by 155%, consistently extending the life of each mine well beyond 15 years • At Copper World, defined resource and confirmed economic viability of seven deposits from initial 2020 discovery • Hired locally to support in-house exploration teams • Leased and purchased equipment, services and supplies from local vendors • Establish environmental baselines to help plan for and minimize impact of future operations

 <p>HOW CONSTRUCTION CREATES VALUE</p>	Activities	Value Creation Examples
	<p>Expanded operations at Snow Lake, including the refurbishment of the New Britannia mill, and Constancia</p>	<ul style="list-style-type: none"> • Created employment and business opportunities for local people, contractors and suppliers, with specific outreach to Indigenous communities
	<p>Support expansion of Snow Lake community to house new employees</p>	<ul style="list-style-type: none"> • Invested \$2 million in Snow Lake area • Developed new housing for employees, and supported upgrades to the town's water and waste water infrastructure

 <p>HOW TO SUPPORT POST-CLOSURE VALUE</p>	Activities	Value Creation Examples
	<p>Applied TSM Mine Closure Framework to all operations</p>	<ul style="list-style-type: none"> • Land returned, as far as possible, to pre-mine natural state, and made available for new purposes
	<p>Carried out progressive rehabilitation</p>	<ul style="list-style-type: none"> • Rehabilitated 66.14 hectares at Constancia since 2015, and made enhanced natural habitat available for native plants and animals
	<p>Flin Flon mill placed on care and maintenance after 777 mine closure</p>	<ul style="list-style-type: none"> • Maintained equipment and infrastructure to be available for future use, creating investment and employment opportunities • Established a memorandum of understanding for how we transition employees from the Flin Flon operations to Snow Lake • Encouraged economic development and diversification in Flin Flon and area by sponsoring a third-party economic advisor to work with the community • Provided financial support for Flin Flon-based economic development officer

 <p>HOW MINE OPERATIONS CREATE VALUE</p>	Activities	Value Creation Examples
	<p>Operate large-scale mines in Manitoba and Peru</p>	<ul style="list-style-type: none"> • Produce copper, gold, silver, zinc, molybdenum and other metals and minerals for commercial and industrial uses • Metals and minerals that create value for society at large • Revenues from mine operations generate returns that help to fund current and future activities, and also deliver value for investors • Bring employment and mine-related business opportunities to communities near our operations
	<p>Provide full-time employment at our offices and operations</p>	<ul style="list-style-type: none"> • Paid \$249.4 million in wages and benefits • Commitments and policies that support diverse and inclusive work environments across our operations
	<p>Help people acquire skills and build their careers</p>	<ul style="list-style-type: none"> • "Hatun Warmi", a program to train local women in operating mine equipment, at Constancia • Training programs to help Flin Flon-based employees build skills for transition to employment at Snow Lake • Employees and contractors spent more than 100,000 hours in safety and health training courses
	<p>Community investment aimed at communities and Indigenous peoples near our operations</p>	<ul style="list-style-type: none"> • Over \$8.2 million invested to support programs aimed at building skills and capacity in local employee base that will meet immediate needs at Hudbay's operations and, through applications beyond mining, provide long-term benefits to communities and individuals • Awarded approximately \$67.2 million to Indigenous businesses in northern Manitoba and northwest Saskatchewan • Began construction on the first water harvesting structure for the Chilloroya community • In Peru, 94% of our spending was with nationally based suppliers • Support education and training initiatives for young people everywhere we operate

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. Over the past two years, the COVID-19 pandemic has impacted our ability to engage with some of our stakeholders. Many of our engagement activities have shifted from face-to-face to virtual, but for those stakeholders who live in areas where internet connectivity and access to computers is limited or non-existent, we have had to pause many planned activities. We plan to re-engage with those stakeholders as soon as they wish to do so.

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.



 Community Stakeholders, Peru

2021 ENGAGEMENT ACTIVITIES AND TOPICS

The following table lists key stakeholders and how we engaged with them in 2021:

Stakeholder group	Key topics/concerns raised	Engagement mechanisms	Examples of engagement in 2021
Shareholders, debtholders, investors and analysts	<ul style="list-style-type: none"> • Production growth from Pampacancha and New Britannia completed investment programs • Copper World exploration and development plans • Upcoming closure of the 777 mine, and potential tailings reprocessing opportunity in Flin Flon • Rosemont legal cases • Exploration updates • Mergers and acquisitions • Political and social context in Peru • Tailings facility safety 	<ul style="list-style-type: none"> • Industry conference participation (20 events) • Investor meetings and presentations, road shows and conference calls (over 250 events) • Virtual webcast presentations (two events) • Virtual Annual General Meeting of Shareholders • Tours of mining operations and project sites • Board-shareholder engagement • Website, news releases and other public disclosures 	<p>Conducted an investor perception study to understand investor views of strategy, management team strengths and performance of investor relations program.</p> <p>Inaugural virtual investor day in April 2021 attended by over 100 participants.</p> <p>Hosted an analyst and investor site visit to our Snow Lake operations.</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 • Compliance with environmental requirements • Training for policies, permits or other requirements • Diversity, equity and inclusion 	<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>Conducted first enterprise-wide employee engagement survey.</p> <p>Held virtual events, including town halls, to keep employees informed about the business.</p> <p>Details on these and other engagement activities are discussed further in the Our People section.</p>

Stakeholder group	Key topics/concerns raised	Engagement mechanisms	Examples of engagement in 2021
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>Signed new collective bargaining agreements (CBA) with the six unions that represent employees in Manitoba, and engaged union leaders and members on the plan to transition as many people as possible from the Flin Flon workforce to the Snow Lake operations.</p> <p>Signed a new three-year CBA with the union that represents employees in Peru.</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 investments • 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>Established a dialogue table to address stakeholder concerns at Constancia.</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 stakeholder outreach at the new Copper World project in Arizona and launched a dedicated website with project information.</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 environmental, social and governance (ESG) issues most important to stakeholders and our business.

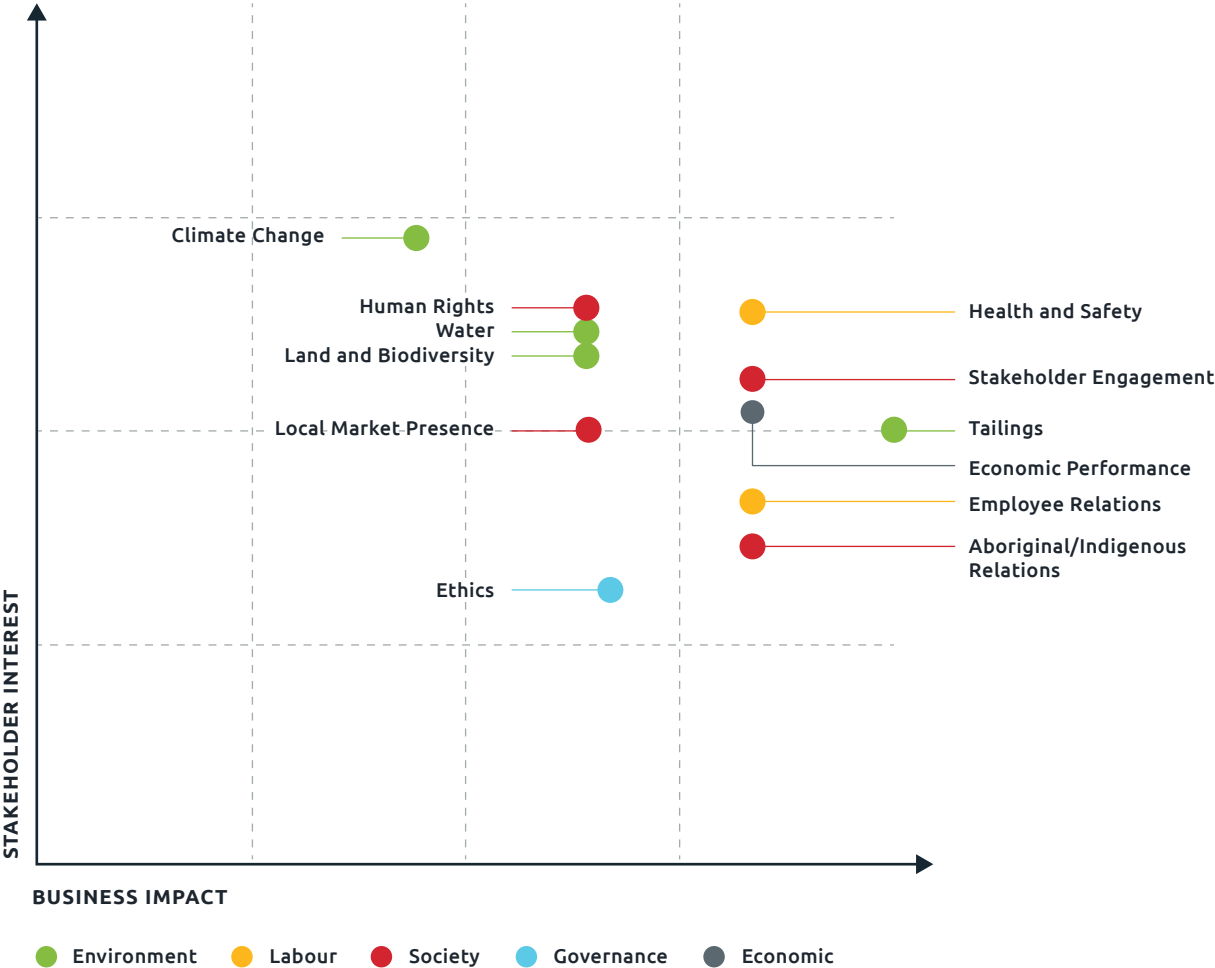
Every three years, we review our priorities to make sure they reflect changes in our business and/or emerging issues. The latest review in 2020 evaluated the environmental, health, safety and community (EHSC) matters that are most significant to Hudbay in terms of business impact and degree of stakeholder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

MATERIALITY MATRIX

During the materiality review, 12 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 behaviours). 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

TECHNOLOGY SNAPSHOTS



Mapping a Mine with 3D Tech

Hudbay equips vehicles at our underground mine Lalor with Mobilis Onboard™. The system uses cab-mounted tablets to display real-time 3D visuals of the mine and incoming traffic, improving mine productivity and worker safety.



Mobilis Onboard System

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

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 in accordance with our Global Supplier Due Diligence Policy. Our legal function conducts due diligence on suppliers with an elevated risk, 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 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). As a condition to doing business with Hudbay, 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
- Comply with all applicable laws, rules and regulations
- Conduct business honestly, ethically and in accordance with social codes
- Comply with anti-corruption laws and inform Hudbay of any conflicts of interest
- Protect confidential information
- Respect human rights and observe Hudbay's Human Rights Policy
- Establish practices and procedures that protect the health and safety of workers and the environment
- Accept Hudbay's supplier due diligence process
- Report suspected violations of the Supplier Code of Conduct and applicable compliance policies by any supplier or Hudbay personnel

We recently introduced a Customer Code of Conduct and Ethics that sets substantially similar standards for our customers. In addition, 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 75% of our spending, and 94% 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 77% of our spending in 2021, and 98% 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.

Hudbay's top 10 suppliers in 2021, representing 37% of procured value, were (in alphabetical order):

CN (CAD)	Epiroc Canada Inc.
Corporación Primax S.A.	Manitoba Hydro
DMS Industrial Constructors Inc.	McKeen's Trucking Service Ltd.
Dumas Contracting Ltd.	Stracon S.A.
Enel Generación Peru S.A.A.	Strilkiwski Contracting Ltd.

The COVID-19 pandemic continued to impact business activities in many ways, including supply chains around the world. Although none of our operations experienced any significant issues related to obtaining critical materials and supplies, we continued to build a more resilient supply chain. Constancia maintained its industry-leading inventory management performance, increasing its inventory accuracy and service level from 95% in 2020 to 97% in 2021 (meaning when an item is needed, it is available 97% of the time), and turning over its warehouse inventory four times per year, which ensures inventory is up to date.

PRODUCTS

We produce copper concentrate, gold and silver doré, cast zinc and molybdenum. All the products we produce are essential in today's society, with the demand for responsibly produced copper growing as the global economy continues to decarbonize, cities grow, and more drivers choose electric vehicles over gas-powered ones.

In 2021, the International Zinc Association, of which Hudbay is a member, released the results of an average lifecycle assessment (LCA) of global special high-grade zinc (SHGZ). The LCA measured the global warming potential (GWP) for zinc production across mining, concentrate transport and smelting. The study found that Hudbay's Flin Flon and Snow Lake operations' GWP to produce SHGZ was significantly lower than the average of all participants in the study. This is largely because both operations source nearly all their electricity from hydropower, as discussed in the [Connected to a Reduced GHG Emissions Future](#) feature story.

Our copper concentrate, zinc metal and silver/gold doré 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 silver/gold doré production from our Canadian operations is sent to a refinery in Canada, and the resulting precious metals are sold to Canadian financial institutions.

The safety data sheets 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 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.



 Community Business in Chilloroya, Peru

United Nations Sustainable Development Goals

Hudbay recognizes the opportunity that the mining industry has to positively contribute to the 17 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 table outlines 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
	Our Feature Stories > Connected to Community
	Business and Financial Review
	Sustainability Approach
	<ul style="list-style-type: none"> Transforming Mining into Sustainable Development
	Our People
	Social Impact
	<ul style="list-style-type: none"> “Hatun Warmi” Program Expands Opportunities for Women in Mining
	Social Impact > Our Approach
	<ul style="list-style-type: none"> Local Hiring and Procurement Community Development
	Social Impact > Manitoba
	Social Impact > Peru
	Social Impact > Arizona and Nevada

Sustainable Development Goals	Link to topic
	Our Feature Stories > Technical Services: Connected to Innovation Sustainability Approach <ul style="list-style-type: none"> Technology Advances at Lalor Enable a Better, Safer Mine
	Social Impact > Our Approach
	Environment
	<ul style="list-style-type: none"> Solid Waste Management Improvements Reduce Impacts on Environment and Lower Costs
	Environment > Our Approach
	<ul style="list-style-type: none"> Water
	Environment > Peru
	Sustainability Approach > Sustainability Governance <ul style="list-style-type: none"> Industry Involvement
	Social Impact > Our Approach
	Our Company > Corporate Governance Our People > Our Approach <ul style="list-style-type: none"> Diversity and Inclusion
	Our People > Peru
	Social Impact
	<ul style="list-style-type: none"> “Hatun Warmi” Program Expands Opportunities for Women in Mining
	Social Impact > Manitoba
	Social Impact > Peru
	Key Performance Data Table (Employees)
	<ul style="list-style-type: none"> Workforce Diversity

Sustainable Development Goals	Link to topic
	<p><u>Environment</u></p> <ul style="list-style-type: none"> Integrating Eco-efficiency into Hudbay's Business Processes <p><u>Environment > Our Approach</u></p> <ul style="list-style-type: none"> Water <p><u>Environment > Manitoba</u></p> <p><u>Environment > Peru</u></p>
	<p><u>Our Feature Stories > Connected to a Reduced GHG Emissions Future</u></p> <p><u>Sustainability Approach > Tailings Stewardship</u></p> <p><u>Sustainability Approach > Responsible Supply Chain</u></p> <ul style="list-style-type: none"> Supply Chain Performance Products <p><u>Environment</u></p> <ul style="list-style-type: none"> Solid Waste Management Improvements Reduce Impacts on Environment and Lower Costs Integrating Eco-efficiency into Hudbay's Business Processes <p><u>Environment > Our Approach</u></p> <p><u>Environment > Manitoba</u></p> <p><u>Environment > Peru</u></p> <p><u>Environment > Arizona and Nevada</u></p>

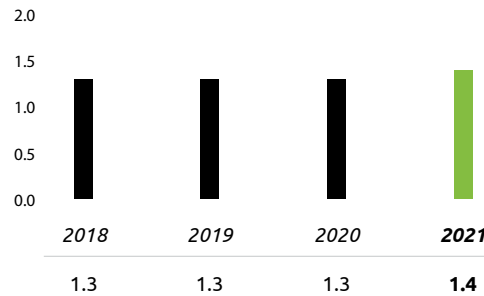
Recognizing that the SDGs represent national-level governmental commitments, we will continue to align our activities with relevant goals and help connect national processes to local needs, as represented in SDG 17 (Partnerships for the Goals).

Sustainable Development Goals	Link to topic
	<p><u>Environment > Our Approach</u></p> <ul style="list-style-type: none"> Land and Biodiversity Closure and Reclamation <p><u>Environment > Manitoba</u></p> <p><u>Environment > Peru</u></p> <p><u>Key Performance Data Table (Environment)</u></p> <ul style="list-style-type: none"> Land Use Sites Requiring Biodiversity Management Plans Habitats Protected or Restored IUCN Red List Species
	<p><u>Sustainability Approach > Human Rights and Security</u></p> <ul style="list-style-type: none"> Security Practices <p><u>Our People > Our Approach</u></p> <ul style="list-style-type: none"> Diversity and Inclusion
	<p><u>Our People</u></p> <ul style="list-style-type: none"> Fall-from-Heights Incidents Bring Greater Attention to Fatality Risks <p><u>Our People > Our Approach</u></p> <ul style="list-style-type: none"> Health and Safety <p><u>Our People > Manitoba</u></p> <ul style="list-style-type: none"> Enhancing Focus on Preventing Fatalities <p><u>Our People > Peru</u></p> <ul style="list-style-type: none"> Keeping People Healthy and Protected Against COVID-19
	<p><u>Our Feature Stories > Connected to a Reduced GHG Emissions Future</u></p> <p><u>Environment</u></p> <ul style="list-style-type: none"> Total Greenhouse Gas Emissions Chart <p><u>Environment > Our Approach</u></p> <ul style="list-style-type: none"> Climate Change

Hudbay's success today and in the future requires that we employ a skilled, high-performance workforce that is representative of the communities where we operate. We strive to provide a work environment where people's skills and strengths strongly connect to their role at Hudbay and where everyone feels a sense of belonging and support for their career goals.

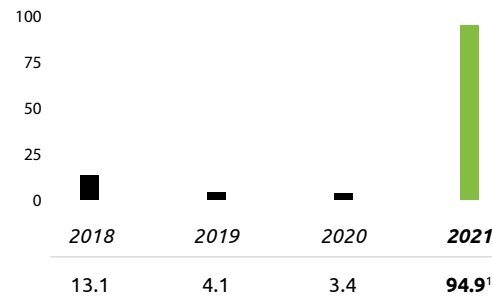
TOTAL RECORDABLE INJURY FREQUENCY

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



LOST TIME INJURY SEVERITY

(days lost per 200,000 hours worked)



¹ In addition to acknowledging our June 2021 fatality through the convention of adding 6,000 days to our lost time injury severity for 2021, this tragic event is also represented in our redoubled efforts around safety culture, training and oversight.

Drone Operators, Constance



15%

Indigenous employment in Manitoba

17%

overall female employment

Hudbay awarded “Best Overall Investor Relations” and “Best IR by a Senior Management Team” in the small-cap category by *IR Magazine*

OUR PEOPLE

Global Employee Engagement Survey Aims to Build Trust and Improve Workplace Culture

Workplaces around the world are experiencing dramatic changes, including labour shortages and notable shifts in what drives employee engagement. To ensure Hudbay is well positioned to continue attracting and retaining top talent, in 2021 we conducted our first global employee engagement survey, asking employees across the Company what they felt is working well in their work environment and what areas could be improved upon.

The surveys were facilitated by a third party to encourage honest feedback, and responses were kept confidential and feedback was aggregated for Hudbay personnel. The questions centred around important engagement topics such as creating a positive and inclusive work environment, meaningful work, manager

effectiveness, and views on Hudbay's leaders. Of the 2,451 employees in Peru, Manitoba, Arizona, Nevada and the corporate office who were sent the survey, 54% responded.

The survey builds on the employee engagement surveys our Peru Business Unit has conducted in the past. For the first time, we will have an organization-wide view of employee feedback and sentiment that we can act on. In 2022, the focus will be on presenting the results to teams, prioritizing the actions needed in both the short and long term, and communicating to employees about what we heard and what we are doing to act on their feedback.



Constancia



Fall-from-Heights Incidents Bring Greater Attention to Fatality Risks

For more than 10 years, Hudbay's operations were fatality free. Tragically, in June 2021 we lost a colleague and friend in an incident at our Lalor underground mine in Manitoba. The incident, a fall from height, occurred during underground mining operations. Following the incident, all underground mining operations at the Lalor mine were suspended during the investigation. The Incident Cause Analysis Method (ICAM) investigation identified several factors, conditions, actions and absent controls that contributed to the accident. The findings and key learnings were then used to develop recommended corrective actions – including sharing the ICAM investigation with all crews, reviewing fall protection requirements with all workers, and creating a better process for communication between supervisors.

In December, our Peru Business Unit recorded its only lost time incident at the mine site in 2021 when a worker was seriously injured after falling without proper fall arrest protective equipment.

We believe these safety incidents are unacceptable and avoidable, and we are continually working to improve safety procedures and understanding at all levels of our operations.

Although their programs differ slightly, both the Peru and Manitoba business units have identified their top fatality risks and the critical controls that need to be in place to prevent a serious incident from happening.

Among the corrective actions recommended in the ICAM investigation were audits on the effectiveness of the controls. In Manitoba, before starting work, everyone must fill out a field risk assessment (FRA) card to identify the hazards in their workspace that could hurt them. The FRAs link to the Life Saving Rules (LSRs), which are controls that must be in place before completing tasks. FRA audits, which have been in place for around a year, have helped workers view the FRA as an important step in keeping them safe rather than an exercise in filling out paperwork. The audits are also an important element of our 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 the LSRs. The audits involve superintendents and other leaders having meaningful, one-on-one safety conversations with team

members who are actively engaged in work. The audit often relates to the work being undertaken, the risks, and the LSRs that keep themselves and others in the workplace safe. The goal is for everyone to undergo at least one audit per year.

In Peru, we conduct both internal and external audits of our occupational health and safety management system and the management of our top safety risks.

Both the fatality in Manitoba and the serious injury in Peru demonstrate the importance of building a culture of safety in the workplace so that everyone has an unwavering focus on identifying serious hazards and ensuring controls are in place to prevent serious incidents from happening.

Hudbay's operations leadership team is planning further examination of our oversight systems to identify where we can refine our systems to further reduce the risk of such events.

Our Approach

HEALTH AND SAFETY

We aim to create a culture of safety where everyone is committed to continuously improving our health and safety performance.

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, an internationally recognized standard for occupational health and safety management systems, and maintain certification throughout the life of the operation.

We conduct annual self-assessments of our performance against the Mining Association of Canada's (MAC) Towards Sustainable Mining (TSM) Safety and Health Protocol. In 2020, the protocol was updated to address the wellness and mental health impacts from COVID-19 and the importance of critical controls in managing fatality risks. Our 2021 assessment was completed in line with the updated protocol.

For the 2021 assessment, our Peru Business Unit achieved an AA level rating or higher across all protocols. Our Manitoba Business Unit achieved a level A or higher across four indicators but received a B level rating for the performance indicator due to the tragic fatality at our Lalor operation. We discuss this incident in more detail in the [Fall-from-Heights Incidents Bring Greater Attention to Fatality Risks](#) feature story.

Regular monitoring, self-assessments and triennial third-party verifications ensure that operations remain in compliance with these standards and protocols, and help 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.

In line with our goal of continuous improvement, we set public safety targets to improve our total recordable injury frequency rate and our lost time injury severity rate.

Our critical control management (CCM) programs help identify the risks and the associated controls that are critical to preventing a serious injury or fatality. We continue to integrate CCM into our overall management systems, practices, values and culture to ensure critical controls are in place and are effective.

Building a culture dedicated to zero harm requires everyone who works at our sites to have the knowledge, skills and equipment needed to work safely. Our leaders are expected to 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. However, the annual competitions were cancelled in 2020 and 2021 due to the COVID-19 pandemic.



 Paste Process Water Tank, Lalor

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 each quarter. Serious and high-potential incidents are investigated in depth to analyze the cause, as well as the critical 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. As the COVID-19 vaccines became more widely available in 2021, we encouraged our workforce to get vaccinated when eligible to do so. We sponsored vaccine clinics for workers and their families in Peru to ensure everyone had access to a vaccine by the time the country's vaccine mandate for all workers in the country took effect on December 15, 2021.

The challenge of the COVID-19 pandemic and its impact on well-being and mental health has increased our focus on programs to help managers recognize mental health issues when they arise and to ensure employees get the proper attention and care. In 2021, our corporate office worked with an external consultant to develop a mental health training program for employees and managers of teams. The training, which was required for managers and voluntary for all other employees, was designed to help people identify when they may need help and where to go for resources. We also increased our mental health benefit at the corporate office to make services from psychiatrists, psychotherapists, social workers, family counsellors and other mental health support services more accessible to employees.

As an active member of the Mining Safety Round Table, we engage with other mining companies throughout the year to work toward eliminating fatalities and major incidents and raising the performance of the entire industry by sharing lessons learned and best practices.

EMPLOYEE RELATIONS

Hudbay offers a wide range of career opportunities that go beyond technical mining roles. To be an employer of choice everywhere we operate, we strive to offer fair wages and compensation, provide meaningful work and opportunities that connect people's career goals to the right roles, and foster a sense of purpose and belonging.

As stated in our [Code of Business Conduct](#), we are committed to responsible workplace and business practices. Our values-based culture fosters a work environment where everyone is treated with dignity and respect. This includes providing a non-discriminatory and harassment-free workplace, not tolerating any form of violent behaviour, and expecting personnel to perform their job duties in a professional manner.

Approximately 1,332 full-time, part-time and contract employees (62% of our employees) 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 seven 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 2021, we conducted our first enterprise-wide employee survey to measure current engagement and satisfaction levels among employees and areas where we need to improve. The findings will be an important tool for implementing programs that improve the overall employee experience and help us attract and retain talent. We discuss this survey in more detail in the [Global Employee Engagement Survey Aims to Build Trust and Improve Workplace Culture](#) feature story.

With many 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” managerial leadership approach supports a highly effective organization that prioritizes the development and career progression of all employees. The system focuses on four main objectives:

- A clear mission, vision and strategy that 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
- Effective working relationships within teams and across functions

 Constanca



A key element of OneHudbay is the rigorous and structured approach to talent management and succession planning. This is being applied by our Manitoba Business Unit as employees and roles transition from Flin Flon to Snow Lake. As well, we enacted our succession plan when our Chief Operating Officer (COO) announced he was leaving the Company in November 2021. Andre Lauzon, who was then serving as Vice President of Hudbay’s Arizona Business Unit, was promoted to the COO role, and Javier Del Rio, Vice President of Hudbay’s South America Business Unit, expanded his responsibilities to include our projects in the US.

Supporting OneHudbay is our Human Resources Management System (HRMS). HRMS includes a set of talent management solutions and robust workforce analytics that we have begun to roll out.

In 2021, we began implementing the career development module in HRMS. This includes a career conversation tool that helps managers have more structured and consistent conversations with direct reports and employees-once-removed (EoRs) to help support career development objectives. The module also lets employees enter their goals and aspirations and what they need to address any skill gaps.

Toward the end of 2021, we explored a learning management system at our corporate office. Beginning in 2022, all learning activities for our corporate workforce will take place on a single common platform. We will first move our compliance training and annual policy certification efforts to the platform, and then aim to extend the system to the business units for operational compliance and professional development training. The goal is to reduce manual processes, improve recordkeeping and deploy training programs faster and to larger groups.

DIVERSITY AND INCLUSION


Our values of dignity and respect, caring, openness and trustworthiness guide our efforts to promote an inclusive workplace, embrace diversity and create a sense of belonging, which makes us a stronger business.

For Hudbay, the term diversity means any trait or characteristic that makes a person unique. This includes, but is not limited to, race, gender, religion, national origin, indigeneity, sexual orientation, communication style, life experience, parental status and other variables that influence personal perspectives. Inclusion, on the other hand, refers to the behaviours and social norms that ensure individuals feel welcomed and included. When diversity and inclusion work together, they increase employee engagement and productivity.



Below-Ground Mucking Guided from the Surface

At Snow Lake, by using a tele-remote apparatus, miners operating from the surface can guide an underground mucking machine or scoop (a type of front-loader) to collect “muck” (broken-up ore or rock) from a stope and transport it to an underground ore pass.

 Tele-remote Mucking

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. This policy seeks to ensure a diverse representation of women (at least 30%) and designated groups (Indigenous peoples, persons with disabilities and visible minorities) among the members of our Board and senior management. 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.

One aspect of this involves enhancing the representation of other designated groups, including Indigenous peoples, on the Board. With this in mind, the Board nominated George Lafond for election as a director at the Company’s annual and special shareholders’ meeting in May 2022. Mr. Lafond is a member of the Saskatchewan Muskeg Lake Cree Nation and has extensive experience as a senior advisor to companies and governments on strategic initiatives leading to First Nations engagement and achievement. The Board believes Mr. Lafond will add important skills, expertise and diversity to the Board and contribute to the Board’s overall effectiveness. At the same time, the Board recognizes that the addition of Mr. Lafond as a director will temporarily reduce the percentage of women directors to below 30%. The Board remains committed to a target for the Company to have at least 30% women directors on the Board as part of its overall commitment to diversity and inclusion.

In 2020, Hudbay President and CEO Peter Kukielski joined more than 250 CEOs across Canada in signing the [BlackNorth CEO Pledge](#), committing to eliminating 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.

To help achieve the objectives outlined in our diversity and inclusion commitments, we established a Diversity and Inclusion Committee, composed of employees in our corporate office, that advises management on diversity, inclusion and equity topics and ideas.

 Lab Room, Flin Flon

In 2021, the committee met several times, developing a committee mandate, drafting a company-wide diversity and inclusion policy, and discussing opportunities, such as a speaker series, to support diversity and inclusion efforts. To commemorate National Indigenous History Month in June, the committee, alongside Hudbay’s Indigenous Liaison Officer, hosted a “lunch and learn” at the corporate office to raise awareness of Indigenous culture.

The committee also allocates a portion of the Company’s charitable investments toward topics that support diversity and inclusion-type goals. In 2021, we donated \$20,000 to Water First, a non-profit that addresses water challenges in Indigenous communities through education, training and meaningful collaboration. This charity was chosen not only because of its positive impact on Indigenous communities, but also because of its close alignment to Hudbay’s vision, mission and values, which recognize that clean water is fundamental to responsible mining.

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

Most of our employees in our Manitoba Business Unit 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 our Snow Lake operations consist of the Lalor mine, Stall mill and New Britannia mill.

At year-end, Flin Flon employed 915 people, and Snow Lake employed 948. Of the employees who work in Snow Lake, 45% live in Snow Lake and the rest commute from other communities (including Flin Flon), staying at the mine's accommodation camp during their shift. Approximately 15% of our employees in Manitoba identify as Indigenous and 20% are women.

MANAGING THROUGH CHANGES AND UNCERTAINTIES

After operating in the Flin Flon area for nearly a century, in 2022 the Flin Flon complex will close, and mining operations will cease. Although our operations in Snow Lake are expanding, the closure of Flin Flon is expected to reduce our workforce in Manitoba from around 1,600 to 1,000 employees.

With this shift, our focus has continued to be on engaging early and often with employees and union leaders to reduce anxieties associated with the changes and minimize impacts.

For most of the year, we were in negotiations with the six unions that represent 76% of the employees in the Manitoba Business Unit, and in September we successfully reached a new collective bargaining agreement without any labour disruptions. We also worked with the union on a memorandum of understanding for how we transition employees from the Flin Flon operations to Snow Lake. As part of the agreement, every employee was provided a job preference sheet, and then we met with everyone to connect preferences with roles. Although those with seniority are given priority, they must also have the necessary qualifications. To support those who may not have the skills needed for their preferred role (e.g., someone who has worked in a processing role wanting to transition to a mining environment), we launched training programs in 2021 (which will continue into 2022) so that they are prepared to transition to their new roles by mid-2022.

An important element of this training involved moving people out of the Flin Flon operations and into Snow Lake. Given all the movement that commenced in late 2021 and is expected in 2022, we shifted our focus from hiring to contracting in the second half of 2021. This has helped us backfill positions in Flin Flon through closure and temporarily fill positions in Snow Lake until we finalize all the roles to be filled by employees transitioning from Flin Flon.

The agreement and transition plan also commit Hudbay to using employees, rather than contractors, for closure work at Flin Flon, and we have established a shift schedule for employees transitioning to Snow Lake to work seven days on and seven days off so that they can continue to live in Flin Flon and commute to Snow Lake.

ENHANCING FOCUS ON PREVENTING FATALITIES

A strong safety culture committed to zero harm is fundamental to everything we do at Hudbay, yet in 2021 our performance fell short of our commitments and expectations.

In June, we tragically lost one of our team members while he was working for Hudbay in the Lalor underground mine. We discuss this incident, lessons learned and what we are doing to prevent similar incidents from happening in the future in the [Fall-from-Heights Incidents Bring Greater Attention to Fatality Risks](#) feature story.

The total recordable injury frequency across the business unit increased to 3.8 per 200,000 hours worked compared to 2.9 in 2020. Our lost time injury severity in the business unit is not comparable between 2021 and 2020 due to the convention of recording 6,000 days lost in the case of the fatality that occurred in June 2021 at our Lalor operation.

Our performance in 2021 serves as a reminder that building a strong safety culture is a continuous journey that requires constant attention, especially with all the changes happening at the Flin Flon and Snow Lake operations.



 Lalor

To ensure everyone is focused on those risks that can hurt them and those around them, our Manitoba Business Unit has identified its top nine fatality risks most applicable to the business. For each risk, we developed clear, rigorous and practical rules – known as Life Saving Rules (LSRs) – that must be followed to prevent injuries and save lives:

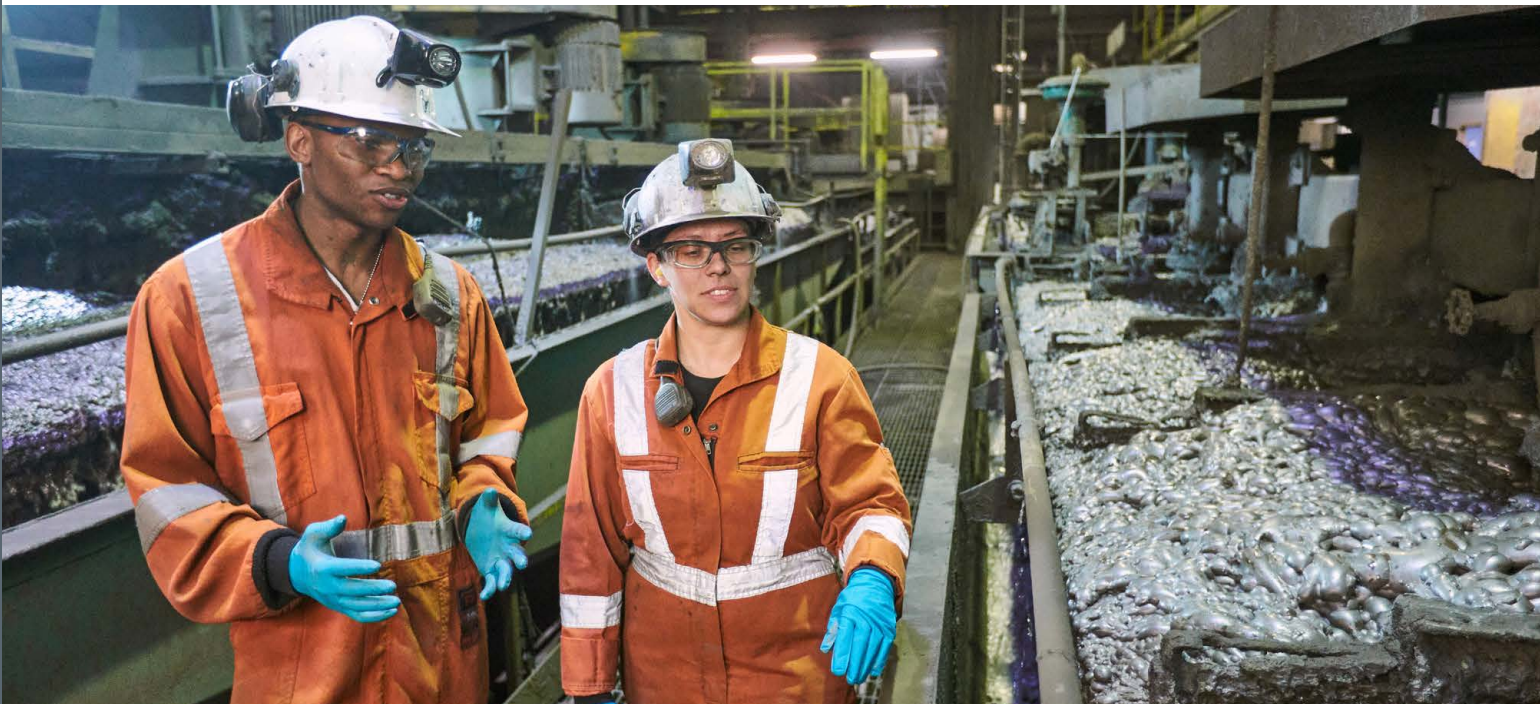
- Energy isolation
- Working at heights
- Unsupported ground/loose
- Vehicles/people interaction
- Fire
- Explosives
- Lifting/material handling
- Confined spaces
- Working with molten metal

Each LSR has controls that must be in place before a task is carried out, and workers conduct field risk assessments (FRAs) to identify the risks and ensure controls are in place. The Visible Felt Leadership program, in which leaders have face-to-face conversations with their team members in the field on safety issues, includes FRA audits where supervisors have meaningful, constructive one-on-one conversations in the work environment to increase awareness and understanding of the LSRs and ensure everyone is working in a way that keeps them and others safe.

MAINTAINING A DIVERSE AND INCLUSIVE WORKFORCE

Although much of our focus in 2021 was on the transition plan and union negotiations, we strived to maintain the representation of women, Indigenous peoples, persons with disabilities and visible minorities in our workforce. Once our Manitoba workforce is stabilized following the closure of the Flin Flon operations, we plan to evaluate our current diversity and inclusion programs and identify new opportunities. One such program we hope to restart is our partnership with the Northern Manitoba Sector Council on a training-to-employment Indigenous program at Lalor. We launched the program in 2018 to train and hire members of the Pimicikamak Cree Nation located at Cross Lake, about 200 kilometres from Snow Lake. Due to the impact of the COVID-19 pandemic, the program was suspended in 2020 and 2021. We plan to revisit the program once the workforce transition to Snow Lake is complete, and we begin to hire again.

During the year, the Hudbay Women's Network (HBWN) – an employee resource group founded and operated by employees in Hudbay's Manitoba Business Unit – continued to provide a forum for connecting, supporting and empowering all employees through newsletters, events (including virtual), networking opportunities and community initiatives, such as scholarships and contributions to organizations supporting broader diversity and inclusion efforts.



 Zinc Sampling, Stall Mill

Peru

Most of the employees and contractors in our Peru Business Unit work at the Constancia operation, which is located in a remote part of southern Peru where 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.

At the end of 2021, the Peru Business Unit had 959 employees, including 139 term employees (defined as those with contracts that end on a specific date). Of our full-time employees, 100% are from Peru, 21% are from the local communities and 10% are women.

MAINTAINING INDUSTRY-LEADING HEALTH AND SAFETY PERFORMANCE

Constancia has the best safety track record among all the copper mining companies in Peru. In 2021, the business unit's safety performance continued to be strong, with a total recordable injury frequency and lost time injury severity per 200,000 hours worked of 0.02 and 0.44, well below our targets of 0.11 and 7.7. At the end of the year, however, Constancia experienced a lost time incident when a worker fell and was seriously injured.

To prevent similar incidents and the potential for more serious outcomes, we continued to implement our fatality prevention program across the site. In Peru, we have identified 12 fatality risks, and the work to formalize verification of the controls that must be in place to mitigate each risk is expected to be completed in early 2022.

In 2021, Hudbay employees and contractors spent more than 100,000 hours in safety and health training courses. This included more than 800 participants spending nearly 3,000 training hours in courses related to working at heights and in confined spaces, performing "hot" works (e.g., welding, grinding), energy isolation, cranes and lifting, and excavation and trenching.

Other key safety initiatives – including 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. We also resumed the "Creating Culture" meetings that had been suspended at the beginning of the pandemic. The virtual meetings addressed a range of occupational health and safety topics, such as defensive driving, risk perception and exposures to the line of fire. Presenters included both Hudbay and external personnel.



KEEPING PEOPLE HEALTHY AND PROTECTED AGAINST COVID-19

We continued to implement our COVID-19 Surveillance, Prevention and Control plan, which includes comprehensive health protocols, standards and guidelines to protect personnel, their families and their communities. The plan was updated in 2021 to address outbreaks. To date, Constancia has had the best COVID-19 management performance among mining companies in Peru. Although we had two outbreaks in April and May, we implemented our protocols, quarantining the entire workforce in hotels in Arequipa and Cusco, and performed medical follow-ups on those who tested positive to limit the impacts and minimize the spread of the virus among the workforce.

In coordination with the regional health authorities in Cusco, we managed all the logistics – including the procurement of medical personnel, refrigerators and other equipment – to conduct vaccinations within the communities near Constancia. We held eight vaccination days, during which more than 2,600 workers received at least one dose. After more than 90% of the workforce was fully vaccinated, we updated our protocols, eliminating the need for workers to quarantine before coming on-site and instead requiring a molecular test.



MAKING HUSBAY THE EMPLOYER OF CHOICE

The Peru Business Unit continued to execute its people strategy across the following three pillars:

- Be Husbay (“be part of the team”) includes programs to increase employee engagement based on our mission, purpose and organizational values.
- Be Longer (“be with Husbay throughout your career”) focuses on talent management and retention efforts.
- Be Great (“be your best”) helps employees develop their careers through learning and opportunities for promotions.

To understand engagement levels throughout the business unit, in 2018 the team in Peru conducted its first employee engagement survey to gather insights. That year, around 77% of those who completed the survey were generally satisfied, and insights from the survey were used to develop an action plan and retention strategy. In 2021, Peru carried out its second employee engagement survey, with 88% of employees participating. Engagement levels rose to 89%. The results of the second survey were also integrated into the global employee engagement survey, which is discussed in the [Global Employee Engagement Survey Aims to Build Trust and Improve Workplace Culture](#) feature story.

Because recognizing employee achievements can drive significantly higher engagement levels across the organization, the people strategy includes a recognition program called COBRE (Spanish for “copper”), each letter of which represents an area that describes the individual actions that contribute to Husbay’s success:

- C – culture (Husbay’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, social and environmental responsibility)
- E – evolution (career growth, job anniversaries and retirements)

We launched the COBRE program in 2021, and expect it will help us build a stronger culture of recognition and foster a greater sense of purpose among employees.

Efforts to support the career development pillar of the strategy during 2021 included the following:

- We introduced two new career development tools – one helps employees work with their manager to develop the skills needed to be successful in their roles, and the other helps employees obtain the skills to either grow in their current position or prepare for a future role.
- 847 employees received at least one hour of training.
- 124 employees were promoted during the year, including 16 employees from the communities of Uchucarcco and Chilloroya.

CREATING A CULTURE OF ACTION ON DIVERSITY, EQUITY AND INCLUSION

In 2021, our Peru Business Unit launched a formal, robust diversity, equity and inclusion (DE&I) program called “Nuestras Voces” (Our Voices). Treated as an acronym, VOICES represents each of the program’s focus areas:

- Values – Our values in action foster a DE&I work environment
- Openness – We promote being a role model in inclusive leadership
- Inclusion – All communities and interest groups are valued
- Confidence – Develop a psychologically safe environment
- Education – Promote, develop and generate opportunities through education
- Sustainability – Empower schools in the Chumbivilcas province through access to quality learning



The program aims to support the overall people strategy goal of creating a more diverse, equitable and inclusive organization and increasing the percentage of women in the workforce to 30%. The program encompasses initiatives and programs such as the mining operator training program for women discussed in the [“Hatun Warmi” Program Expands Opportunities for Women in Mining](#) feature story.

To help close the gender and education gaps that exist in the country, we also developed a scholarship program for students interested in mining-related careers. Four scholarships will be granted annually – two for students from Constanacia’s direct area of influence and two for students from the Cusco region with high academic performance. In 2021, this scholarship program was recognized by the Instituto Peruano de Fomento Educativo (IPFE) for its contribution to improving the socio-educational prospects of the area.

COLLABORATING WITH OUR UNIONS

The collective bargaining agreement between Hudbay and the Unified Workers Union of Constanacia (SUTRAMICOH) establishes the working rules and other terms and conditions of employment that apply to approximately 31% of the employees in our Peru Business Unit. In 2021, Hudbay and the union signed a new three-year collective bargaining agreement (CBA) without any labour disruptions. The new CBA demonstrates the commitment between Hudbay and the union in achieving common objectives and long-term success for the Company and its employees.

 Taking Geological Samples, Constanacia

Arizona and Nevada

At the end of 2021, we had 46 full-time employees in our Arizona Business Unit, which includes employees dedicated to developing the Rosemont and Copper World projects in Arizona and the Mason project in Nevada.

Since the suspension of construction work in 2019 at Rosemont due to a US District Court ruling, the project team has focused on addressing the legal matters related to the Rosemont project and ensuring compliance with all legal and regulatory obligations.

The discovery in early 2021 of the Copper World deposit resulted in adjustments to roles within the business unit as we began an aggressive drilling program and work on a preliminary economic assessment (PEA), which will assess the potential viability of the project. Although we have not yet completed a detailed economic analysis for Copper World, we estimate that it could create between 500 and 1,000 direct jobs and up to 3,000 indirect jobs.

In June, there was a brush fire on the Copper World property that was quickly contained. No one was injured and no equipment or structures were impacted.

At the Mason project, the team completed a PEA, which concluded that the project has the potential to more than double Hudbay's current copper production and would become the third-largest copper mine in the US. The 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. During the year, we continued a program to fence or re-fence every site that posed a risk. For this project, we prioritized the hiring of local tribal members to perform the work, and we currently have two employees from the tribes in field technician roles at Mason.



Hidden Valley Spring Monitoring, Arizona





\$249.4 million

paid in employee wages and benefits

\$9.3 million

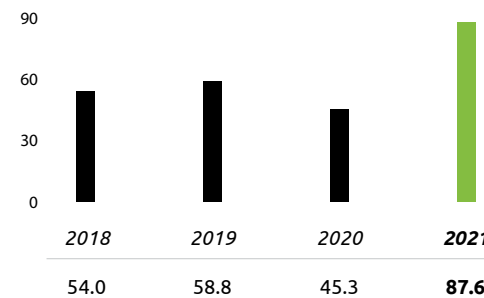
in community investments and charitable donations

Hudbay recognizes that gaining and maintaining the social acceptance we need to operate requires a strong connection with, and understanding of, the communities near our operations. 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 relationships based on trust with those who live near our operations or are impacted by our activities.

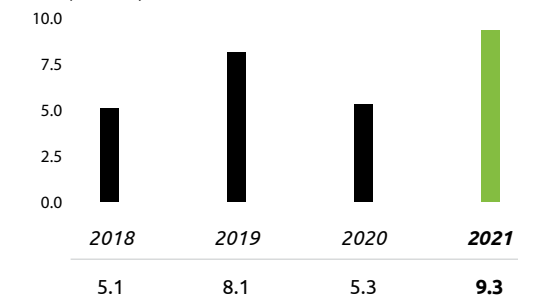


Peru

LOCAL PROCUREMENT
(\$ millions)



COMMUNITY INVESTMENTS AND CHARITABLE DONATIONS
(\$ millions)



SOCIAL IMPACT

“Hatun Warmi” Program Expands Opportunities for Women in Mining

In Peru, participation of women in the mining sector is very low (around 6% of the total workforce). Because Hudbay recognizes the benefit of increasing the number of women in the sector and investing in their success, our Constancia operation launched a program in July 2021 called “Hatun Warmi”, which is Quechua (the language of the Quechua Aboriginal people of South America) for “Great Women”. The program is aimed exclusively at women from the communities near the mine, and in 2021, 12 women from the districts of Livitaca, Velille and Chamaca began technical training in operating mining equipment.



Hatun Warmi Trainees, Constancia

During the six-month training program, which began in July, participants learned how to operate mining equipment in compliance with all of Hudbay’s safety, health and environmental standards and the requirements necessary to obtain their operator’s licence. They also participated in workshops run by the educational institution CETEMIN (Mining Technology Centre) to help strengthen soft skills such as leadership, empowerment, communications and teamwork.

During the program, participants received a monthly stipend, and upon completion, all participants will have the opportunity to work at Hudbay and will have the necessary skills should they choose to work at other mining companies.



Smudging Ceremonies Create Greater Understanding

Smudging is a ceremony conducted by Indigenous peoples in Canada and other parts of the world. It involves prayer and the lighting of the four sacred medicines – tobacco, sage, sweetgrass and cedar – to cleanse and purify the mind, body and spirit. Conducting and participating in a smudging ceremony can support mental health by helping individuals cleanse negative energy and by creating a sense of calmness and spiritual security.

The ceremony allows individuals space to ground their lives and embrace the sacred medicines as a means for providing a sense of clarity. Smudging can clear your mind, so you can think clearly; can clear your ears, so you are able to hear the positive and good things in life; can clear your mouth so that you can speak good and kind words; can clear your heart so that you can feel your heartbeat as a celebration of life; and lastly, can smudge your whole self to bring a feeling of blessed appreciation for the day ahead.

At our operations in Manitoba, Hudbay has partnered with the Flin Flon Aboriginal Friendship Centre and Indigenous Elder Advisor to share traditional knowledge. Together, both Hudbay's Indigenous Liaison Officer (ILO) and Elder have provided an opportunity for employees and the larger community to learn and experience Indigenous ceremonies and protocols.

Traditionally, ceremonies are held in person to engage all the senses. However, due to the COVID-19 pandemic, Pam Marsden, Hudbay's ILO, collaborated with Elder Margaret, Head Steppan of the Flin Flon Aboriginal Friendship Centre, to conduct a 30-minute virtual smudging ceremony, which was presented to the Company's senior management team. Presenting ceremonies virtually is a new concept for knowledge keepers to adapt to and embrace; nevertheless, Elder Margaret shared her knowledge about the traditional medicines, and how and when to use them, on a virtual platform.

Following the success of this in-house virtual event, Hudbay partnered again with the Flin Flon Aboriginal Friendship Centre to co-host a community smudging event that included five smudging ceremonies on June 21, in honour of National Indigenous Peoples Day.

The day began with a pipe ceremony to bring positive and meaningful thoughts for the songs and prayers for the day. The community smudging ceremony followed the tradition of using the cardinal points, beginning in the east part of the town, followed by a south, west and north rotation every hour on the hour, and ending with the final ceremony taking place in the centre of town.

In July, a smudging ceremony for the restart of the refurbished New Britannia mill was conducted. ILO Pam Marsden, along with Elder Margaret, offered a prayer while smudge was offered to all the employees and contractors that made this project a reality.



Smudging Ceremony, Flin Flon

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 2021 fiscal year](#), in May 2022.

COMMUNITY RELATIONS

Fostering relationships based on trust with the communities near our exploration and operating sites 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 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 projects in Arizona and Nevada, we are applying these same proven stakeholder engagement principles.

One key lesson we have learned in exploring, developing and operating mines is the importance of early and continuous engagement with key stakeholders. Our Stakeholder Engagement Standard establishes processes and requirements for strengthening relationships throughout the life of a mine. 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 activities. Site-based community response mechanisms allow 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 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 Indigenous and Community Relationships Protocol to assess and measure our ability to engage communities of interest (including Indigenous groups) in meaningful dialogue and decision-making. The protocol includes 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 protocol, which was revised in 2020, we completed our 2021 assessment against the revised protocol.

For the 2021 assessment, our Peru Business Unit achieved AAA level ratings across all indicators, and our Manitoba Business Unit achieved a level A or higher in all but one (related to gaps in stakeholder engagement recordkeeping). These gaps are being addressed by the team in Manitoba.

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 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, conducting training and skills development programs, 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 with the communities in order to understand their social and economic priorities and support the programs that address their needs and ambitions. In Peru, we have entered into formal agreements with several communities, districts and provinces. 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 2021, Hudbay continued to support Youth Without Shelter (YWS) – a Toronto-based charitable organization that provides shelter, education and training to homeless youth. We participated in its 11th annual Time4Change event, which raises funds to support several YWS programs that enable homeless youth to move toward stable, independent living. We also co-hosted YWS's Cover Me Urban virtual fundraising event, which raised over \$150,000 for YWS programs and support services.

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 2021, we did not engage in any resettlement activities.



 Supporting Agriculture, Peru

Manitoba

Hudbay was founded in 1927 when mining began on the Flin Flon orebody in Manitoba. Since then, we have discovered 26 mines, successfully reclaimed more than 20 and currently operate two – the 777 mine at the Flin Flon complex, which is closing in 2022, and Lalor, which is rapidly expanding. We aim for our presence to create positive socio-economic opportunities for the communities near our operations and activities, but we also recognize that mine closures and expansions pose risks. We are committed to working with communities and other key stakeholders to minimize and mitigate those risks in order to create positive impacts both during operations and long after operations cease.

TRANSITIONING HUSBAY'S FUTURE TO SNOW LAKE

For more than 90 years, Hudbay has been the primary industry in the area that now includes the communities of Flin Flon (in Manitoba) and Creighton and Denare Beach (in Saskatchewan). The closing of the Flin Flon operations in 2022 will undoubtedly have both direct and indirect impacts on these communities as we reduce the workforce from 1,357 at the end of 2021 to around 100 employees who will be responsible for conducting closure activities in a way that preserves opportunities for possible future mining and/or processing activities. One such future opportunity we are exploring is the reprocessing of tailings in the Flin Flon Tailings Impoundment System. While we are still studying the feasibility of this project, if we move forward, it could create operating and economic benefits for the Flin Flon community.

We are working closely with the mayors and municipal administrators of all the communities of interest to ensure they are prepared for this transition. In 2021, we provided our fourth annual contribution of \$25,000 to the Flin Flon, Creighton and Denare Beach regional economic development commission, which is working to identify economic diversification and sustainable economic growth opportunities for the region.

In Snow Lake, we regularly engage with the town's leaders on our plans. At the end of 2020, we reached a life of operations agreement with the town on the Snow Lake camp. The agreement includes a new business development park and expanded parking facilities. To encourage employees to permanently reside in Snow Lake, we are investing up to \$2 million in the development of a new 30-lot subdivision in English Bay. The growth of our operation can have impacts on infrastructure, so we are supporting upgrades to the town's water and sewer systems. As part of our environmental licence for the New Britannia gold mill, we conducted a full suite of environmental baseline studies, as well as noise and traffic studies.

These and other efforts are discussed in the [Connected to Community](#) feature story.

ENGAGING WITH INDIGENOUS COMMUNITIES

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

Our dedicated Indigenous Liaison Officer (ILO) works to build positive relationships between Hudbay and the Indigenous and First Nations communities near our operations and to develop a stronger understanding of Indigenous culture throughout the organization. Integrated into our stakeholder engagement plans are Indigenous-specific strategies and activities.

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. However, many of these communities went into lockdowns during the COVID-19 pandemic, so our in-person engagement has been limited since early 2020. We continue to send updates on Hudbay's activities and ask if the communities need any support.

Fostering economic opportunities is a key element of our engagement strategy. We have training-to-hire programs and economic development workshops that aim to increase opportunities for Indigenous contractors and Indigenous-owned businesses and ensure they understand the process for working with Hudbay. Although many of these programs and activities have been impacted due to the pandemic, we plan to restart these efforts as soon as the communities are ready to do so. Of the \$67.2 million in payments to suppliers in northern Manitoba and northwest Saskatchewan in 2021, approximately \$2.2 million was awarded to Indigenous businesses. In 2021, we awarded a contract to Norway House Cree Nation to provide a temporary accommodation camp for an exploration drilling program we are conducting in 2022.



Women's Traditional Gathering

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 workshops to 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 2021 we held only four workshops – two at each operation – in the fourth quarter.

Other cultural awareness programs and activities during the year included:

- We held virtual smudging ceremonies with our senior leaders, in honour of National Indigenous Peoples Day, and to commemorate the successful refurbishment of our New Britannia mill in Snow Lake. We discuss these events and the meaning behind this ceremony in the [Smudging Ceremonies Create Greater Understanding](#) feature story.
- Following the identification of the unmarked graves of more than 200 children at the Kamloops Indian Residential School in British Columbia, we reached out to the Indigenous communities near our operations to express condolences and show support for those impacted by the residential school system. The 2015 Truth and Reconciliation Commission report identified that “well over 3,000 children died while at residential schools,” and recommended that research be carried out into the location of cemeteries and gravesites in which residential students are believed to be buried. While this reality was known, identifying actual graves brings its own trauma and reminder of this troubling legacy. Our ILO raised awareness about the continuing legacy of the residential schools and discussed ways people can support reconciliation during the cultural awareness workshops with employees. We also offered employees the opportunity to purchase orange shirts to commemorate the first National Day for Truth and Reconciliation, which honours the lost children and survivors of residential schools, their families, and communities. Proceeds from the shirt sales went toward programs to help communities investigate the graves.

Prior to the COVID-19 pandemic, we conducted other engagement and cultural awareness activities such as inviting traditional knowledge holders (i.e., those who can provide a cultural and experience perspective) to assess the impacts of our activities on the environment, holding Mino Pimatisiwin (“a good way of life”) sweat lodge ceremonies, and picking sacred medicine plants with elders. We hope to resume these activities in 2022.

Another area of focus for 2022 is to encourage our employees to self-declare their Indigenous heritage. Currently, 15% of our employees self-declared as Indigenous, but because it is voluntary, we want to improve our understanding of our Indigenous workforce so that we can better support and measure our progress.

We maintained our bronze certification level for the Canadian Council of 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. PAR Bronze companies recognize the mutually beneficial impact of business development with Indigenous-owned businesses, the value that Indigenous peoples bring to the workplace, and the potential of Indigenous communities.

2021 COMMUNITY ACTIVITIES

The Manitoba Business Unit's donations committee reviewed donation requests and allocated more than \$705,000 in community contributions during the year. In 2021, major contributions included:

- \$10,000 to the Snow Lake Family Resource Centre, which provides counselling and wellness services, educational events and workshops, and employment services to residents
- \$2,500 to the Flin Flon Aboriginal Friendship Centre
- \$7,500 to food banks and organizations addressing food insecurities and other impacts due to the pandemic
- Hudbay also committed \$25,000 toward Indspire as part of our community investment strategy

There were 135 complaints registered in 2021, of which 130 were union labour grievances and five were community grievances related to concerns about COVID safety protocols, a concentrate spill, and the speed of one of our trucks. Labour grievances related to collective agreements are managed through a different process than the one used to address community grievances.

Peru

Fostering relationships based on trust with the communities near our exploration activities and operations 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.

PREVENTING CONFLICTS THROUGH ENGAGEMENT AND OPPORTUNITIES

The political and social context in Peru is complex and often challenging. Our team in Peru understands that overcoming these challenges requires working closely with communities of interest and across all levels of government. We work to build shared value through stakeholder agreements that address primary community concerns – such as local jobs and business opportunities – as well as the long-term vision. 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.

Hudbay's Constancia operation is located in the Chumbivilcas province, in the department of Cusco, and we have formal agreements at the provincial, district and local levels. In 2021, one of Peru's largest mines – which is around 200 kilometres from Constancia and located along the same corridor Hudbay uses to transport concentrate to the port of Matarani – was forced to suspend operations for more than a month due to large community protests. Although there were no blockades that significantly impacted mining operations at Constancia, we had three community protests during 2021. At some of these protests, the police were present in their role of providing public security to maintain law and order. Whenever a police presence is necessary at our site, we do not direct the activities of the police, but we do emphasize our support for, and provide training in, the Voluntary Principles on Security and Human Rights. We understand there was a confrontation between the police and the protesters at one protest, and the police did take measures to disperse a group that had stated its intention of forcibly entering our site. During this event, we observed that the police initially took steps to calm the crowd and emphasized the need to remain peaceful and respect property rights, and we understand they were forced to respond to aggressive steps taken by some protesters. To address the protestor concerns, we assembled a dialogue table with authorities from the Chumbivilcas province and the national government. The outcome of these discussions was our commitment to provide funding for COVID-19 programs and technical studies for other potential projects, as well as executing small projects outside of the three districts closest to Constancia. A commission will monitor compliance with the agreement.

Because one of the biggest concerns among community stakeholders is a lack of job opportunities, our social development strategy includes increasing the representation of local community members in our workforce and across the supply chain. Although supplier development, training and outreach activities have been impacted by the pandemic, in 2021 we assessed the services and capacity among local businesses and the needs of the mine over the next five years. We then developed a plan for the mine to provide competitive contracts to the local businesses. One area where we see a need at the mine and the opportunity to hire local contractors is for transporting copper concentrate, as the start of mining at Pampacancha is expected to increase copper concentrate production by 30%. We also plan to resume and/or increase our use of local businesses to provide camp services (e.g., catering, laundry and cleaning), maintenance services and truck rentals.

Although the COVID-19 pandemic has impacted some face-to-face engagement, we have been successful over the past two years in reaching agreements on surface rights and exploration activities and renewing agreements with several districts and communities. In certain instances, we are required to conduct an additional consultation process with the Peruvian government and the relevant community under Peru's Consulta Previa law. The law details steps and processes we 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. In early 2021, we completed the Consulta Previa process for the Pampacancha deposit, and months after we renewed our exploration agreement for the Quehuincha North target and initiated the process for securing an exploration agreement with the Añahuichi community.

FOCUSING ON FIVE SOCIAL DEVELOPMENT AREAS

Based on input from the communities near our operations, we focus our social development investments on five areas – health, infrastructure, agricultural development, education and the environment.

Because of the COVID-19 pandemic, our efforts in 2020 and 2021 were largely directed toward addressing the communities’ most pressing health needs and strengthening the broader health system for generations to come.

Activities and investments to help communities fight the COVID-19 pandemic are structured across three phases.

- Phase one focuses on mitigation and involves providing equipment, supplies, tests and biosecurity kits to the Cusco regional health system, the Chumbivilcas Health Network, the Cusco and Arequipa national police, and health centres in the districts of Chamaca, Livitaca and Velille. In early 2021, we partnered with the Peruvian Ministry of Health (MINSa) to help purchase and distribute COVID-19 vaccines to communities near our operation.
- Phase two focuses on reactivating the economy through new programs – such as a mask manufacturing business for women from the communities of Velille and Chilloroya – as well as ongoing programs such as supporting the operation of the Cullahuata dairy processing plant in Chumbivilcas. It also includes our participation in the SAMMI–Andean Mining Cluster – a collaboration of four mining companies to transform mining into a driver of development and prosperity for all Peruvians.
- Phase three is focused on strengthening the health system. We are working with Peru’s Ministry of Health to build an Integrated Health Network for all the health centres in the Chumbivilcas province. The network includes rural health care, transportation (e.g., ambulances) and telemedicine. The project is our second under Peru’s “Work for Taxes” program – an innovative public-private funding mechanism that allows companies to pay a portion of income taxes in advance by funding public works and then receive a tax certificate for 100% of the investment once the project is delivered. In 2020, authorities approved the project’s technical study, and execution of the project began in 2021. Another important project is in the Chumbivilcas province, where we financed a pre-investment study for a new hospital in the town of Santo Tomás. The regional government of Cusco and other government agencies are developing a strategy to move forward with this flagship project, and construction on the hospital is expected to begin in 2023. Once completed, the hospital will significantly

improve the quality of health care for more than 83,000 people living in the province. Other Work for Taxes projects we are currently pursuing include improvements to health care services and centres in Chilloroya (Livitaca) and Uchucarcco (Chamaca), roads and sidewalks in Velille, and the water and sanitation system in Quehuincha (Livitaca).

During the year, we also supported the development and enhancement of educational opportunities in the communities near our operation by purchasing around 1,100 tablets and laptops and other pieces of equipment to support virtual learning at 45 educational institutions in the district of Velille. Around 200 teachers in the district also received training on how to use the equipment and conduct virtual learning.

2021 COMMUNITY ACTIVITIES

We invested more than \$8.2 million to support a wide range of community programs.

There were 50 grievances registered in 2021. Of the total, 38 were related to procurement matters between Hudbay and its suppliers, including issues related to delays in payments or reimbursements.



 Dairy Farm Pasteurization, Constanca

Arizona and Nevada

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. At each of the three projects in our Arizona Business Unit, we conducted stakeholder outreach throughout the year and developed new channels to keep stakeholders apprised of our activities and plans.

We continued to engage with regulators, elected officials, community members, business organizations and other stakeholders to answer questions or address concerns.

INTRODUCING COPPER WORLD AND ENGAGING STAKEHOLDERS AT MASON

Following the discovery of the Copper World deposit in early 2021, we developed a comprehensive strategy to identify stakeholders and conduct extensive outreach to introduce them to the project. This includes explaining the differences between Copper World and Rosemont, and what activities will take place during each stage of the project's development. We launched a [website](#) for Copper World that includes frequently asked questions and a contact page to share comments and submit inquiries.

We completed more than 30 private land acquisitions in 2021 to secure the property necessary for the Copper World project. All the transactions were voluntary, above market price and with mutually agreed-upon terms.

In 2022, we plan to pursue additional mutually beneficial agreements with key stakeholders, including land agreements and/or other commitments, that garner stakeholder support and reduce the risk of litigation and conflicts.

We held two formal 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 with city and county administrators, Native American tribal leaders and other stakeholders with an interest in the project, and build a mutual understanding of how best to express concerns, share interests and discuss opportunities.

Similar to our objective for Arizona, in 2022 we plan to pursue mutually beneficial agreements with key stakeholders that garner stakeholder support and reduce the risk of litigation and conflicts.



Copper World, Arizona

For the second year in a row, we supported a scholarship program with the Yerington Paiute and expanded it to include the Walker River Paiute. Under the program, the tribe selects a recipient to develop the knowledge and skills needed by the community (e.g., health care, social services, business development). Hudbay provides the scholarship awardee financial support for up to four years. In 2021, we also provided the Yerington community \$5,000 in grants to support STEEAM (science, technology, engineering, environment, agriculture and math) education programs.

2021 COMMUNITY ACTIVITIES

The scholarships and grants at Mason are part of the business unit's broader community giving and school grants program.

In 2021, we invested \$95,000 to support a wide range of community programs in Arizona and Nevada. This included \$8,000 in grants to support STEEAM programs in Arizona and \$4,500 in donations to food banks in the communities near our projects.

No complaints at the Rosemont or Mason project were formally registered through our grievance system in 2021; however, we did respond to calls from community members complaining about dust (caused by ground-clearing activities at Copper World or due to traffic on an unpaved road that is not on Hudbay's property) and a brush fire in June on the Copper World property that required one rancher to relocate his cattle and others to temporarily evacuate.





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 transparently disclosing our performance to stakeholders.

 Arizona Nursery, Constanca

7%

decrease in energy intensity per tonne of ore processed

64%

of solid non-mineral waste recycled at Constanca

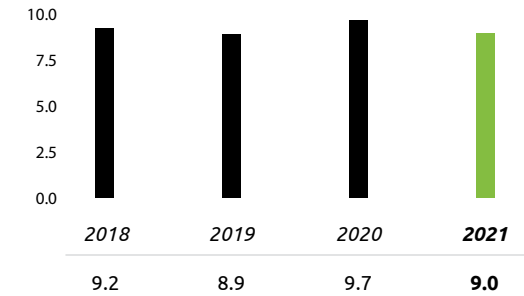
255%

of total water used was recycled

>50%

of our indirect energy consumption is from renewable sources

GHG INTENSITY
(per tonne processed) (tonnes of CO₂ eq/kt ore)



ENVIRONMENT

Solid Waste Management Improvements Reduce Impacts on Environment and Lower Costs

At our Constančia operation in Peru, our haul trucks go through around 180 tires per year. At more than seven feet in diameter, these huge tires generate a significant amount of waste when they reach the end of their life. In Peru, there is no facility to process end-of-life tires, so many mining companies will usually dump the tires, warehouse them or try to find another use for them (e.g., road barriers).

Beginning in 2020, our team in Peru began working with a company in Arequipa to help it obtain the necessary permits for creating a plant to recycle the tires. The recycling process treats the tires and turns the material into small plastic pellets that can be used for the maintenance of synthetic turf athletic fields and for other purposes.

Once the plant was up and running in 2020, our Constančia operation became the first mine site in Peru to recycle its haul truck tires. In 2020, 185 tires were recycled, and that number jumped to nearly 300 in 2021, reducing the number of end-of-life tires at the mine site by half. The recycling process has also resulted in significant transportation and disposal cost savings.

Another cost-effective waste management tool Constančia uses is its “waste express” system, which processes all the organic waste from the accommodation camp and removes the water, decreasing the volume of solid waste by 50%. We are in the process of testing how different bacteria forms can be used to turn this waste into compost. Once the final solution is selected and implemented (which we expect to happen by the end of 2022), we will be able to process around 90% of all organic waste at Constančia for compost, significantly reducing the amount of solid waste we need to transport to an outside waste management facility.

We are also working to obtain a permit to take the sludge from our waste water treatment plant and treat it so that it can be used for topsoil enrichment. We currently send the sludge to the dump, but if the new permit is approved, we can both improve topsoil and save money by avoiding the need to dispose of the sludge.

 Constančia, Peru

Integrating Eco-efficiency into Hudbay's Business Processes

Well-run, profitable and successful businesses are often efficient. As we have seen with recent supply chain disruptions and volatile energy prices, the cost of goods and services may fluctuate and change over time, so ensuring that those areas we can control – mine and facility design, equipment selection and operating practices – are as efficient as possible is crucial for our long-term success.

An important, and growing, aspect of our overall efforts to make our operations more efficient is improving our eco-efficiency – that is, doing more with less. This involves implementing processes to track and improve the use of resources and to minimize our overall environmental footprint. There is a growing expectation among stakeholders, including some investors, that we demonstrate that we have processes in place, are measuring and tracking our performance, and are integrating eco-efficiency considerations into our investment decisions and business planning processes.

By tracking several eco-efficiency metrics – including energy use, greenhouse gas (GHG) emissions, water withdrawal and reuse, waste generation and reuse, and land newly disturbed or restored – we have a greater understanding of our activities and impacts. Based on our performance, we can see areas where we need to improve and can adjust our production methods or adopt new technologies to reduce our use of resources.

 Environmental Lab, Flin Flon

Because new projects, expansions and upgrades offer one of the best opportunities to address eco-efficiency, we updated our Authorization of Expenditure (AFE) process (the method we follow for approving funding requests for large projects or equipment) to incorporate eco-efficiency considerations.

Eco-efficiency may not be the primary consideration of many of our investments, but it may be a benefit. For example, if we are looking to purchase mining equipment, evaluating that investment's eco-efficiency metrics may result in our selecting equipment that can lower our GHG emissions while also reducing our fuel costs and increasing production.

Other benefits from tracking eco-efficiency metrics in the AFE process include:

- Making visible which investments are increasing efficiencies and/or reducing our environmental impacts
- Encouraging a broader evaluation of alternatives based on technical efficiencies as well as cost
- Establishing a record of what projects have resulted in eco-efficiencies so that we can replicate our success, continuously improve and transparently report our efforts to investors and other stakeholders



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](#). All operations and exploration sites must 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.

Total Energy Consumption¹ (indirect and direct)	2021	2020	2019	2018
Total energy (terajoules)	8,155	7,812	8,327	8,399
Energy sources as percent of total energy				
Propane (direct)	7%	8%	7%	9%
Diesel (direct)	22%	19%	22%	21%
Gasoline/other non-renewable (direct)	0%	0%	0%	0%
Electricity (indirect)	71%	73%	71%	69%
Non-renewable and renewable indirect sources as percent of total energy				
Hydro-generated electricity	53%	57%	54%	53%
Other renewable source electricity	0%	N/av	N/av	N/av
Non-renewable source electricity	17%	16%	17%	17%


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.

Our management systems also align with the Mining Association of Canada’s (MAC) Towards Sustainable Mining (TSM) environmental protocols and frameworks. As a member of MAC, we commit to annually assess our performance against the TSM protocols at our Canadian operations, and we voluntarily commit to do so at our international operations such as our Constancia operation in Peru. The goal is for each facility to achieve a rating of 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.

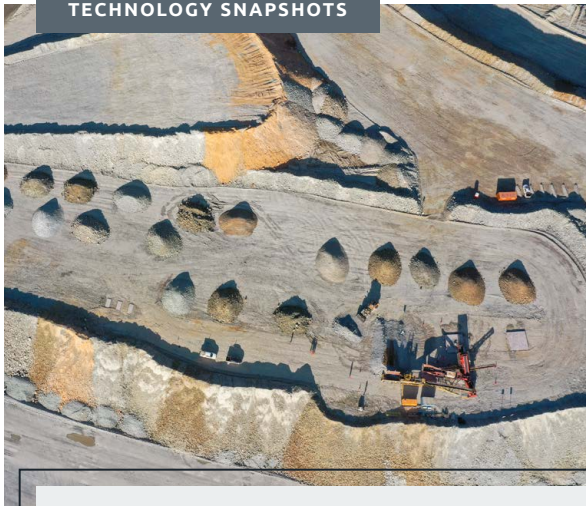
As a mining company, Hudbay is subject to many regulations at the local, state and national levels in all the jurisdictions where we operate. These regulatory standards establish specific requirements, while our own standards provide guidance for meeting environmental performance expectations beyond 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 meet stakeholder expectations.

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. We discuss our eco-efficiency efforts in the [Integrating Eco-efficiency into Hudbay’s Business Processes](#) feature story.



 Lizards at Arizona Nursery, Constancia

TECHNOLOGY SNAPSHOTS



Sorting Ore with X-Ray Fluorescence (XRF)

At Constancia, we are currently evaluating using XRF sensors on our scoop shovels to provide real-time estimates of the ore grade in a shovelful or a truck. This allows for efficient identification and response to pockets of uneconomic waste in ore zones or pockets of economic ore in waste zones, increasing the metal recovered per tonne of ore processed.



Constancia, Peru

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 and ecosystem services. 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 Hubday’s activities may have. 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.

For the fourth year in a row, the Peru Business Unit received an AAA level rating on all indicators under the protocol, and our Manitoba Business Unit received one AAA and two AA level ratings.

Following our standard and the TSM protocol 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.

We also report our biodiversity data and performance to the CDP (formerly the Carbon Disclosure Project).

CLIMATE CHANGE

Climate change – and society’s impact on the environment – is a central issue for governments, communities and businesses around the world. Mining and mineral processing are energy-intensive activities, and Hubday 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.

For 2021, we set a target to define a pathway (e.g., sources of emissions, the nature of investment steps and key technology areas, conceptual requirements for reductions to be economically feasible) for each Hubday operation to achieve a 2030 Scope 1 and Scope 2 GHG target that is consistent with the objective of limiting global warming to well below 2°C (above pre-industrial levels). In 2021, we made notable progress on this objective, engaging with external experts to better understand our current position and explore opportunities to reduce GHG emissions in the future. This work is discussed in more detail in the [Connected to a Reduced GHG Emissions Future](#) feature story.

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 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 the past few years, we have worked to identify and pursue economically viable opportunities that improve energy efficiencies and reduce GHG emissions at our operations. This includes integrating an evaluation of an investment’s impact on water consumption, energy use, GHG emissions and land footprint into our capital approval process. Hubday’s current GHG emissions-to-revenues ratio is below our peer average.



Santa Rita Mountains, Arizona

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. Beginning in 2022, we will conduct our assessments against the revised TSM Climate Change Protocol. The two main changes to the protocol are the addition of a corporate-focus indicator to ensure companies have set meaningful targets for emissions reduction and are putting greater emphasis on climate adaptation to mitigate the potential consequences of climate change.

For the 2021 assessment, both business units achieved a level A or higher rating across two protocols, but both only achieved a B level rating on the performance indicator due to missing their respective emissions performance targets. In Manitoba, we missed our target due to an increase in the use of propane to heat buildings. A project to address this issue is being implemented. In Peru, the reduction in the number of people at the mine site's accommodation camp to comply with COVID-19 health and safety protocols resulted in higher per capita energy use.

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 increased 14.6% and our indirect energy consumption increased approximately 1%. Our total GHG emissions increased 20.5% and GHG intensity increased 29.9%, largely due to the 2020 mandatory shutdown in Peru, which led to lower energy use and emissions in 2020 that we did not experience in 2021. More than 50% of our total energy consumption in 2021 was from renewable sources, with nearly 100% of our electricity in Manitoba sourced from renewable hydropower.

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 main 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.

WATER

Water is vital for healthy communities and ecosystems, and it is 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 and availability as well as 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 reviewed and updated regularly. None of our current operations are in any water-stressed areas, so the sites' current focus is on water discharge quality.

The TSM Water Stewardship Protocol 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.

For the 2021 assessment, our Peru Business Unit achieved a level A or higher across all protocols, and our Manitoba Business Unit achieved a level A or higher in all but one (related to developing a site water balance for the entire site). Although it has developed water balances for the tailings facilities, the business unit has been impacted by personnel shortages and changes due to the transition of the workforce between Flin Flon and Snow Lake. The team understands where the gaps exist and will be working toward meeting the level A requirements of the indicator.



Water Sampling, Flin Flon



Hudbay is one of three mining companies participating in a research project, led by the University of Toronto and the University of California Berkeley, to study how genomes can be used in treating mine waste water. Genomes are an organism's total genetic material, and the project is applying genomics (the study of genomes) to develop innovative and flexible management and treatment options that reduce thiosalts (a sulfur oxyanion compound) in waste water. The desired outcome is a solution in which the thiosalts support the waste water treatment efforts instead of being a challenge to overcome. Hudbay supports the project by collecting and providing project leaders with water samples, contributing in-kind support and serving on the project's advisory committee. The project has led to a revised monitoring and testing methodology, which has resulted in a revised permit condition associated with the testing.

This work and our adherence 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 water-related programs.

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

In 2021, the total amount of water withdrawn increased 1.31% and water discharged increased approximately 1% compared to 2020. The amount of water our operations discharge can be impacted by precipitation. Total water recycled or reused was approximately 255% 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 32% more waste rock and 12% more 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 rehabilitate areas that are no longer needed for mining activities or lands we own that will not be mined. For example, at Constanica we have reforested grazing lands we own but are not needed for mining, and at our Mason exploration project we have revegetated and reclaimed exploration roads and drill pads to the pre-disturbed state. Closed mine sites are rehabilitated to an agreed-upon beneficial post-mining use that is as close as is practical to their pre-use condition. Post-closure activities include maintenance and monitoring to ensure closure objectives are progressing successfully and as intended.

Manitoba

With the planned shutdown of the Flin Flon operations and production increasing at the Snow Lake operations, establishing some year-over-year environmental performance objectives is a challenge. Once the transition is complete and the Snow Lake operations have reached their optimal operating range, we will then be able to establish baselines and improvement objectives. In 2021, the business unit's focus was on ensuring eco-efficiency considerations are integrated into both closure planning and expansion plans. For example, the investments into upgrades for the Stall mill at Lalor are expected to reduce energy and freshwater use and improve water quality.

In 2021, the Manitoba Business Unit's total water consumption decreased by 6.0% compared to 2020, and water consumption intensity increased by 8.5%.

The electricity used to run our processing plants is renewable hydroelectricity sourced from Manitoba Hydro, which keeps our greenhouse gas (GHG) emissions and intensity relatively low. Some facilities use propane for heating, while using diesel to run the mobile equipment that extracts and transports ore. Reaching the end of the mine life at the 777 mine 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 decreased by 7.2% and 7.7%, respectively, compared to 2020.

PREPARING FOR FUTURE STATE OF THE MANITOBA BUSINESS UNIT

Because the Flin Flon operations cross the Manitoba-Saskatchewan border, we are required to complete and submit an updated closure plan every five years, which is a Saskatchewan regulatory requirement. The plan details the decommissioning and reclamation activities that will take place and reflects more than two years of work with outside consultants. Based on the comprehensive update, we increased the financial assurance costs associated with decommissioning activities primarily related to longer water treatment and monitoring obligations. As part of the engineering work to update the plan, we have identified a potential opportunity to reprocess tailings at the Flin Flon Tailings Impoundment System (FFTIS). These tailings resulted from earlier processing methods that left significant amounts of valuable metals and minerals within the tailings; we believe that value can potentially be accessed using modern techniques. We are in the early stages of technical evaluation, but if proven viable, it could alter the closure plan and reduce the environmental footprint of the tailings area.

As discussed in the [Tailings Stewardship](#) section of this report, we initiated the third and final phase of a multi-year effort to stabilize the FFTIS.

MANAGING CYANIDE RISKS

Although cyanide-free gold processing methods are being tested, cyanidation (in which a sodium cyanide solution separates gold from ore) is the safest and most effective and economical method for recovering gold at this time.



Water Sampling, Flin Flon

Because cyanide in any form can be hazardous to human health and the environment, the New Britannia mill follows 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.

STRIVING FOR POSITIVE CLOSURE OUTCOMES

We continue to apply best practices to achieve positive closure outcomes at several of our former mine sites.

At Reed, which closed in 2018, we continued to monitor soil conditions and water quality in consultation with Manitoba Sustainable Development to make sure our site cleanup activities meet agreed-upon standards. We expect to initiate a vegetation plan at Reed in 2022.

At the Coronation site, which was closed in the 1950s, we are taking contaminated materials and using them for our tailings dam stabilization work at Flin Flon, which reduces the need for rock blasting at Flin Flon.

We are also taking waste rock at the closed Trout mine and using it for the dam stabilization work at Flin Flon. In 2021, five openings to the underground mine were permanently capped.



Peru

MAINTAINING COMPLIANCE AND PERFORMANCE EXPECTATIONS

The Peru Business Unit establishes annual key performance indicators (KPI) across three areas – environmental management, environmental quality and sustainability. In 2021, the business unit exceeded not only its overall target but also every sub-indicator target.

Included in the environmental management KPIs are inspections and audits. Each year, the enforcement agency within the Ministry of the Environment (OEFA) spends a few weeks at Constancia to inspect the site's compliance with all environmental regulations and requirements. In 2021, OEFA found the site was in 100% compliance with all environmental quality standards. OEFA also conducted a special supervision at the Pampacancha satellite pit and observed no compliance issues. This performance is particularly notable given the political and social context in Peru and the heightened interest among stakeholders in the Company's environmental performance.

We regularly engage with the community on our environmental performance. Through our participatory monitoring program, community members collaborate with Hudbay to collect and analyze data on water, air and soil quality (and any other areas they wish to monitor). During the year, no exceedances were observed by the participants. Because the third amendment to the mine's environmental and social impact assessment (ESIA) is under review, we held more than a dozen meetings with the nearby communities to discuss our environmental programs and performance.

Peru's Ministry of the Environment has developed a Peru Carbon Footprint Tool and certification program to provide a consistent method for measuring, reporting and verifying GHG emissions. The tool includes four levels of recognition symbolized by a star ranking:

- One star for estimating GHG emissions
- Two stars for formal verification of GHG estimates
- Three stars for implementing a mitigation action plan that results in a reduction of emissions
- Four stars for achieving net zero emissions through carbon credits from national projects

In 2021, the Ministry of Environment granted Hudbay two stars for reporting and certifying Constancia's carbon footprint for 2019 and 2020. The verification was carried out by the consulting firm AENOR.

Our overall energy usage in Peru increased by 16%, and our energy intensity increased by 11.4% compared to the previous year.



 Process Plant Walkway, Constancia

IMPROVING WASTE AND WATER MANAGEMENT PRACTICES

Constancia is in an arid part of Peru that does not get a lot of rainfall. We work to minimize our water consumption and reuse as much water as possible. At our tailings storage facility, we recover around 50% of the water from the facility, which significantly reduces the amount of fresh water we need for processing. At our Fortunia and Constancia water treatment plants, we process water to ensure any discharges are in compliance with both permitting and IFC standards.

Total fresh water consumption increased by 7% and fresh water consumption intensity increased by 3% compared to the prior year. The operation's consumption of surface and groundwater was 38% and 82%, respectively, of the total maximum volume authorized by the licences that govern the site's water use.

Our Cochapampa Bog Sustainable Use and Management Program addresses the impacts to the Cochapampa bog (which serves as a vital water source for agriculture and livestock for the Chilloroya community) from the development of the Constancia mine and helps the community and land users improve water management practices. In 2021, we began construction on the first water harvesting structure for the community, built a greenhouse system for strawberry growers, and held workshops on greenhouse management and strawberry cultivation to help increase crop yields while using less water.

In 2022, we will begin to measure our performance against a new indicator that measures the amount and quality of water we are providing to the community of Chilloroya.

Constancia continued to identify opportunities to reduce, reuse and recycle the waste produced at the mine site. Around 64% of all non-mineral solid waste was recycled in 2021, a 10% increase from 2020. We highlight several successful waste management programs at the sites in the [Solid Waste Management Improvements Reduce Impacts on Environment and Lower Costs](#) feature story.

CONSERVING AND PROTECTING BIODIVERSITY

Constancia's annual biodiversity action plan (BAP) includes objectives for actively managing biodiversity impacts and ecosystem services, and in 2021 we achieved all primary BAP objectives, including:

- Conducting the following progressive reclamation activities on sites no longer required for mining:
 - Revegetated 1.3 hectares with 80 kilograms of native seed in the eastern zone of the tailings management facility
 - Planted 3,055 seedlings in 4.5 hectares in the northern part of the former Arizona farm
 - Registered and deployed drones to measure the percentage of native grass cover
- Engaging with stakeholders on the following biodiversity and ecosystem services efforts:
 - Participated in meetings and workshops with the regional government of Cusco, resulting in the official formation of the Alto Apurimac Basin Council, which serves as a network for protecting and enhancing the resources in the basin that supplies water to both the Cusco and Arequipa regions
 - Signed a co-operation agreement with the Professional School of Environmental Engineering at the Universidad Andina del Cusco

Arizona and Nevada

Hudbay's Rosemont and Copper World projects in Arizona and our Mason project in Nevada have the potential to significantly contribute to meeting the growing demand for copper. Rosemont has the potential to be one of the largest copper mines in the US, and the preliminary economic assessment (PEA) we completed in 2021 for Mason shows it has the potential to be the third-largest copper mine in the country (a PEA for Copper World is planned for 2022). As we have demonstrated at Constancia and throughout Manitoba, Hudbay has the experience and commitment to ensure we use the most advanced mining techniques and the highest environmental standards to produce the metals and minerals the world needs.

UNLOCKING VALUE AT ROSEMONT

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. The plan includes 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, which resulted in the suspension of project development activities, the US Department of Justice and Hudbay appealed the decision to the US Ninth Circuit Court of Appeals and presented oral arguments in early 2021. In a split decision issued in May 2022, the Court of Appeals agreed with the District Court's ruling that the US Forest Service relied on incorrect assumptions regarding its legal authority and the validity of Rosemont's unpatented mining claims in the issuance of Rosemont's Final Environmental Impact Statement. While Hudbay reviews the Court of Appeals' decision, in any event, the Company will continue to pursue its alternative plan to advance its Copper World project.

In another legal matter related to Rosemont, in 2020 Hudbay filed a petition with the US Fish and Wildlife Service (FWS) to remove 50,000 acres in the northern Santa Rita Mountains (including the land that contains the Rosemont project) from the critical habitat designation. The basis of the filing is that the revision will have no discernable impact on the jaguar species' survival and recovery, and this claim 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. In September 2021, the FWS rejected the petition, and Hudbay has appealed the matter to the US Ninth Circuit Court of Appeals. Oral arguments on this matter are expected in 2022.

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



TAKING EARLY STEPS TO PROTECT THE ENVIRONMENT AND CULTURAL RESOURCES

At our Copper World project – a discovery in early 2021 on private land in a historic mining district located within seven kilometres of the Rosemont project – we commenced an aggressive drilling campaign in early 2021 following encouraging initial drilling in late 2020, and by December 2021 we announced an initial mineral resource estimate for seven deposits.

Although we are in the early exploration stage and our activities are on privately owned land, we are conducting archaeological surveys on all our land prior to beginning any ground-disturbing activities. The surveys, which we have engaged external consultants to support, aim to identify where archaeological resources exist on-site and determine if they are potentially eligible for being added to the National Register of Historic Places. If items are potentially eligible, then we will develop a data recovery plan and begin excavations in a manner protective of the identified items. We are also conducting biological surveys in conjunction with the archaeological ones to identify any special-status species that may exist on the project's footprint. The surveys will continue into 2022, along with limited data recovery activities.

In October 2021, the State of Arizona approved the mined land reclamation plan (MLRP) for Copper World. The MLRP includes a proposed site layout, reclamation approach and estimated costs to the state for bonding. As the exploration program progresses and the Copper World project is refined, the MLRP will also be updated.

UNDERSTANDING STAKEHOLDER INTERESTS AT THE MASON PROJECT

As determined in a preliminary economic assessment (PEA) in 2021, Hudbay's Mason project in Nevada's Yerington Copper District has significant potential. Feedback from local and government stakeholders indicates that one of the biggest concerns is around water, and these insights are being reviewed and incorporated into project plans to ensure all concerns are identified and actions are put in place to mitigate impacts.

In 2022, we will continue to advance our local stakeholder engagement program while planning for future regional exploration programs and advancing studies to support future pre-feasibility work on the project.



At Rosemont, slopes that are created when rock and earth are moved will be topped with soil and then seeded with native grasses and plants. Ecologists from the University of Arizona developed the seed mix and reclamation practices that will be used, work that drew in part on test plots like this one (left), located on the Rosemont site.



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 metered. We purchase all 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) protocols and frameworks, and we supply a GHG emissions worksheet developed by the Mining Association of Canada (MAC).

Key Performance Data

Economic (in \$ millions, unless otherwise stated)	2021	2020	2019	2018	2017
Direct economic value generated and distributed					
Profit (loss) before tax	\$ (217.4)	\$ (144.6)	\$ (452.8)	\$ 170.8	\$ 198.7
Revenues	\$ 1,501.6	\$ 1,088.7	\$ 1,237.4	\$ 1,472.3	\$ 1,362.6
Operating costs					
Canada	706.2	450.0	448.3	458.5	439.0
US	39.4	6.1	29.7	1.8	0.5
Peru	379.9	311.3	375.9	374.7	297.7
Chile	0.3	0.3	5.5	5.8	3.9
Total	\$ 1,125.8	\$ 767.7	\$ 859.4	\$ 840.8	\$ 741.1
Employee wages and benefits					
Canada	183.1	168.2	150.8	161.3	174.0
US	5.5	4.0	5.9	6.2	5.7
Peru	60.8	50.6	45.4	47.3	41.8
Chile	0.0	0.0	0.0	0.0	0.0
Total	\$ 249.4	\$ 222.8	\$ 202.1	\$ 214.8	\$ 221.5
Payments to government					
Taxes paid					
Canada	2.7	2.2	5.8	9.6	9.1
US	0.1	0.0	0.0	0.2	0.2
Peru	28.0	24.1	32.9	47.6	23.5
Chile	0.0	0.0	0.0	0.0	0.0
Total	\$ 30.8	\$ 26.3	\$ 38.7	\$ 57.4	\$ 32.8

Economic (in \$ millions, unless otherwise stated)	2021	2020	2019	2018	2017
Municipal taxes and grants					
Canada	14.4	10.9	6.6	5.7	6.9
US	0.3	0.2	0.0	0.0	0.1
Peru	12.2	10.5	9.7	2.9	3.5
Chile	0.0	0.0	0.0	0.0	0.0
Total	\$ 30.8	\$ 21.6	\$ 16.3	\$ 8.6	\$ 10.5
Penalties and interest paid					
Canada	0.0	0.0	0.0	0.0	0.0
US	0.0	0.0	0.0	0.0	0.0
Peru	0.0	0.1	2.1	0.0	0.4
Chile	0.0	0.0	0.0	0.0	0.0
Total	\$ 0.0	\$ 0.1	\$ 2.1	\$ 0.0	\$ 0.4
Payments to providers of capital					
Dividends paid	\$ 4.1	\$ 3.8	\$ 3.9	\$ 4.0	\$ 3.7
Interest payments made to providers of loans	\$ 84.4	\$ 81.5	\$ 74.8	\$ 74.8	\$ 52.7
Financing fees paid					
Canada	8.5	4.7	1.7	3.6	6.6
Peru	11.2	11.5	24.4	17.0	20.0
Total	\$ 19.6	\$ 16.2	\$ 26.1	\$ 20.6	\$ 26.6
Capital expenditures – cash flow basis	\$ 377.4	\$ 361.2	\$ 259.2	\$ 190.9	\$ 249.8
Payments – local communities for land use (in \$000s)					
Canada	3.1	0.0	0.0	0.0	0.0
US	0.0	0.0	0.0	0.0	0.0
Peru	26,195.0	98,322.0	3,355.0	1,062.0	2,149.0
Total land use payments	\$ 26,198.1	\$ 98,322.0	\$ 3,355.0	\$ 1,062.0	\$ 2,149.0

Economic (in \$ millions, unless otherwise stated)	2021	2020	2019	2018	2017
Public benefit					
Community investments and charitable donations (in \$000s)					
Canada	702.8	552.3	373.8	395.6	287.5
US	94.5	93.0	162.0	204.5	178.7
Peru	8,480.0	4,633.0	7,572.0	4,499.7	5,941.2
Chile	0.0	0.0	0.0	0.0	0.0
Total community investments and donations ¹	\$ 9,277.3	\$ 5,278.4	\$ 8,107.8	\$ 5,099.8	\$ 6,407.4
Resettlement investment (Peru) (in \$000s)	\$ 43.0	\$ 0.0	\$ 0.0	\$ 130.0	\$ 98.0
Production (contained metal in concentrate)					
Manitoba					
Copper (000 tonnes)	21.7	22.2	23.4	32.4	37.4
Zinc (000 tonnes)	93.5	11.8	119.1	115.6	135.2
Gold (000 ounces)	143.5	112.2	95.0	95.7	91.0
Silver (000 ounces)	1,072.5	1,127.9	1,080.6	1,224.6	113.3
Peru					
Copper (000 tonnes)	77.8	73	113.8	122.2	121.8
Gold (000 ounces)	50.3	12.4	19.7	24.2	17.6
Silver (000 ounces)	1,972.9	1,623.0	2,504.8	2,729.9	2,374.0
Molybdenum (000 ounces)	1.1	1.2	1.3	0.9	0.5
Total					
Copper (000 tonnes)	92.2	95.3	137.2	154.6	159.2
Zinc (000 tonnes)	96.4	118.1	119.1	115.6	135.2
Gold (000 ounces)	168.4	124.6	114.7	119.9	108.6
Silver (000 ounces)	3,045.5	2,750.9	3,585.3	3,954.5	3,487.3
Molybdenum (000 ounces)	1.1	1.2	1.3	0.9	0.5
Metal production					
Zinc (000 tonnes)	89.6 ²	111.6	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	2021	2020	2019	2018	2017
Total workforce					
Full-time employees					
Manitoba	1,323	1,392	1,411	1,382	1,332
Corporate	75	76	69	74	70
Arizona	60	28	25	33	35
Peru	787	739	728	690	304
Total full-time employees	2,245	2,235	2,233	2,179	1,741
Employment					
Part-time employees					
Manitoba	34	31	14	13	20
Corporate	0	0	1	0	0
Arizona	0	4	2	2	4
Peru	0	0	0	0	0
Total part-time employees	34	35	17	15	24
Contract (term) employees					
Manitoba	56	51	64	34	19
Corporate	2	1	2	4	2
Arizona	45	1	1	1	1
Peru	139	165	130	165	444
Total contract employees	242	218	197	211	516
Co-op and summer students hired					
Manitoba	26	20	13	27	26
Corporate	0	4	5	3	3
Arizona	3	0	0	3	1
Peru	33	30	23	12	12
Total co-op/summer students	62	54	41	45	42
Employees represented by collective bargaining agreements	1,332	1,389	1,238	1,370	1,313
Percentage of employees represented by trade unions (includes all full-time and part-time employees)	58%	61%	55%	58%	59%

Employees	2021	2020	2019	2018	2017
Operational changes					
Minimum number of weeks provided before operational changes (MBU only)	2	2	2	2	2
Negotiated into collective agreements (MBU only)	Yes	Yes	Yes	Yes	Yes
Number of strikes or lockouts exceeding one week					
Manitoba	0	0	0	0	0
Corporate	N/ap	N/ap	N/ap	N/ap	N/ap
Arizona	N/ap	N/ap	N/ap	N/ap	N/ap
Peru	0	0	0	0	0
Total	0	0	0	0	0
Employee turnover (includes all full-time employees)					
Manitoba	254	179	168	189	192
Corporate	13	10	18	7	8
Arizona	46	10	18	10	8
Peru	81	104	84	108	128
Total	394	303	288	314	336
Employee turnover – age distribution					
<30	29%	21%	18%	25%	20%
30–50	45%	42%	47%	44%	45%
>50	26%	37%	35%	31%	35%
Employee turnover – gender					
Male	80%	82%	79%	76%	79%
Female	20%	18%	21%	24%	21%
Voluntary turnover rate (Hudbay total)	14%	9%	9%	10%	13%
Involuntary turnover rate (Hudbay total)	2%	5%	4%	4%	6%

Employees	2021	2020	2019	2018	2017
New employee hires					
Manitoba	189	172	233	222	220
Corporate	13	8	13	15	13
Arizona	35	16	8	3	6
Peru	112	146	98	227	238
Total	349	342	352	467	477
New hires – age distribution					
<30	45%	36%	39%	35%	39%
30–50	44%	54%	45%	59%	52%
>50	11%	11%	16%	12%	9%
New hires – gender					
Male	68%	80%	78%	81%	81%
Female	32%	20%	22%	19%	19%
Net number of full-time employees added (decreased)					
Canada	(70)	(12)	24	54	16
US	32	3	(8)	(2)	(5)
Peru	48	11	38	386	74
Total	10	2	54	438	85
Senior management from local community	5	5	4	6	5
Number of contractor full-time equivalent staff					
Manitoba	710	456	407	429	284
Peru	2,838	1,774	2,283	1,737	2,780
Arizona	37	14	15	13	9
Person-hours of work (including contractors)					
North America	5,583,816	3,902,648	3,750,575	3,701,855	3,232,379
South America	7,551,957	6,257,428	7,146,600	5,992,125	7,867,939
Total person-hours	13,135,773	10,160,076	10,897,175	9,693,980	11,100,318
Employees receiving regular performance and career development reviews (includes all full-time employees)					
Percentage reviewed	62%	59%	53%	46%	40%

Employees	2021	2020	2019	2018	2017
Hudbay total workforce age distribution (includes all full-time employees)					
<30	16%	16%	17%	17%	15%
30–50	59%	66%	64%	62%	53%
>50	25%	26%	27%	31%	33%
Composition of employees					
Workforce diversity (Includes all full-time employees)					
Female					
Manitoba	19%	18%	16%	15%	15%
Corporate	42%	41%	48%	43%	47%
Arizona	29%	32%	28%	45%	49%
Peru	10%	12%	12%	12%	25%
Total	17%	17%	16%	16%	18%
Percentage of workforce that are female (MBU only)	16%	16%	16%	16%	18%
Percentage of workforce that are Indigenous (MBU only)	16%	15%	15%	15%	14%
Percentage of workforce that are disabled (MBU only)	2%	2%	4%	4%	5%
Percentage of workforce that are visible minorities (MBU only)	7%	5%	6%	6%	6%
Composition of executive management and corporate governance bodies					
Board of Directors (ratio male to female)	2.3:1	2.3:1	2.7:1	2.5:1	2.3:1
Age distribution					
<30	0%	0%	0%	0%	0%
30–50	10%	10%	9%	0%	0%
>50	90%	90%	91%	100%	100%
Executive management (ratio male to female)	6:1	13.0:1	13.0:1	7:1	5:1
Age distribution					
<30	0%	0%	0%	0%	0%
30–50	47%	43%	43%	30%	29%
>50	53%	57%	57%	70%	71%

Employees	2021	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)	7.4:1	7.1:1	4.1:1	5.8:1	6.8:1
Canada (including Corporate office)	30.8:1	23.0:1	26.4:1	28.3:1	23.4:1
Peru	16.1:1	14.5:1	17.8:1	19.1:1	19.5:1
US (ABU)	32.5:1	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	97% ¹	99%	99%	100%	100%
Health and safety performance (per 200,000 hours worked, except where noted)					
Lost time injury (LTI) frequency					
Manitoba	0.6	0.6	0.7	0.9	1.0
Manitoba contractors	0.1	0.2	0.0	0.0	0.7
Peru	0.0	0.1	0.1	0.1	0.1
Peru contractors	0.0	0.0	0.0	0.1	0.0
Arizona	0.0	0.0	0.0	0.0	0.0
Arizona contractors	0.0	0.0	0.0	0.0	0.0
Chile	0.0	0.0	0.0	0.0	N/av
Chile contractors	0.0	0.0	0.0	2.6	N/av
Other North America (not including MBU and ABU)	0.0	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	0.0
Other South America (not including Peru and Chile)	0.0	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	0.0
Total	0.2	0.2	0.2	0.3	0.3

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

Employees	2021	2020	2019	2018	2017
Lost time injury severity (SEV)					
Manitoba	8.8	10.5	5.5	41.3	34.4
Manitoba contractors	826.5 ¹	6.1	0.0	0.0	13.9
Peru	0.0	0.0	9.4	2.5	0.5
Peru contractors	0.2	0.0	1.6	3.3	0.0
Arizona	0.0	0.0	0.0	0.0	0.0
Arizona contractors	0.0	0.0	0.0	0.0	0.0
Chile	0.0	0.0	0.0	0.0	N/av
Chile contractors	0.0	0.0	0.0	178.7	N/av
North America (not including MBU and ABU)	0.0	0.0	0.0	0.0	0.0
North America contractors (not including MBU and ABU)	0.0	0.0	0.0	0.0	0.0
South America (not including Peru)	0.0	0.0	0.0	0.0	0.0
South America contractors (not including Peru)	0.0	0.0	0.0	0.0	0.0
Total	94.9	3.4	4.1	13.1	8.4
Total recordable injury frequency					
Manitoba	2.8	2.7	3.1	3.7	N/av
Manitoba contractors	5.7	3.4	4.3	2.3	N/av
Peru	0.1	0.2	0.3	0.2	N/av
Peru contractors	0.4	0.4	0.3	0.3	N/av
Arizona	5.2	4.2	0.0	0.0	N/av
Arizona contractors	0.0	0.0	0.0	0.0	N/av
Chile	0.0	0.0	0.0	0.0	N/av
Chile contractors	0.0	0.0	4.4	2.6	N/av
North America (not including MBU and ABU)	0.0	0.0	1.3	0.0	N/av
North America contractors (not including MBU and ABU)	0.0	0.0	0.0	0.0	N/av
South America (not including Peru)	0.0	0.0	0.0	0.0	N/av
South America contractors (not including Peru)	0.0	0.0	0.0	0.0	N/av
Total	1.4	1.3	1.3	1.3	N/av

¹ Our lost time injury severity in the business unit increased from 2020 to 2021 due to the convention of recording 6,000 days lost in the case of the fatality that occurred in June 2021 at our Lalor operation.

Employees	2021	2020	2019	2018	2017
First aid (FA) frequency					
Manitoba	14.0	18.1	20.8	28.9	16.8
Manitoba contractors	14.5	12.6	16.6	8.7	2.4
Peru	0.2	0.2	0.4	1.0	0.9
Peru contractors	0.8	0.8	0.9	1.3	0.7
Arizona	2.6	0.0	3.4	0.0	0.0
Arizona contractors	1.2	0.0	12.5	0.0	10.5
Chile	0.0	0.0	0.0	0.0	N/av
Chile contractors	0.0	0.0	0.0	0.0	N/av
North America (not including MBU and ABU)	0.0	0.0	0.0	1.4	0.0
North America contractors (not including MBU and ABU)	0.0	0.0	0.0	0.0	0.0
South America (not including Peru)	0.0	0.0	0.0	0.0	0.0
South America contractors (not including Peru)	0.0	0.0	0.0	0.0	0.0
Total	4.9	6.4	6.9	8.6	4.3
Fatality	1 ¹	0	0	0	0
Absentee rate (as a percentage of hours scheduled to be worked)	N/av	N/av	N/av	N/av	N/av
Reportable occurrences (defined as EHS incidents required by Hudbay policy to be reported to our Board of Directors)	61	57	81	79	56

¹ Tragically, in June 2021 there was a fatal incident at our Lalor underground mine in Manitoba. The incident, a fall from height, occurred during underground mining operations. More information about this incident and the actions following can be found in [Fall-from-Heights Incidents Bring Greater Attention to Fatality Risks](#).

Benefits 2021	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	2021	2020	2019	2018	2017
Total number of incidents of discrimination (and actions taken)	0	0	0	1	0
Land use disputes	2	0	1	1	2
Resettlements					
Number of households (Peru only)	0	0	0	0	0
Number of individuals (Peru only)	0	0	0	0	0
Employees trained in anti-corruption policies					
Number – employees	894	1,193	1,245	1,064	952
Percentage of workforce	40% ¹	53%	56%	49%	55%
Percentage of management	100%	100%	100%	100%	100%
Employees that anti-corruption policies have been communicated to					
Number – management	354	546	562	564	580
Percentage	58%	90%	92%	100%	100%
Number – non-management	640	1,809	1,810	1,840	1,649
Percentage	35%	98%	99%	100%	100%
Number and percentage of operations assessed for corruption risks					
Number – operations	4	4	4	4	4
Percentage	100%	100%	100%	100%	100%
Governance body members that anti-corruption policies have been communicated to					
Number	10	10	9	10	10
Percentage	100%	100%	100%	100%	100%
Governance body members that received training on anti-corruption					
Number	10 ²	10	9	10	10
Percentage	100%	100%	100%	100%	100%

¹ Hudbay's anti-corruption training varies from year to year. On an annual basis, all directors, officers and employees with Hudbay email addresses, accounting for 40% of our workforce this year, are required to read and sign off on our compliance policies (including our Whistleblower Policy, Code of Business Conduct and Ethics, and Statement of Anti-Corruption).

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](#).

Society	2021	2020	2019	2018	2017
Average hours of training (Peru and Arizona business units only)					
Males in management	26.43	26.97	32.35	65.69	60.70
Females in management	0.70	1.37	20.00	75.73	65.98
Males in non-management	0.96	52.37	42.92	118.09	100.09
Females in non-management	3.04	48.53	20.14	113.48	85.82
Average spend (DJSI)	\$208	\$466	\$466	\$208	\$362
Security practices (security personnel training)					
Hudbay security personnel trained in human rights policies and procedures					
Number	16	21	16	15	15
Percentage	89%	100%	100%	100%	100%
Contractor security personnel trained in human rights policies and procedures					
Number	129	125	116	135	124
Percentage	100%	100%	100%	98%	98%
Value of fines or sanctions for non-compliance with laws and regulations	\$0	\$0	\$0	\$0	\$0
Grievances about impacts on society					
Number filed through formal grievance mechanisms	55	64	78	15	20
Number addressed during reporting period	55	64	9	15	20
Number resolved during reporting period	46	53	69	1	12
Number filed prior to the reporting period that were resolved during the reporting period	0	0	6	8	8
Number of other concerns					
Environment	3	7	5	0	4
Labour and commercial practices	132	151	152	104	113
Resettlement/livelihood	1	9	4	0	2
Human rights	1	1	1	0	1
Other	48	26	25	4	1

Society	2021	2020	2019	2018	2017
Closure plans					
Identify total number of operations	6	4	4	4	5
Number of company operations that have closure plans	6	4	4	4	5
Percentage of total operations with closure plans	100%	100%	100%	1	1
Number of advanced exploration projects that have closure plans	4	2	3	2	1
Percentage of advanced exploration projects that have closure plans	100%	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 (000s)	\$467,800	\$343,132	\$302,116	\$202,024	\$200,000
Report whether operations have implemented local community engagement, impact assessments and development programs in line with the Stakeholder Engagement Standard					
Manitoba	Yes	Yes	Yes	Yes	Partially
Arizona	Yes	Yes	Yes	Yes	Yes
Peru	Yes	Yes	Yes	Yes	Yes
Chile	Yes	Yes	Yes	Yes	Yes
Report whether operations are taking place in or adjacent to Indigenous peoples' territories					
Manitoba	Yes	Yes	Yes	Yes	Yes
Arizona	Yes	Yes	Yes	Yes	Yes
Peru	Yes	Yes	Yes	Yes	Yes
Chile	N/ap	N/ap	Yes	Yes	Yes
Artisanal/small-scale and informal mining					
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	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	No artisanal/ small-scale or informal mining
Peru	Yes ¹	Yes	Yes	Yes	Yes
Chile	Yes ²	Yes	Yes	Yes	Yes

¹ Economic compensation has been negotiated with the informal miners who carry out mining activities within the area of the Pampacancha Pit.

² Artisanal mining continues to be active adjacent to the Trilco camp.

Environment	2021	2020	2019	2018	2017
Direct energy consumption by primary energy source (terajoules)					
Propane	544	624	615	793	629
Diesel	1,815	1,393	1,794	1,778	2,019
Gasoline	19	15	15	15	16
Other	0	0	0	0	0
Total	2,378	2,031	2,424	2,586	2,664
Direct energy consumption by business unit (terajoules)					
Manitoba	760	846	844	1,095	950
Peru	1,618	1,185	1,579	1,485	1,710
Indirect energy consumption by business unit (terajoules)					
Manitoba	3,222	3,422	3,381	3,289	3,372
Peru	2,555	2,300	2,523	2,530	2,279
Total electricity consumed	5,777	5,722	5,905	5,820	5,652
Indirect energy sold/credits (terajoules)					
Electricity	0.00	0.00	0.84	0.42	0.47
Total indirect energy consumed by organization	5,777	5,722	5,904	5,819	5,652
Energy intensity (terajoules per kilotonne of metal in concentrate and cast zinc)	29	24	23	23	21
Total direct and indirect greenhouse gas emissions (kilotonnes of CO₂ equivalent)					
Direct CO ₂ e emissions					
Manitoba	48	53	53	69	60
Peru	130	92	110	103	119
Total direct CO ₂ e emissions	178	144	161	170	177
Indirect CO ₂ e emissions					
Manitoba	3	3	3	3	3
Peru	123	132	139	140	141
Total indirect CO ₂ e emissions	126	135	142	143	144
Total	304	279	444	456	465

Environment	2021	2020	2019	2018	2017
GHG intensity (tonnes of GHG emissions per kilotonne of metal in concentrate)	1.86	1.30	3.12	3.08	2.70
NO_x, SO_x and other significant air emissions (in kilotonnes)					
NO _x , SO _x					
MBU	0.00	0.00	0.00	0.00	0.00
Peru	0.00	0.00	0.00	0.00	0.00
Arizona	0.00	0.00	0.00	0.00	0.00
Total	0.00¹	0.00	0.00	0.00	0.00
Particulate					
MBU	0.69	0.43	0.65	0.54	0.62
Peru	0.00	N/av	N/av	N/av	N/av
Arizona	0.00	0.00	0.00	0.00	0.00
Total	0.69²	0.43	0.65	0.54	0.62
Total water withdrawal (000 cubic metres)					
Surface water	11,478	12,093	12,693	13,770	11,058
Groundwater	4,704	4,540	4,144	4,155	2,747
Rainwater collected directly and stored by the organization	8,479	7,705	5,093	6,193	10,242
Waste water from another organization	0.00	0.00	0.00	0.00	0.00
Municipal water supplies	0.20	0.08	0.14	0.01	0.00
Total water withdrawal	24,661	24,338	21,930	24,118	24,047
Percentage and total volume of water recycled and reused					
Total volume (000 cubic metres)	63,224	61,283	75,088	65,698	53,474
Percentage	256%	252%	342%	272%	222%

¹ We have had zero SO_x emissions from stationary sources since we closed the smelter in Manitoba in 2010.

² 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.

Environment	2021	2020	2019	2018	2017
Total water discharged (000 cubic metres)					
To Flin Flon Creek/Ross Lake/Schist Lake	11,521	14,342	12,501	15,897	13,941
To Anderson Creek/Wekusko Lake	1,685	4,370	4,384	4,384	9,067
To Moosey Creek/Morgan Lake	1,462	1,824	1,670	1,670	1,788
Namew Lake	40	35	30	30	30
Herblet Lake	473	576	595	5	784
To ground	0	0	0	181	297
To Chilloroya River (Peru)	2,445	1,981	862	1,358	294
Total water discharged	17,627 ¹	23,128	20,041	23,526	52,401
Total number of significant spills²	0	1	0	0	3
Volume (liquid) (m ³)	0	50	0	0	286
Volume (solid) (tonnes)	0	0	0	0	120
Hazardous waste disposed of at external facility (tonnes)	660	468	926	1,166	1,944
Total amounts of waste (tonnes)					
Overburden	299,498	65,738	256,454	258,288	1,302,405
Waste rock	35,408,474	23,992,684	37,005,883	37,055,344	32,432,669
Tailings	31,694,502	28,044,090	33,211,879	32,457,474	30,545,163
Total amounts of waste recycled (tonnes)					
Waste rock used as backfill	0	2,770	19,530	157,622	90,900
Waste rock used for tailings structures	6,783,750	9,385,125	10,508,423	13,098,446	12,750,897
Tailings used for backfill	726,428	688,613	738,743	564,212	467,098
Total	7,510,178	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	2	0	6	0	0

¹ All discharged water is treated according to regulatory water quality requirements prior to discharge.

² 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.

Environment	2021	2020	2019	2018	2017
Land use (hectares) – mineral tenure (sub-surface rights)					
Manitoba and Saskatchewan	505,908	603,506	518,030	241,810	121,241
Yukon	0	0	0	0	583
Nunavut	21	21	21	21	21
Total Canada	505,908	603,527	518,051	241,831	121,846
Arizona	12,465	11,532	7,284	7,284	7,284
Nevada	14,578	14,394	0	0	0
New Mexico	1,917	1,917	0	0	0
Total USA	28,960	16,311	0	7,284	7,284
Chile	1,531	1,531	1,531	263,900	263,900
Peru	9,462	160,754	139,496	99,736	99,736
Total South/Central America	9,462	162,285	141,027	363,636	363,636
Total	515,371	782,123	659,078	612,751	492,765
Land use (hectares) – surface tenure (controlled land)					
Manitoba and Saskatchewan	7,724	7,718	7,711	7,647	7,314
Yukon	0	0	0	0	120
Nunavut	0	0	0	0	0
Total Canada	7,724	7,718	7,711	7,647	7,434
Arizona	4,239	3,249	0	0	0
Nevada	108	86	0	0	0
New Mexico	0	0	0	0	0
Total USA	4,347	3,335	0	0	0
Chile	0	0	0	0	0
Peru	1,620	1,620	1,591	1,524	1,518
Total South/Central America	1,620	1,620	1,591	1,524	1,518
Total	9,344	9,338	9,302	9,172	8,952

Environment	2021	2020	2019	2018	2017
Sites requiring biodiversity management plans					
Number of sites legally requiring plans	2	2	2	2	2
Percentage of sites with legally required plans in place	100%	100%	100%	100%	100%
Number of sites with voluntary plans in place	2	1	1	1	1
Habitats protected or restored (hectares)					
Protected	0 ¹	0	0	0	0
Restored	107	84	25	1	0
Partnerships exist	No	No	Yes	Yes	Yes
Status at close of reporting period	Monitoring	Monitoring	Monitoring	Monitoring	Monitoring
IUCN Red List species and National Conservation List species					
Critically endangered	2	2	3	3	2
Endangered	11	6	6	5	2
Vulnerable	26	26	29	25	19
Near threatened	16	24	24	22	12
Least concern	351	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.

2021 Targets and Achievements

Target	Achievement	Details
HEALTH AND SAFETY		
Match or improve on our current three-year average lost time injury severity of 6.7	Not achieved	Further explanation about our performance is provided in the Enhancing Focus on Preventing Fatalities section.
Match or improve on our three-year total recordable injury frequency average of 1.3 (based on ICMM classification criteria)	Not achieved	Further explanation about our performance is provided in the Enhancing Focus on Preventing Fatalities section.
COMMUNITY		
Reach agreements with individual community members that currently use portions of the acquired Pampacancha lands	Achieved	We completed our land user agreements for Pampacancha in early 2021 and moved forward with development activities, achieving first production in early 2021.
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	Achieved	More information is provided in the Connected to Community feature story.
ENVIRONMENT		
Hudbay operating locations achieve level “A” or higher for all indicators in the initial public reporting of the TSM Water Stewardship Protocol	Not achieved	Our Peru Business Unit achieved a level A or higher across all protocols, and our Manitoba Business Unit achieved a level A or higher in all but one (related to developing a water balance for the entire site). Although it has developed water balances for the tailings facilities, the business unit has been impacted by personnel shortages and changes due to the transition of the workforce between Flin Flon and Snow Lake. The team understands where the gaps exist and will be working toward meeting the level A requirements of the indicator.
Define a pathway (e.g., sources of emissions, the 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.	Not achieved	We made notable progress on this objective, engaging with external experts to better understand our current position and explore opportunities to reduce GHG emissions in the future. This work is discussed in more detail in the Connected to a Reduced GHG Emissions Future feature story.

Target	Achievement	Details
GOVERNANCE		
Review and formally allocate strategic risk and risk oversight to the appropriate Board committee, including recognizing diversity and inclusion in Board risk oversight	Achieved	The Charters of each of the Board committees were revised in 2021 to clarify responsibilities for strategic risk oversight.
FINANCIAL EXCELLENCE/GROWTH		
Meet targets on first ore milled and completion of copper flotation circuit at New Britannia mill	Achieved	First ore was processed by July 2021, and the copper flotation circuit was completed in October (two months early).
Meet budgeted production for the year	Partially achieved	Met consolidated copper and gold guidance but missed threshold zinc production.

2022 Targets

HEALTH AND SAFETY

- Match or improve on our current three-year average lost time injury severity of 34.1
- Match or improve on our three-year total recordable injury frequency average of 1.4 (based on ICMM classification criteria)

COMMUNITY

- Avoid operational shutdowns at our Peru operations due to community/political activity
- Complete exploration agreements to enable land access at regional deposits near our Peru operations

ENVIRONMENT

- Adopt Scope 1 and Scope 2 emissions targets intended to achieve a 50% GHG reduction by 2030 and disclose intention to be net zero by 2050
- Design Copper World project in Arizona in compliance with 2030 and 2050 GHG objectives

GOVERNANCE

- Complete comprehensive review/update of global anti-bribery and corruption compliance program

FINANCIAL EXCELLENCE/GROWTH

- Operating cash flow – meet budgeted target
- Production – all metals within public guidance ranges

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 14)		
102-2	Activities, brands, products and services	Our Company > Our Locations (see page 15) Business and Financial Review (see page 23)		
102-3	Location of headquarters	Website > About Us		
102-4	Location of operations	Our Company > Our Locations (see page 15)		
102-5	Ownership and legal form	Our Company > Our Locations (see page 15)		
102-6	Markets served	Sustainability Approach > Responsible Supply Chain > Products (see page 52)		
102-7	Scale of the organization	Business and Financial Review (see page 23) Business and Financial Review > Business Activities (see page 29) Sustainability Approach > Responsible Supply Chain > Products (see page 52) Sustainability Performance > Key Performance Data (see page 93)	EM-MM-000.A	Production of (1) metal ores and (2) finished metal products
102-8	Information on employees and other workers	Sustainability Performance > Key Performance Data (see page 94)	EM-MM-000.B	Total number of employees, percentage contractors
102-9	Supply chain	Sustainability Approach > Responsible Supply Chain > Supply Chain Performance (see page 51)		
102-10	Significant changes to the organization and its supply chain	CEO Message (see page 3) Business and Financial Review (see page 23) Business and Financial Review > Business Activities (see page 29)		
102-11	Precautionary principle or approach	Our Company > Risk Management > Precautionary Approach (see page 21)		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
102-12	External initiatives	Sustainability Approach > Sustainability Governance > International Systems and Performance Standards (see page 37) Sustainability Approach > Sustainability Governance > Industry Involvement (see page 38) Sustainability Approach > Tailings Stewardship > Tailings Management Protocol (see page 41) Sustainability Approach > United Nations Sustainable Development Goals (see page 53) Our People > Our Approach > Diversity and Inclusion (see page 60) Social Impact > Our Approach > Economic Contributions (see page 71) Social Impact > Our Approach > Indigenous Engagement (see page 71) Environment > Our Approach (see page 81)		
102-13	Membership of associations	Sustainability Approach > Sustainability Governance > Industry Involvement (see page 38)		
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 20) Our Company > Risk Management (see page 21)		
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behaviour	Our Company > Mission and Values (see page 16) Our Company > Business Conduct (see page 19) Sustainability Approach > Sustainability Governance > Sustainability Management Framework (see page 35) Sustainability Approach > Human Rights and Security (see page 39) Sustainability Approach > Responsible Supply Chain (see page 51) Website > Disclosure Centre > Policies		
102-17	Mechanisms for advice and concerns about ethics	Our Company > Business Conduct (see page 19) Our Company > Business Conduct > Risks, Issues or Complaints (see page 20) Sustainability Approach > Responsible Supply Chain (see page 51)		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Governance				
102-18	Governance structure	Our Company > Corporate Governance (see page 17) Our Company > Board of Directors (see page 18) Our Company > Management Team (see page 22) Sustainability Approach > Sustainability Governance (see page 35) Management Information Circular Website > About Us > Board Website > About Us > Management		
102-19	Delegating authority	Sustainability Approach > Sustainability Governance (see page 35)		
102-20	Executive-level responsibility for economic, environmental and social topics	Our Company > Corporate Governance (see page 17) Our Company > Management Team (see page 22) Sustainability Approach > Sustainability Governance (see page 35)		
102-21	Consulting stakeholders on economic, environmental and social topics	Our Company > Corporate Governance (see page 17) Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Stakeholder Engagement (see page 45) Social Impact > Our Approach (see page 71)		
102-22	Composition of the highest governance body and its committees	Our Company > Corporate Governance (see page 17) Our Company > Board of Directors (see page 18) 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 17) Our Company > Board of Directors (see page 18) Management Information Circular Website > About Us > Board		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
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 19) Sustainability Approach > Sustainability Governance (see page 35) 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 35) Corporate Governance 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	Corporate Governance Guidelines and Board Charter		
102-29	Identifying and managing economic, environmental and social impacts	Sustainability Approach > Sustainability Governance (see page 35)		
102-30	Effectiveness of risk management processes	Our Company > Risk Management (see page 21)		
102-31	Review of economic, environmental and social topics	Sustainability Approach > Sustainability Governance (see page 35)		
102-32	Highest governance body's role in sustainability reporting	Environmental, 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 20) Our Company > Risk Management (see page 21) Whistleblower Policy		
102-34	Nature and total number of critical concerns	Our Company > Business Conduct > Risks, Issues or Complaints (see page 20) Sustainability Approach > Human Rights and Security (see page 39) Sustainability Approach > Stakeholder Engagement (see page 45) Sustainability Performance > Key Performance Data (see page 101)		
102-35	Remuneration policies	Management Information Circular Compensation and Human Resources Committee Charter		
102-36	Process for determining remuneration	Management Information Circular		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
102-37	Stakeholders' involvement in remuneration	Management Information Circular		
102-38	Annual total compensation ratio	Sustainability Performance > Key Performance Data (see page 98)		
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 45)		
102-41	Collective bargaining agreements	Sustainability Performance > Key Performance Data (see page 94)		
102-42	Identifying and selecting stakeholders	Sustainability Approach > Stakeholder Engagement (see page 45)		
102-43	Approach to stakeholder engagement	Sustainability Approach > Stakeholder Engagement (see page 45)		
102-44	Key topics and concerns raised	Our Company > Business Conduct > Risks, Issues or Complaints (see page 20) Sustainability Approach > Human Rights and Security (see page 39) Sustainability Approach > Stakeholder Engagement (see page 45) Social Impact > Manitoba (see page 73) Social Impact > Peru (see page 75) Social Impact > Arizona and Nevada (see page 77)		
Reporting Practice				
102-45	Entities included in the consolidated financial statements	About This Report (see page 129) Annual Information Form (see page 5)		
102-46	Defining report content and topic Boundaries	Sustainability Approach > Materiality (see page 48)		
102-47	List of material topics	Sustainability Approach > Materiality (see page 48)		
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 129)		
102-51	Date of most recent report	About This Report (see page 129)		
102-52	Reporting cycle	About This Report (see page 129)		
102-53	Contact point for questions regarding the report	About This Report (see page 129)		
102-54	Claims of reporting in accordance with the GRI Standards	About This Report (see page 129)		
102-55	GRI content index	GRI and SASB Content Index (see page 112)		
102-56	External assurance	External assurance was conducted only for the financial data in the 2021 Annual Sustainability Report.		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
MATERIAL TOPICS				
GRI 200: ECONOMIC STANDARDS SERIES				
Economic Performance				
GRI 103: Management Approach 2016				
103	Management approach	CEO Message (see page 3) Our Company > Corporate Governance (see page 17) Our Company > Risk Management (see page 21) Business and Financial Review > Strategy (see page 27) Sustainability Approach > Materiality (see page 48) Social Impact > Our Approach (see page 71) Sustainability Performance > 2021 Targets and Achievements (see page 109) Sustainability Performance > 2022 Targets (see page 111) 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 91)		
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		
Indirect Economic Impacts				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Materiality (see page 48) Sustainability Approach > Responsible Supply Chain (see page 51) Social Impact > Our Approach (see page 71) Social Impact > Our Approach > Economic Contributions (see page 71) Social Impact > Manitoba (see page 73) Social Impact > Peru (see page 75) Social Impact > Arizona and Nevada (see page 77) 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 Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 203: Indirect Economic Impacts 2016				
203-2	Significant indirect economic impacts	Sustainability Approach > Responsible Supply Chain > Supply Chain Performance (see page 51) Social Impact (see page 68)		
Procurement Practices				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Materiality (see page 48) Sustainability Approach > Responsible Supply Chain (see page 51) Social Impact > Our Approach > Local Hiring and Procurement (see page 72) Supplier Code of Conduct and Ethics		
GRI 204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers	Sustainability Approach > Responsible Supply Chain (see page 51)		
Anti-corruption				
GRI 103: Management Approach 2016				
103	Management approach	Our Company > Business Conduct (see page 19) Our Company > Business Conduct > Compliance Training (see page 19) Our Company > Business Conduct > Risks, Issues or Complaints (see page 20) Our Company > Risk Management (see page 21) Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Materiality (see page 48) Sustainability Approach > Responsible Supply Chain (see page 51) Statement on Anti-Corruption Supplier Code of Conduct and Ethics	EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain
GRI 205: Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	Our Company > Business Conduct > Risks, Issues or Complaints (see page 20) Sustainability Performance > Key Performance Data (see page 101)		
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Performance > Key Performance Data (see page 101)		
205-3	Confirmed incidents of corruption and actions taken	Our Company > Business Conduct > Risks, Issues or Complaints (see page 20)		
		Not applicable	EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 300: ENVIRONMENTAL STANDARDS SERIES				
Energy				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Materiality (see page 48) Environment > Our Approach > Climate Change (see page 82)		
302-1	Energy consumption within the organization	Sustainability Performance > Key Performance Data (see page 104) CDP Climate Change Report	EM-MM-130a.1	Total energy consumed
		CDP Climate Change Report	EM-MM-130a.1	Percentage grid electricity
		CDP Climate Change Report	EM-MM-130a.1	Percentage renewable
Water				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Materiality (see page 48) Environment > Our Approach > Water (see page 83) Sustainability Performance > 2021 Targets and Achievements (see page 109)		
GRI 303: Water and Effluents 2018				
303-1	Interactions with water as a shared resource	Environment > Our Approach > Water (see page 83)		
303-2	Management of water discharge-related impacts	Environment > Our Approach > Water (see page 83)		
303-3	Water withdrawal	Sustainability Performance > Key Performance Data (see page 105) CDP Water Report	EM-MM-140a.1	Total fresh water withdrawn, percentage occurring in regions with high or extremely high baseline water stress
		Sustainability Performance > Key Performance Data (see page 105) CDP Water Report	EM-MM-140a.1	Total fresh water consumed, percentage occurring 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

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Biodiversity				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Sustainability Governance > International Systems and Performance Standards (see page 37) Sustainability Approach > Tailings Stewardship (see page 41) Sustainability Approach > Materiality (see page 48) Environment > Our Approach (see page 81) Environment > Our Approach > Land and Biodiversity (see page 82) Environment > Our Approach > Closure and Reclamation (see page 84) Environmental Health and Safety Policy	EM-MM-160a.1	Description of environmental management policies and practices for active sites
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 82) Sustainability Performance > Key Performance Data (see page 108)	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 82)		
304-3	Habitats protected or restored	Sustainability Performance > Key Performance Data (see page 108)		
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 108)		
		Environment > Our Approach > Waste and Tailings (see page 84)	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is predicted to occur
		Environment > Our Approach > Waste and Tailings (see page 84)	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

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
MM1: Biodiversity				
MM1	Amount of land disturbed or rehabilitated	Sustainability Performance > Key Performance Data (see page 107)		
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 108)		
Emissions				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Materiality (see page 48) Environment > Our Approach > Climate Change (see page 82) Sustainability Performance > 2021 Targets and Achievements (see page 109) Sustainability Performance > 2022 Targets (see page 111)		
305-1	Direct (Scope 1) GHG emissions	Sustainability Performance > Key Performance Data (see page 104) CDP Climate Change 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 page 82) Sustainability Performance > 2021 Targets and Achievements (see page 109) Sustainability Performance > 2022 Targets (see page 111) CDP Climate Change 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 105)	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)

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Effluents and Waste				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Tailings Stewardship (see page 41) Sustainability Approach > Materiality (see page 48) Environment > Our Approach > Waste and Tailings (see page 84) Environmental Health and Safety Policy		
GRI 306: Waste 2020				
306-1	Waste generation and significant waste-related impacts	Sustainability Approach > Tailings Stewardship (see page 41) Environment > Our Approach > Waste and Tailings (see page 84)		
306-2	Management of significant waste-related impacts	Sustainability Approach > Tailings Stewardship (see page 41) Environment > Our Approach > Waste and Tailings (see page 84)		
306-3	Waste generated	Sustainability Performance > Key Performance Data (see page 106)		
306-4	Waste diverted from disposal	Sustainability Performance > Key Performance Data (see page 106)		
306-5	Waste directed to disposal	Sustainability Performance > Key Performance Data (see page 106)		
		Mine Tailings Disclosure Table	EM-MM-540a.1	Tailings storage facility inventory table
		Sustainability Approach > Tailings Stewardship (see page 41) Environment > Our Approach > Waste and Tailings (see page 84)	EM-MM-540a.2	Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities
MM3: Effluents and Waste				
MM3	Total amount of overburden, rock, tailings and sludges and their associated risks	Sustainability Performance > Key Performance Data (see page 106)	EM-MM-150a.4	Total weight of non-mineral waste generated
			EM-MM-150a.5	Total weight of tailings produced
			EM-MM-150a.6	Total weight of waste rock generated
			EM-MM-150a.7	Total weight of hazardous waste generated
			EM-MM-150a.8	Total weight of hazardous waste recycled

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 400: SOCIAL STANDARDS SERIES				
Employment				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Materiality (see page 48) Our People > Our Approach > Employee Relations (see page 59) Our People > Our Approach > Building a Highly Effective Organization (see page 60) Our People > Our Approach > Diversity and Inclusion (see page 60) Our People > Manitoba (see page 62) Our People > Peru (see page 64)		
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	Sustainability Performance > Key Performance Data (see page 94)		
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 100)		
401-3	Parental leave	Sustainability Performance > Key Performance Data (see page 100) Parental leave is tracked by business unit and employment level.		
Labour/Management Relations				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Materiality (see page 48) Our People > Our Approach > Employee Relations (see page 59) Our People > Manitoba (see page 62) Our People > Peru (see page 64)		
GRI 402: Labour/Management Relations 2016				
402-1	Minimum notice periods regarding operational changes	Sustainability Performance > Key Performance Data (see page 95)	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 95)	EM-MM-310a.2	Number and duration of strikes and lockouts

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Occupational Health and Safety				
GRI 103: Management Approach 2016				
103	Management approach	Our Company > Risk Management > Emergency Response and Crisis Management (see page 21) Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Materiality (see page 48) Our People (see page 55) Our People > Our Approach > Health and Safety (see page 58) Our People > Our Approach > Employee Relations (see page 59) Sustainability Performance > 2021 Targets and Achievements (see page 109) Sustainability Performance > 2022 Targets (see page 111) Environmental Health and Safety 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 98)		
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 98-100)	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
Security Practices				
GRI 103: Management Approach 2016				
103	Management approach	Our Company > Risk Management (see page 21) Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Human Rights and Security > Security Practices (see page 39) Sustainability Approach > Materiality (see page 48) Environmental Health and Safety Policy 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 102)		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Rights of Indigenous Peoples				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Human Rights and Security (see page 39) Sustainability Approach > Stakeholder Engagement (see page 45) Sustainability Approach > Materiality (see page 48) Our People > Our Approach > Diversity and Inclusion (see page 60) Social Impact > Manitoba > Engaging with Indigenous Communities (see page 73) 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 2021.		
MM5: Indigenous Rights				
MM5	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 103)	EM-MM-210a.2	Percentage of (1) proved and (2) probable reserves in or near Indigenous land
Human Rights Assessment				
GRI 103: Management Approach 2016				
103	Management approach	Our Company > Business Conduct > Risks, Issues or Complaints (see page 20) Our Company > Risk Management (see page 21) Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Human Rights and Security (see page 39) Sustainability Approach > Materiality (see page 48) Sustainability Approach > Responsible Supply Chain (see page 51) Our People > Our Approach > Diversity and Inclusion (see page 60) 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 102)		
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Supplier Code of Conduct and Ethics		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Local Communities				
GRI 103: Management Approach 2016				
103	Management approach	Our Company > Business Conduct > Risks, Issues or Complaints (see page 20) Our Company > Risk Management (see page 21) Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Materiality (see page 48) Sustainability Approach > Responsible Supply Chain (see page 51) Our People > Our Approach > Diversity and Inclusion (see page 60) Social Impact > Our Approach > Community Relations (see page 71) Social Impact > Our Approach > Local Hiring and Procurement (see page 72) Social Impact > Our Approach > Community Development (see page 72)	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 103)		
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 101)	EM-MM-210b.1	Number and duration of non-technical delays
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 102)		
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 103)		

GRI Standard	Disclosure	Response, page number(s) and/or URL(s)	SASB Code	SASB Metric
Resettlement				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Materiality (see page 48) Social Impact > Our Approach > Resettlement and Land Use (see page 72)		
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 101)		
Closure Planning				
GRI 103: Management Approach 2016				
103	Management approach	Sustainability Approach > Sustainability Governance (see page 35) Sustainability Approach > Materiality (see page 48) Social Impact > Our Approach (see page 71) Social Impact > Manitoba > Transitioning Hudbay's Future to Snow Lake (see page 73) Environment > Our Approach > Land and Biodiversity (see page 82) Environment > Our Approach > Closure and Reclamation (see page 84) Environmental Health and Safety Policy		
MM10: Closure Planning				
MM10	Number and percentage of operations with closure plans	Sustainability Performance > Key Performance Data (see page 103)		



ABOUT THIS REPORT

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 in 2020 we simplified the name to Annual Sustainability Report. This report 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.

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, 2021, on February 23, 2022. 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 14th report based on the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. Our most recent previous report was released in May 2021. The disclosures in this report have been mapped to the GRI Sustainability Reporting Standards (largely in accordance with the Core option), the SASB Metals & Mining industry standard and the TCFD.

Our report covers all operating and project locations reported under [Our Company](#), as well as exploration activities managed by Hudbay in Chile during the 2021 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 Company's material properties has been approved by Olivier Tavchandjian, P. Eng., Hudbay's Vice President of Exploration and Technical Services. Mr. Tavchandjian is a qualified person 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, expectations regarding the impact of COVID-19 and inflationary pressures on the cost of operations, financial conditions and prospects, expectations regarding our cash balance and liquidity for the remainder of the year, expectations regarding future railcar availability and selling down excess inventory, expectations regarding the preliminary economic assessment of the Copper World project, including the timeline for completion, positive results and a potential alternative development plan for Rosemont, expectations regarding the litigation that has been commenced against Copper World and ongoing litigation in respect of Rosemont, expectations regarding the permitting requirements for Copper World, expectations regarding the Snow Lake gold strategy, including anticipated timelines for achieving target throughput and recoveries at the New Britannia mill, increasing the mining rate at Lalor to 5,300 tonnes per day and implementing the Stall mill recovery improvement program, expectations regarding the Flin Flon closure process and the transition of personnel and equipment to Snow Lake, expectations regarding the potential to reprocess Flin Flon tailings in the future and the possible benefits of such a project, 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, 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, inherently are 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 ability to continue to operate safely and at full capacity despite COVID-19 related challenges;
- 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 cost guidance;
- no significant interruptions to our operations due to COVID-19 or social or political unrest in the regions in which Hudbay operates;
- a positive preliminary economic assessment in respect of Copper World;
- the successful outcome of the Copper World and Rosemont litigation proceedings;
- the ability to ramp up the New Britannia mill to target throughput and recoveries and achieve the anticipated production;
- the economic prospects of reprocessing Flin Flon tailings;
- 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 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, health and safety matters;
- 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, changes in taxation policies 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 associated with COVID-19 and its effect on our operations, financial condition, projects and prospects, uncertainties related to the closure of the 777 mine and the Flin Flon operations, the direct and indirect impacts of the change in government in Peru, future uncertainty with respect to the Peruvian mining tax regime and social unrest in Peru, risks generally associated with the mining industry and the current geopolitical environment, including future commodity prices, currency and interest rate fluctuations, energy and consumable prices, supply chain constraints and general cost escalation in the current inflationary environment, uncertainties related to the development and operation of our projects, risks related to the preliminary economic assessment of Copper World, including its effect on the current Rosemont mineral reserves and the potential for it to trigger an indicator of impairment with respect to Rosemont, risks related to the ongoing Copper World and Rosemont litigation processes and other legal challenges that could affect the permitting timeline for Copper World or Rosemont, risks related to the new Lalor mine plan, including the continuing ramp-up of the New Britannia mill and the ability to convert inferred mineral resource estimates to higher confidence categories, risks related to the technical and economic prospects of reprocessing Flin Flon tailings, the potential that additional financial assurance will be required to support the updated Flin Flon closure plan, dependence on key personnel and employee and union relations, risks related to political or social instability, unrest or change, risks in respect of Indigenous and community relations, rights and title claims, operational risks and hazards, including the cost of maintaining and upgrading the Company's tailings management facilities and any 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 and interest rates 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 most recent 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
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Annual and Special Meeting of Shareholders
May 10, 2022, 8:30 a.m. ET
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 (per approximately 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

Preliminary economic assessment (PEA) – an economic analysis of the potential viability of mineral resources taken at an early stage of a project

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

Concept and design: worksdesign.com