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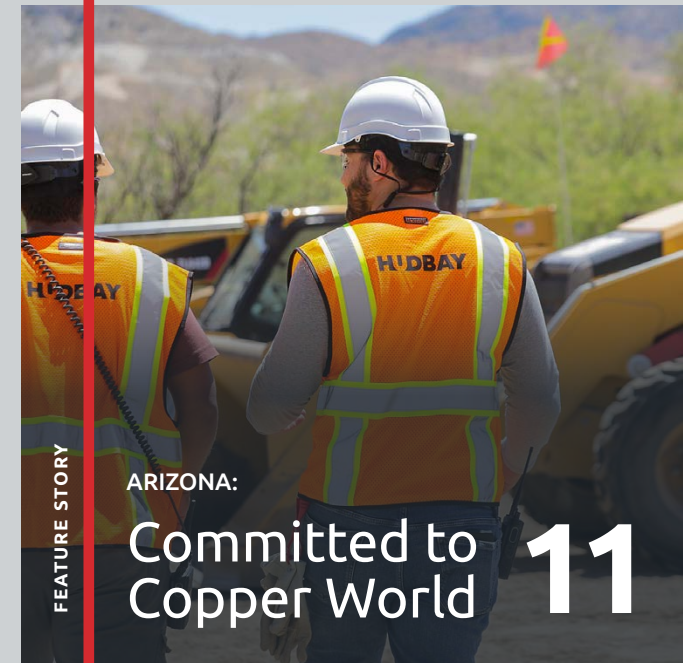
2022 ANNUAL SUSTAINABILITY REPORT

HUBBAY

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The world needs the metals that Hudbay mines. Now more than ever, countries and companies look for technology and solutions to support the global transition to a low-carbon future. At the same time, in 2022 the world was shaken by political volatility and economic uncertainty and continued to be impacted by the effects of the receding pandemic. Against this background, Hudbay is **committed** to finding and producing copper and the other metals needed to combat climate change, to pursuing responsible growth while meeting our greenhouse gas emissions targets, to ensuring our activities benefit the communities near our operations and to delivering dependable value for our stakeholders.



CEO Message

In 2022, Hudbay kept its commitment to delivering production growth in both Manitoba and Peru. Across our operations, we achieved 5% year-over-year growth in copper production and a 13% increase in gold production.

Increasingly, we are seeing the benefits from our recent \$250 million brownfield investment program at our Pampacancha project in Peru and New Britannia mill in Snow Lake, Manitoba. This opens the door to meaningful cash flow growth over the next several years. Clearly, this is a positive development, but we remain prudent. In the face of inflationary pressures, we adopted various measures to manage costs and capital, including our 3-P plan for sanctioning mine development at Copper World, which I'll touch on later.

Sustainability is another organization-wide commitment that defines Hudbay, and we demonstrate it in every aspect of our operations. Notably, this year, we released our 2030 greenhouse gas (GHG) reduction targets and our roadmap for achieving net zero GHG emissions by 2050. Also, during the year, Andre Lauzon became the Company's Chief Operating Officer (COO), Eugene Lei was named Chief Financial Officer (CFO), and Mark Gupta moved into the role of Vice President, Corporate Development, as parts of our effective succession planning process. Hudbay's ability to fill three leadership roles through internal promotions speaks to our extraordinary bench strength and our commitment to supporting our people.

Peru

Our most significant operational achievement in Peru was fully integrating the Pampacancha deposit into Constancia's operations. High-grade copper and gold ore from Pampacancha is contributing to lower cash costs at Constancia while increasing operating cash flows. We also completed successful negotiations with the community of Uchucarcco, which formally approved an agreement granting us surface rights to explore the Maria Reyna and Caballito satellite properties. Both highly prospective, with large-scale potential and located within trucking distance of Constancia's infrastructure, Maria Reyna and Caballito are notable additions to Hudbay's exceptional growth pipeline. The agreement also highlights the value of Hudbay's efforts to establish and maintain mutually beneficial relationships with local communities.

In late 2022 and early 2023, we navigated a period of social unrest in Peru related to recent political changes, and we successfully operated without interruptions during this period. This was due to our efforts in establishing strong relationships with local communities. Over the year, our team in Peru attended over 1,178 community meetings, negotiations and roundtable discussions. And during a period characterized by political and economic uncertainty, Constancia continued operating effectively.

We invest considerable effort and resources into outreach and building local relationships based on trust and respect. We make sure that community members living near our operations benefit from our presence through programs like the Hatun Warmi ("Great Woman") training initiative, aimed at increasing the number of women in high-skill mining jobs, and the community co-op concentrate transport program that resulted in approximately 30% of our concentrate production being transported by the local communities. Moving beyond Constancia and its related mines and deposits, in 2022 we announced an initial mineral resource for Llaguen, our wholly owned property in northwestern Peru, that confirmed the presence of a significant copper-molybdenum porphyry deposit.



"Our people, our experience, our existing assets and infrastructure, and our unsurpassed organic pipeline will support us in helping to meet the world's need for copper."

Manitoba

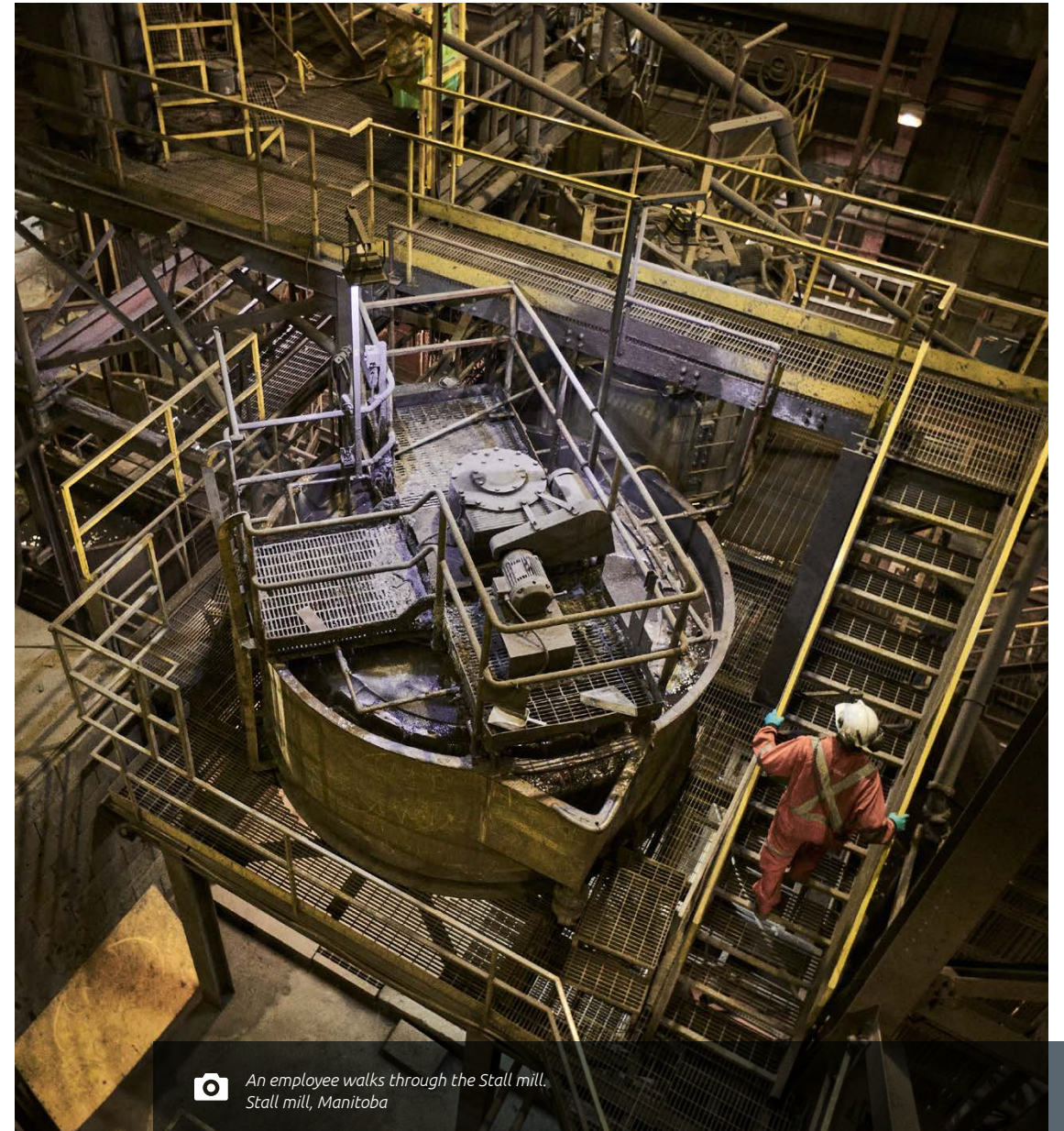
After a time – it may be months, years or decades – every mine ends operations with the depletion of its reserves. This is an inevitable truth of our business. In 2022, after 18 years of dependable production, the final reserves of the 777 mine were depleted, and the mine was closed in August. As a result, 2023 will be the first year in Hudbay's history without a mine in development or operation in Flin Flon, Manitoba. Still, we remain committed to the community and have renegotiated and renewed our five-year grant-in-lieu agreement to contribute funding to city services. While we shut down the mine and most related operations, we placed the Flin Flon mill on care and maintenance. As our successful recommissioning of the New Britannia mill in Snow Lake demonstrates, this is not a gesture. Rather, it is a prudent, long-term decision that we hope will bring future benefits to the region. As part of the closure process, we successfully transitioned our people and equipment from Flin Flon to Snow Lake, now the focus of our Manitoba operations.

Over the year, we took steps to ramp up production at Lalor while setting the stage for delivering even higher production levels in 2023. With that goal in mind, we moved ahead with enhancements at our Stall mill, which, in combination with our New Britannia gold mill, will improve recoveries of gold and copper. In addition to increasing production from our current operations, we are also undertaking exploration programs at Lalor with an eye to extending viable resources at the mine. We are also exploring the area near Lalor for new mines.

Arizona and Nevada

In Arizona, we transitioned our focus from a stand-alone development plan for the Rosemont deposit (now referred to as the "East" deposit) to advancing Copper World. We published our very encouraging preliminary economic assessment (PEA) in June. Copper World has the potential to almost double the Company's annual copper production while enabling Hudbay to remain a low-cost mine operator. Once operational, it can also play a role in helping the United States reach its decarbonization goals with "Made in the USA" copper.

The proposed phase one of Copper World anticipates a 16-year life of mine and is located entirely on private land owned by Hudbay. Phase one of the project includes a series of newly discovered deposits and portions of the East deposit, and requires only state-level permits. Copper World's phase two will bring in the rest of the East deposit and a small amount of the recently discovered additional deposits. The phase two expansion, which entails depositing waste and tailings on federal land, will require federal permits and is expected to increase the mine life to 44 years.



An employee walks through the Stall mill.
Stall mill, Manitoba

While we are enthusiastic about the potential of Copper World, we are also very aware of the impact of inflation on cash flows from our business, an extended period of rising interest rates and competing demands for capital within our growing company. So we are adopting an approach based on three prerequisites – the receipt of all required state-level permits; the completion of a definitive feasibility study with a robust rate of return; and the implementation of a multi-faceted, prudent financing strategy – for evaluating and sanctioning the development of Copper World. This 3-P plan sets specific targets and milestones that we must achieve before we make an investment decision. We designed the plan to ensure that Hudbay is in the best possible position to move forward with the lowest cost of capital and the highest risk-adjusted return on investment. Based on current estimates, which are subject to change, the earliest expectation for being able to sanction Copper World in line with our criteria is 2025.

A Commitment to Sustainability

Hudbay's commitment to sustainability is embedded in our operations and our strategy. This was demonstrated in December when we announced our commitment to climate change initiatives and the 2030 GHG reduction targets, which will enable us to achieve net zero GHG emissions by 2050. (See [Our Feature Stories > Committed to Net Zero.](#))

Our approach to using and managing energy currently places Hudbay in the lower half of GHG emissions intensity compared to other global copper companies. In addition, over 50% of our indirect energy consumption already comes from renewable resources. Still, we recognize that Hudbay has a further role to play in the worldwide effort to mitigate climate change.

We set our targets after taking a comprehensive look at our existing operations, in which we identified commercially available reduction opportunities that should be economically implementable by 2030 without compromising the competitiveness of our operations and projects. Our projects must remain profitable and attractive to investors because Hudbay produces metals, most significantly copper, that are essential to the world's transition to a low-carbon future.

In 2022, we also put our commitment to sustainability into action through initiatives aimed at supporting positive social impacts, including expanding opportunities for women in mining and increasing employment opportunities for Indigenous peoples in Manitoba.

Looking Forward

The events of recent years have taught us all to be careful about predictions. Still, even from a conservative perspective, we believe that Hudbay is well positioned to deliver solid results and performance for all our stakeholders. In the near term, our operations in Manitoba and Peru are poised to increase copper and gold production. Looking further ahead, our exceptional organic pipeline offers strong growth potential in copper in both the medium and long term. In April 2023, we enhanced the potential of our growth profile with the announcement that Hudbay had entered into an agreement with Copper Mountain, which owns 75% of the Copper Mountain Mine in British Columbia, to acquire all of its issued and outstanding shares, forming a premier Americas-focused copper producer. On completion, the combined company will be the third-largest copper company in Canada, a 150,000-tonnes-per-year copper producer with long-life mines and a world-class portfolio of organic copper growth projects.

We believe copper has the best long-term fundamentals of any base metal because the global copper supply will be unable to meet growing demand. As the world moves to address climate change and governments and industry strive to meet their Paris Agreement targets, copper will become an indispensable metal. (It is essential for building electric vehicles and high-efficiency energy infrastructure, for example.) The low-carbon future the world is working towards depends on copper.

The evidence, which includes the global decline in copper grades, the scarcity of new copper discoveries and the increasingly long lead time for developing viable projects, shows that copper demand will significantly exceed supply. Against this background, Hudbay stands out. Our people, our experience, our existing assets and infrastructure, and our unsurpassed organic pipeline will support us in helping to meet the world's need for copper.

Sincerely,



Peter Kukielski
President and Chief Executive Officer

CORPORATE

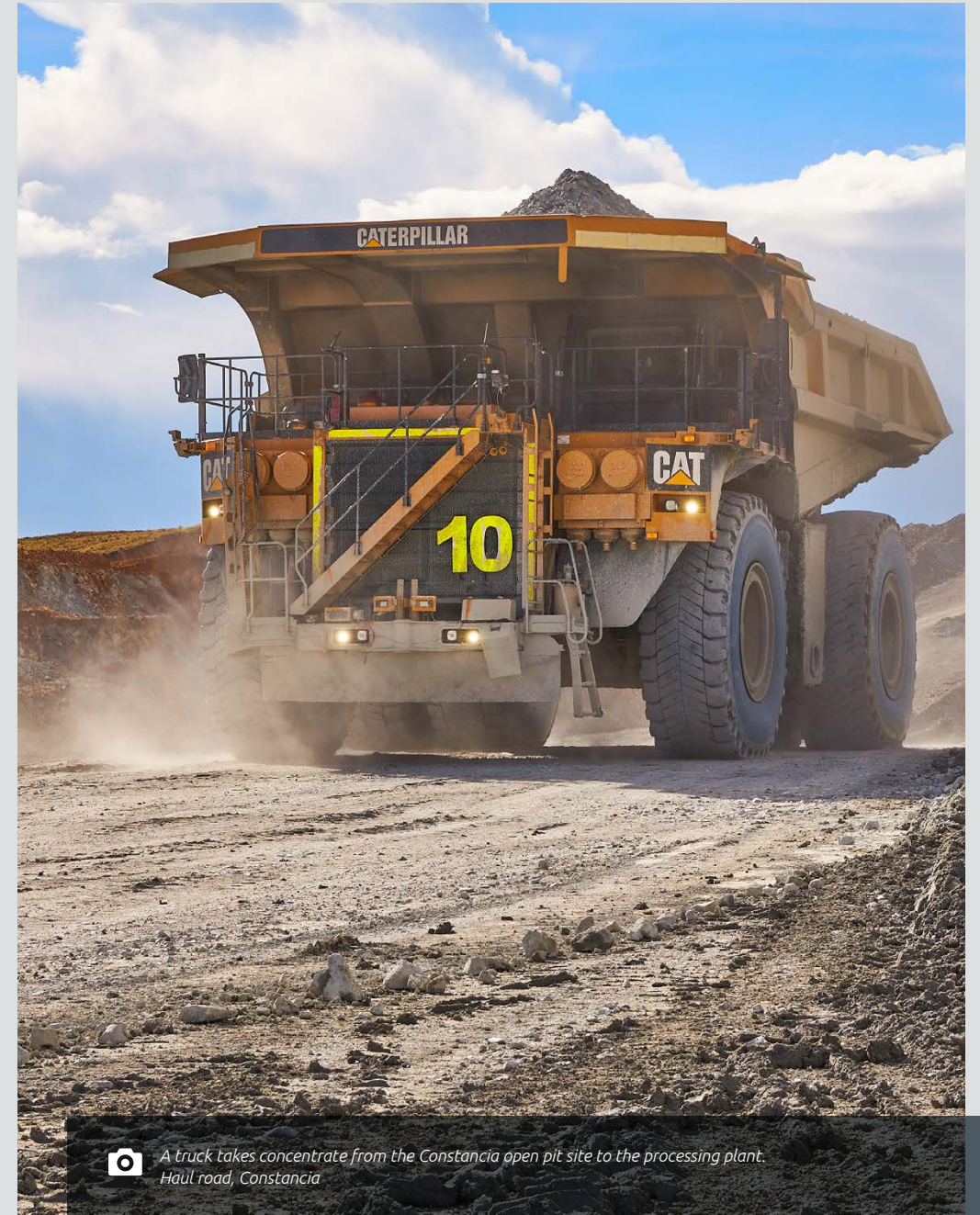
Committed to Net Zero

Hudbay produces the metals that the world needs to successfully transition to a low-carbon future. Copper, needed for electric vehicles, wind turbines, solar panels and batteries, smartphones and computers, will be essential in building the infrastructure required to achieve the climate change mitigation goals outlined in the Paris Agreement of 2015.

These considerations shaped our thinking in 2021, when we began laying out our roadmap to further identify and manage risks associated with climate change and opportunities to reduce greenhouse gas (GHG) emissions. Guided by our roadmap, in December 2022 we announced our commitment to achieve net zero GHG emissions by 2050, in line with the Paris Agreement, while adopting interim GHG reduction targets for 2030 to support this commitment.

Compared to other copper producers around the world, Hudbay's operations are already in the lower half of the global GHG emissions curve. Building on that foundation, we understand that we have a role to play in mitigating climate change, and our reduction plan includes the following initiatives:

- Pursuing a 50% reduction in absolute Scope 1 and Scope 2 emissions from existing operations by 2030 (compared to 2021)
- Achieving net zero total emissions by 2050
- Reporting on material Scope 3 emissions in the near term
- Assessing acquisitions and new projects against corporate emissions targets
- Continuing to be transparent with GHG performance data disclosure, including reporting total GHG emissions and GHG intensity
- Evaluating new technologies as they become commercially available and economically viable



A truck takes concentrate from the Constanca open pit site to the processing plant.
Haul road, Constanca

In announcing our commitment, Hudbay's President and Chief Executive Officer (CEO), Peter Kukielski, noted, "Our GHG reduction targets were developed following a thorough review of our existing emissions and the evaluation of reduction opportunities that are achievable without compromising the long-term economics of our operations and projects."

It will be challenging to determine how to initially maintain and then reduce our carbon footprint while simultaneously striving to increase our production of copper and other metals that the world needs for decarbonization. In many ways, the challenges that go with exploring for a new mineral deposit are like those of finding decarbonization solutions. While exploration, geology and location indicators can lead us to a prospective area, we still may have to conduct an extensive drilling program and test many sites before finding an economically viable deposit.

When it comes to decarbonization solutions, we may find practical approaches that, at first, are not economical or work in certain applications but are not yet suitable for our operations. As we progress toward meeting our targets, we expect to work with manufacturers and provide feedback they can use to refine and retool their products to meet our needs. In this case, we benefit from the variety of our activities and operations. Hudbay works in all four stages of the mining cycle – exploration, construction, operation and closure – and we have underground and open pit mines. We have projects in various stages of development, stretching from northern Manitoba to the highlands of Peru.

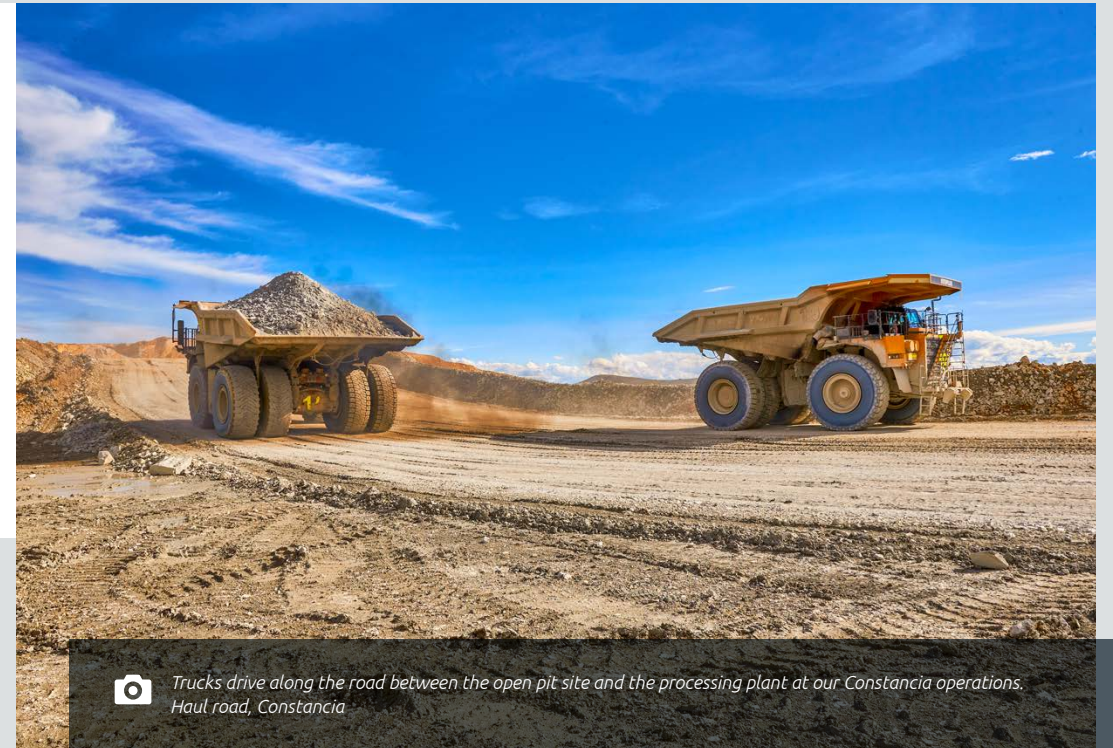
69%

of indirect energy is renewable

8.7

GHG energy intensity – tonnes of GHG per tonne of ore processed

Our operations are real-world testing laboratories for ways to reduce GHG emissions. For example, in Manitoba, among other options, we are looking at battery vehicles for underground use. In Peru, we are examining technologies, like trolley-assist systems, that would make us more energy efficient. Early in 2023, we signed a Power Purchase Agreement (PPA) with a new electricity provider. In our tender, we requested that bidders include options for renewable grid power. Starting in 2026, when we begin to receive power under the agreement, 100% of our electricity will come from renewable sources. Finally, in Arizona, as we move the Copper World project forward, reducing emissions and aligning with our corporate emissions targets will be considered in our design plans.



Trucks drive along the road between the open pit site and the processing plant at our Constanca operations.
Haul road, Constanca

MANITOBA BUSINESS UNIT

Committed to Safety

In an underground environment that features tunnels, ramps, catwalks and ore faces – where power tools and large vehicles are used and tonnes of rock are continuously being drilled, blasted, loaded and transported – safety has to be a plan, a program, a value and a culture.

Hudbay's Manitoba operations have solid safety records by industry standards. However, we expect more. Our goal is always to be a leader in safety. In 2021, we had a fatality at our Lalor mine, after 20 years and over 60 million hours worked without an occupational fatality in the Manitoba Business Unit. In addition to immediate corrective actions implemented in 2021, through 2022 we continued our efforts to draw on what we learned and create a safer workplace.

After any significant safety incident at any of our operations, we conduct an Incident Cause Analysis Method (ICAM) review. Developed by Safety Wise, a consultancy and training organization focused on understanding and improving industrial safety performance, ICAM is the industry standard for incident review. The review's objective is to go below the surface of an event to discover the root causes and develop corrective action. The ICAM process can be conducted independently of Safety Wise, using a template process they provide. In the wake of the incident at Lalor, to further reduce

incident potential and maximize the benefit and the impact of the ICAM process, our Manitoba operation engaged Safety Wise to provide oversight on high-potential incident reviews.

As well as providing additional oversight and review of high-potential incidents through the ICAM process, we are conducting a review of the last four years of ICAMs. The goal is to see how effectively we are in using the ICAM method, and determine if the corrective actions that came out of the process were implemented successfully.

Managing procedures and the environment at a workplace has a tremendous impact on safety, but, over the long term, it is essential to build and support a safety culture. To help foster and strengthen the safety culture at Lalor, we engaged dss+. The company assists organizations in protecting, transforming and sustaining elements of organizational processes and culture concerning aspects of environmental, social and governance (ESG) and sustainability, such as safety.



 Flin Flon mill, Manitoba

dss+ conducted a review of our safety routines and safety systems. Then, working with the mine's Health and Safety team, they helped us develop a comprehensive safety perception survey that went out to all employees and contractors at Lalor. Subsequently, dss+ did field visits to all of our operations and conducted focus groups and interviews with management and the hourly workforce. The results of the survey and other research, in combination with the enhanced ICAM process, will help the Manitoba team to establish a baseline to measure the effectiveness of current safety practices and identify gaps in our safety approach. This will help us develop a roadmap that will lead to meaningful safety improvements at our operations.

Engaging outside experts to review our procedures provides us with expertise and external perspectives. However, we recognize that when it comes to safety, accountability rests solely with Hudbay. Therefore, we are continuously improving our approach to safety and building a culture in which everyone understands that we are all responsible for maintaining a safe workplace. To achieve this, we must empower employees, so they know that we will always support making the safe choice.

SOUTH AMERICAN BUSINESS UNIT

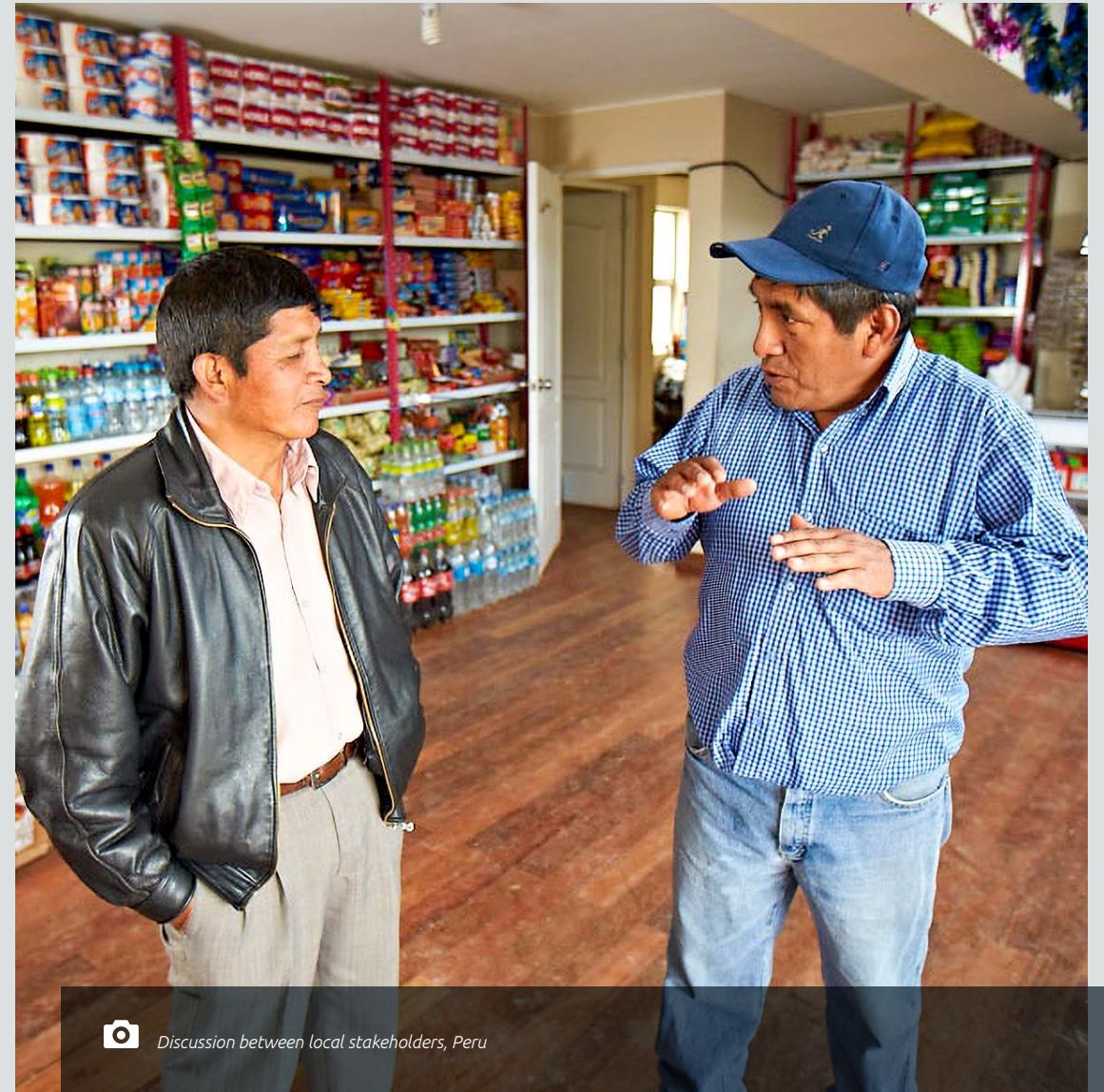
Committed to Community

Hudbay has done well in Peru. Constancia was our first major copper mine outside of North America, and it has become integral to our growth and success.

We acquired the Constancia project in 2011, and, after executing community agreements and completing construction, we commenced production from the mine at the end of 2014. Subsequently, we have successfully reached surface rights agreements with the communities of Chilloroya and Uchucarcco to allow us to mine the Pampacancha deposit and commence exploration activities at the Maria Reyna and Caballito properties. These agreements, which give us access to deposits and potential deposits near Constancia, are crucial in extending the life of the mine. They also ensure that our operations deliver lasting benefits to local communities. Our goal throughout the country is to be recognized as a productive, low-cost mine operator, a supportive employer, a dependable partner, a trusted corporate citizen and a good neighbour.

In a region with a complex political, social and economic landscape, Hudbay has been able to operate reliably with few interruptions and setbacks. From the beginning, having cordial and mutually beneficial community relations has been a top priority for Hudbay.

At Constancia, our Community Relations (CR) team is organized around three areas of focus – local procurement and employment, community relations: exploration, and community relations: mine – and has literally hundreds of interactions, including face-to-face meetings and community events, with local people to address issues of concern and help ensure that the community benefits from our presence. The CR team reports to the Director, Government Affairs and Social Responsibility and works closely with the Social Projects team and the Government Relations team.



Discussion between local stakeholders, Peru

Keeping lines of communication open with neighbouring communities and districts, including those along our transportation route, is a critical function of the CR team. Throughout 2022, we participated in over 1,178 community meetings, negotiations and roundtables. Additionally, we engage with stakeholders, from community members to government officials, through various approaches and strategies designed to meet their needs.

Our mining activities create direct and indirect benefits for the communities near Constancia. Hudbay employs many local people as employees and contractors, and we are a valuable customer for locally sourced goods and services. We also make significant contributions to local, regional and national tax bases. In addition, we work with communities and other local groups – providing funds, resources, expertise and opportunity – to help build a base of skills, knowledge and infrastructure that will provide value that lasts beyond the life of our operations.

In 2021, reflecting our commitment to fostering diversity, equity and inclusion within our workforce, we launched Hatun Warmi (“Great Woman”), a social impact program that trains women from communities within our area of influence on how to operate heavy equipment, including trucks. The program aims to empower rural women, reduce the region’s employment gender gap and expand the range of mining job opportunities available to program participants. To date, 11 women have graduated and joined our permanent workforce. Twelve new participants started the program in September 2022.

Hatun Warmi is one of several Hudbay-sponsored programs aimed at helping women build marketable skills, develop confidence and pursue entrepreneurship. In 2021, Hudbay launched the Success scholarship program, which grants comprehensive university scholarships to low-income youth from rural communities within our districts of influence. A key feature of the program is that participants focus on studies that will help them find careers in the mining industry.

Hudbay also supports initiatives to grow sustainable businesses in local communities. A notable success has been our Community Contractor program, through which we provide resources – including funding, equipment and training – that help local businesses meet our standards for safety, sustainability and service. From this foundation, local qualified businesses can secure contracts for a range of opportunities. For example, after helping two neighbouring communities assemble trucking fleets and train drivers, we engaged them to haul ore and concentrate from our sites.

Ensuring that the people and communities near our operations enjoy long-term benefits as a result of our presence helps to align our interests. Our neighbours have become a powerful source of support for our activities, which strengthens our commitment to continually work to earn that trust and support.

ARIZONA

Committed to Copper World

In 2021, Hudbay announced a notable discovery at its Copper World properties in Arizona. The drill program revealed the intersection, at shallow depth, of high-grade copper sulphide and oxide mineralization, on our wholly owned patented mining claims. Since then, expanded drill programs and the completion of preliminary economic studies have defined a resource at Copper World that is poised to contribute significantly to our future growth.

Copper World is located approximately 45 kilometres southeast of Tucson in the northern Santa Rita Mountains. It incorporates the East deposit and the newly discovered adjacent deposits. Companies have been mining for copper in this area since the 1880s, and the region certainly contributed to Arizona's designation as the Copper State. Today, due to the modern mining and processing techniques we use, we can access copper resources more productively, economically, safely and sustainably than any of the mines that came before us.

In June 2022, Hudbay released the findings of our preliminary economic assessment (PEA) of Copper World, and the results were very positive and encouraging. The PEA proposes a two-phase mine plan. Phase one incorporates a stand-alone operation with processing

infrastructure on Hudbay's private land and mining taking place on patented mining claims. We believe phase one will require state and local permits only, and we project a 16-year mine life. Subsequently, with phase two, we propose expanding onto federal land to access all deposits. Phase two will be subject to federal permitting, and the expansion will extend the mine life to 44 years.

We took our first step in the state-level permitting process with an application for our Mined Land Reclamation Plan (MLRP) for Copper World. Subsequently, we received approval from the Arizona State Mine Inspector. In late 2022, we submitted applications for the two remaining state-level permits, the Aquifer Protection Permit and the Air Quality Permit, with the Arizona Department of Environmental Quality. We expect to receive these state permits in 2023.



Employees at the Copper World site

We look forward to potentially starting construction of phase one of Copper World in 2025 and initiating production by 2028. We strive to be energy efficient and minimize the environmental impact of all our operations. From that baseline, Copper World will likely be the first major development planned and constructed subsequent to the release of our 2030 Greenhouse Gas Reduction Commitment and Net Zero Commitment for 2050. All new acquisitions and projects will be assessed against our corporate emissions targets. We are also considering approaches to on-site processing that will enable us to remove sulphur from tailings, rendering them non-acidic and creating our own sulphuric acid on-site for use in the heap leaching process. Sulphuric acid can also be used as a fuel for steam turbines as part of a climate-neutral approach to generating electricity.

Producing copper cathode on-site at Copper World will also reduce energy consumption. Initial production from Copper World has the potential to be shipped overseas as copper concentrate, where it will be processed into metallic copper. Copper concentrate is about 30% copper, and the remainder is typically a mix of iron and sulphur.

However, our goal for phase one is to move as quickly as possible to making finished copper on-site, using a Solvent Extraction and Electrowinning (SX/EW) process that produces copper cathodes. By making copper cathodes on-site at Copper World, in a jurisdiction with strong environmental regulations complemented by Hudbay environmental policies and commitments, we will reduce transport and handling and provide companies in the United States with access to an environmentally responsible "Made in the USA" product.

Hudbay is a diversified mining company with long-life assets in North and South America. The Company's Constanca operations in Cusco (Peru) produce copper with gold, silver and molybdenum byproducts. Its Snow Lake operations in Manitoba (Canada) produce gold with copper, zinc and silver byproducts.

5%

increase in copper production
in 2022

23%

increase in average copper production over
the next three years compared to 2022

11%

increase in gold production
in 2022

1.3

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

OUR COMPANY

In addition to long-life, low-cost operations in Peru and Manitoba, Hudbay has an organic pipeline that includes the Copper World project in Arizona and the Mason project in Nevada (United States), and its growth strategy focuses 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.

Peru

CONSTANCIA MINE (CHUMBIVILCAS) – 16-YEAR MINE LIFE

- 100% ownership
- Open pit long-life copper/molybdenum mine
- 90,000-tonnes-per-day (tpd) concentrator processes Constancia and Pampacancha ore
- Annual average copper (Cu) and gold (Au) production¹ of 110,000 tonnes and 87,000 ounces, respectively

PAMPACANCHA MINE (CHUMBIVILCAS) – THREE-YEAR MINE LIFE

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

EXPLORATION PROPERTIES

- Maria Reyna
- Caballito
- Kusiorcco

LLAGUEN (OTUZCO) – DEVELOPMENT PROJECT

- 100% ownership
- Open pit copper project

Manitoba, Canada

SNOW LAKE – 16-YEAR MINE LIFE

- 100% ownership
- Lalor is an underground gold/zinc/silver/copper mine
- New Britannia mill processes gold-rich ore and Stall concentrator processes base metal ore
- Annual average Au production of more than 190,000 ounces²

777 MINE (CLOSED IN JUNE 2022)

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

EXPLORATION PROPERTIES

- 1901 deposit
- WIM
- New Britannia
- Pen II
- Watts
- Talbot

United States

COPPER WORLD (ARIZONA) – 44-YEAR MINE LIFE³

- 100% ownership
- Two-phase mine plan
 - Phase one with 16-year mine life
- Open pit copper project

MASON (NEVADA) – 27-YEAR MINE LIFE

- 100% ownership
- Open pit copper project

Other properties

- Chile exploration properties



¹ Annual average over the 2023–2025 period using the midpoint of three-year annual guidance dated March 30, 2023 (includes Pampacancha production).

² Annual average over the 2023–2025 period using the midpoint of three-year annual guidance dated March 30, 2023.

³ Based on phases one and two of the mine plan.

Purpose Statement

We **care** about our **people**,
our **communities** and
our **planet**.

Hudbay provides the metals the world needs. We work sustainably, transform lives and create better futures for communities.

WE TRANSFORM LIVES

We invest in our employees, their families and local communities through long-term employment, local procurement and economic development to improve their quality of life and ensure the communities benefit from our presence.

WE OPERATE RESPONSIBLY

From exploration to closure, we operate safely and responsibly, we welcome innovation and we strive to minimize our environmental footprint while following leading operating practices in all facets of mining.

WE PROVIDE CRITICAL METALS

We produce copper and other metals needed for everyday products and essential for applications to support the energy transition towards a more sustainable future.

Mission

To create sustainable value and strong returns by leveraging our core strengths in community relations, focused exploration, mine development and efficient operations.

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

Hudbay's core values underpin how we operate. Strong governance begins with effective leaders who are dedicated to working smarter and ethically to achieve objectives that align with both the business strategy and the interests of shareholders and other key stakeholders.

Hudbay's Board of Directors is responsible for providing company direction and oversight. Our **Corporate Governance Guidelines**, which were last updated in March 2023, establish a common set of expectations as to how the Board of Directors, its various committees, individual directors and senior management should perform their functions. This includes maintaining the highest standards of ethical conduct and serving in the best interests of the Company and our shareholders.

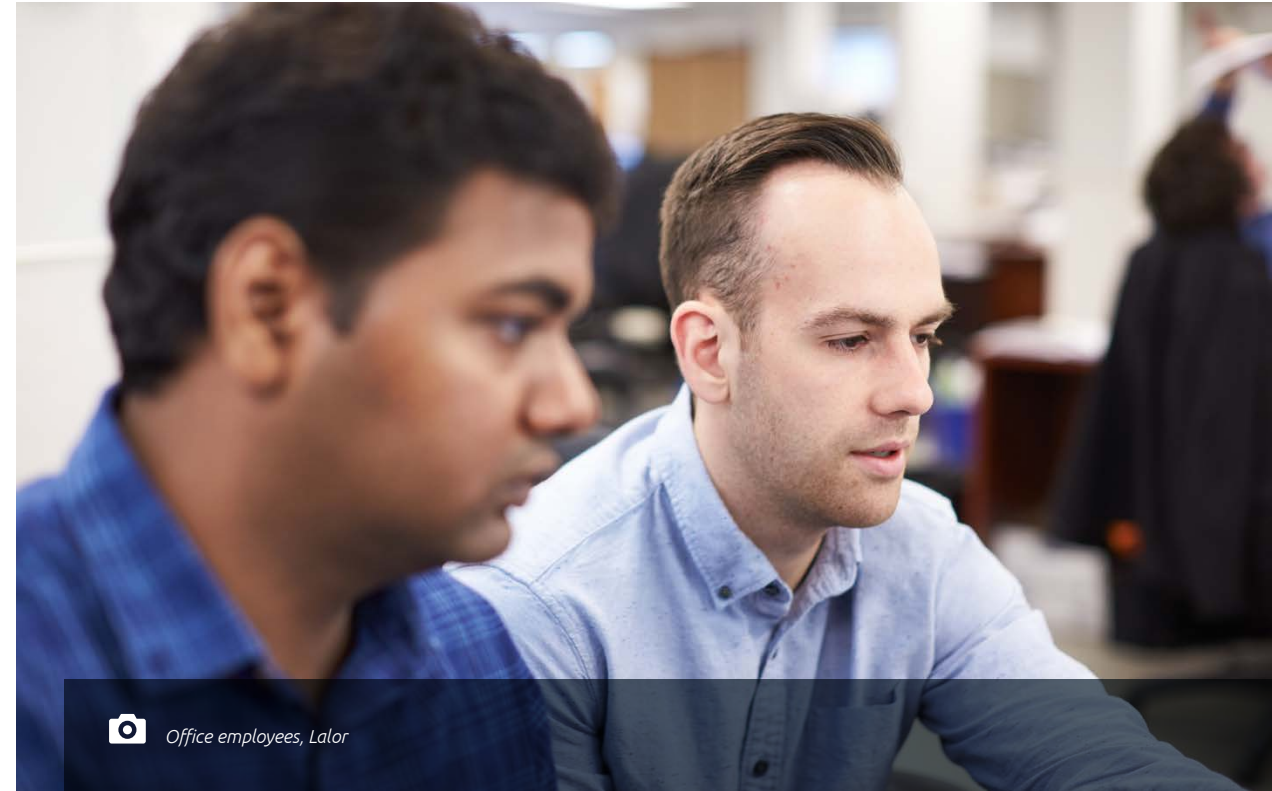
Members of our Board are highly skilled individuals with sound judgment, strong character and the knowledge needed to meaningfully contribute to the Board and the Company. The Board is also committed to setting a tone at the top that leads to a greater diversity of gender, viewpoints, backgrounds, experiences 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. As of December 31, 2022, 10 of the 11 Board members were independent, non-executive directors. Hudbay's President and CEO Peter Kukielski is the only executive director.


Among our directors, 30% are women and 20% are visible minorities. In 2022, George LaFond, who 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, was elected to the Board. The Board remains committed to a company target of having at least 30% women directors on the Board as part of its overall commitment to diversity and inclusion.

The Board has five standing committees – Audit; Compensation and Human Resources; Corporate Governance and Nominating; Environmental, Health, Safety and Sustainability; and Technical – who assist the Board in fulfilling its duties.

In MSCI's latest annual ESG ranking, Hudbay received an overall ESG rating of "AA", and our corporate governance was ranked in the top 10% of all companies assessed. The AA rating places Hudbay in MSCI's "Leaders" category, which recognizes companies that lead the industry in managing the most significant ESG risks and opportunities.

See our **Management Information Circular** to learn more.



 Office employees, Lalor

Board of Directors

As of May 10, 2023, the following members were elected to Hubday’s Board of Directors:



Stephen A. Lang*
Board Chair
Compensation and Human Resources Committee
Technical Committee



Carol T. Banducci*
Audit Committee (Chair)
Compensation and Human Resources Committee



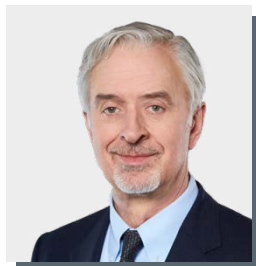
Igor Gonzales*
Environmental, Health, Safety and Sustainability Committee
Technical Committee



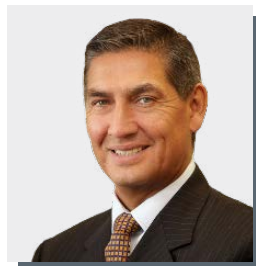
Sarah B. Kavanagh*
Environmental, Health, Safety and Sustainability Committee (Chair)
Corporate Governance and Nominating Committee



Carin S. Knickel*
Compensation and Human Resources Committee (Chair)
Corporate Governance and Nominating Committee



Peter Kukielski
President and Chief Executive Officer



George LaFond*
Corporate Governance and Nominating Committee
Environmental, Health, Safety and Sustainability Committee



Daniel Muniz Quintanilla*
Audit Committee
Environmental, Health, Safety and Sustainability Committee



Colin Osborne*
Technical Committee (Chair)
Environmental, Health, Safety and Sustainability Committee



David Smith*
Corporate Governance and Nominating Committee (Chair)
Audit Committee

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

* Independent

Business Conduct

Our [Code of Business Conduct and Ethics](#) (the Code of Business Conduct, or the Code) and [Supplier Code of Conduct and Ethics](#) state our commitment to making decisions based on high standards of conduct consistent with our values. Our [Customer Code of Conduct and Ethics](#) establishes similar expectations for all customers who wish to do business with Hudbay.

These standards include 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.

All Board members and employees must confirm upon joining the Company that they understand and will comply with the Code, which requires directors and executive officers to disclose any direct or indirect conflict of interest to the Board. In addition, each year directors, officers and employees with a Hudbay email address must re-certify compliance with our Code of Business Conduct, [Confidentiality and Insider Trading Policy](#) and [Statement on Anti-Corruption](#), and acknowledge they understand our [Whistleblower Policy](#), which 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 non-partisan and committed to engaging with all relevant government officials, regardless of political affiliation.

Compliance Training

Our global compliance program, which is overseen by our legal department, includes regular training on our Code of Business Conduct and related policies for members of our Board of Directors and all employees with a Hudbay email address. In addition, targeted compliance training is carried out by our Peru Business Unit throughout each year to ensure that those employees with the highest-risk interactions with government officials and local communities receive specific training for their roles.



 Employees at Tailings Management Facility, Constanca

As part of our ongoing commitment to ethical business conduct, in 2022 we completed a comprehensive review of our anti-bribery and anti-corruption policies, which resulted in updates to our Code of Business Conduct and other related compliance policies. We also engaged a third-party expert to carry out an anti-corruption risk assessment and review of our Peru Business Unit's compliance program. The review found that the business unit has a comprehensive and mature compliance program that is appropriately

designed for the potential risks the Company faces. It also identified certain potential enhancements to the program that could be considered, which we are evaluating.

In 2022, we also delivered a diversity, equity and inclusion training program to all our directors and employees. The training focused on diversity and inclusion in the workplace, micro-aggressions and unconscious biases.

Risks, Issues or Complaints


Each year, we 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. To mitigate this elevated risk, as part of our compliance program, we conduct training on the Canadian *Corruption of Foreign Public Officials Act* (CFPOA) and the US *Foreign Corrupt Practices Act* (FCPA) for 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. We also have internal controls in place to detect activities that might lead to a violation, so that we can act before a significant issue arises.

In 2022, there were no incidents of corruption reported, and no accusations brought against the Company of corruption involving employees, business partners or legal cases. Our third-party whistleblower service reported eight incidents in 2022. All incidents 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:

- Each project and operating site has a grievance process to address community concerns. We discuss details about community concerns in 2022 in the **Social Impact** section of this report.
- Shareholders can directly communicate with our Board of Directors by emailing our Board Chair at chair@hubbay.com. The Chair of Hubbay'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 as delivered through our whistleblower hotline. Reports are handled under our **Whistleblower Policy**, and the Audit 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 helps businesses, employee organizations and other concerned parties resolve issues. Canada's NCP can be reached by email at ncp.pcn@international.gc.ca or by calling +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**.



 Team meeting

Risk Management

With our exploration activities and operations subject to numerous laws and regulations in multiple jurisdictions, Hubday's risks and opportunities are broad and complex. 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.

Hubday's enterprise risk management (ERM) process provides a common framework and clear direction and guidance across the organization by which to identify, analyze and mitigate 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 top risks assigned to it by the Board or the Audit Committee and for periodically reviewing with management how those risks are being managed.

Hubday 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

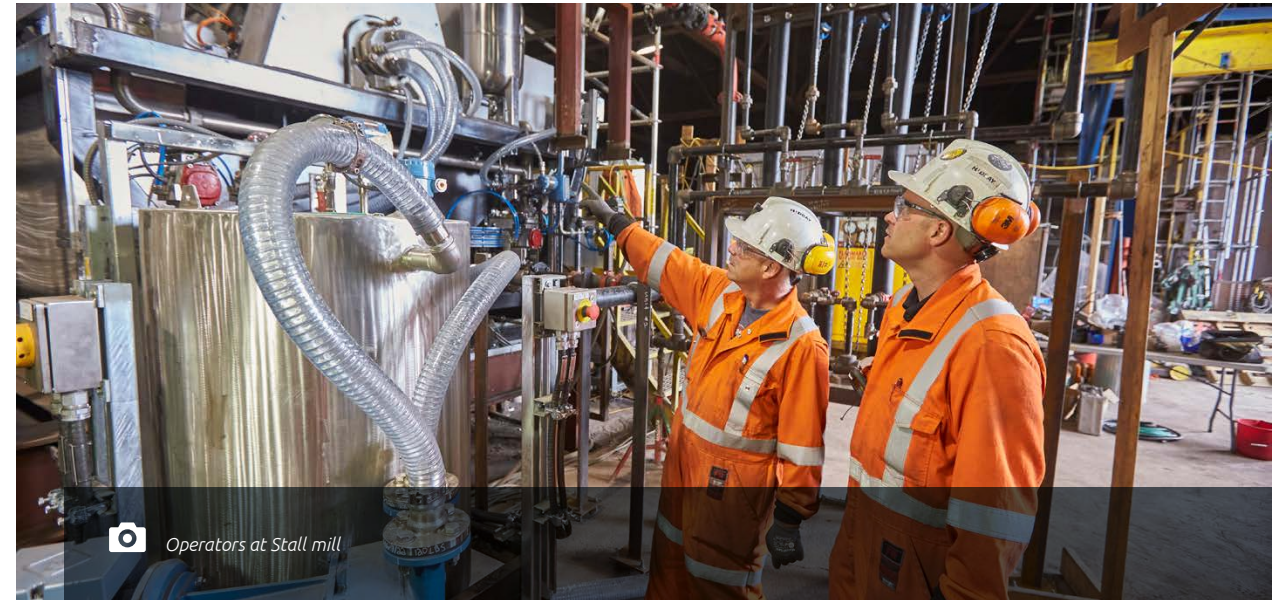
- Actively monitoring and managing principal business risks

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.

Hubday's long-term and emerging risks and their potential business impacts are detailed in the Risk Factors section of our [Annual Information Form](#).

Precautionary Approach

Hubday is committed to conducting our activities throughout the mine lifecycle 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.



Operators at Stall mill

Through baseline environmental and social impact studies, we 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 Hubday takes a precautionary approach to our material sustainability matters is provided throughout this report.

Emergency Response and Crisis Management

Hubday has plans and procedures to ensure business continuity in the event of a crisis or emergency. The corporate office and each business unit maintain a crisis management and preparedness plan to identify potential crises and develop an appropriate response. A team at the corporate office provides oversight of the business unit plans and centrally manages potential

enterprise-wide risks such as cyber threats and global pandemics. The crisis management teams in the business unit and at the corporate office are expected to conduct regular training and exercises to maintain a state of readiness.

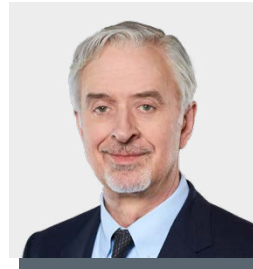
In 2022, we did not activate the crisis management plans at the Manitoba Business Unit or at the corporate level. It was activated in Peru during the recent political unrest following a change in the country's political leadership.

For the 2022 self-assessment against the Mining Association of Canada's (MAC's) Towards Sustainable Mining (TSM) Crisis Management Protocol, we identified the need to update contact information at the corporate level and improve the lessons learned and training processes in the business units. Actions have been initiated to address the findings and recommended improvements.

Management Team

Hudbay's skilled and experienced management team is responsible for driving our strategies and executing them in a safe, responsible and sustainable manner. In 2022, we had several key leadership changes – including those in the Chief Operating Officer and Chief Financial Officer roles – and all were filled through internal promotions.

As of May 10, 2023, the following were members of Hudbay's management team:



Peter Kukielski
President and Chief Executive Officer



Andre Lauzon
Chief Operating Officer



Eugene Lei
Chief Financial Officer



Javier Del Rio
Senior Vice President, South America and USA Business Units



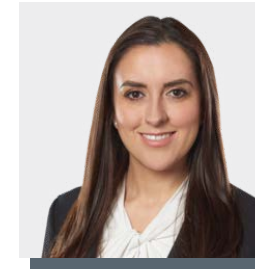
Patrick Donnelly
Senior Vice President, Legal and Organizational Effectiveness



Olivier Tavchandjian
Senior Vice President, Exploration and Technical Services



Peter Adamek
Vice President, Finance



Candace Brûlé
Vice President, Investor Relations



Robert Carter
Vice President, Manitoba Business Unit

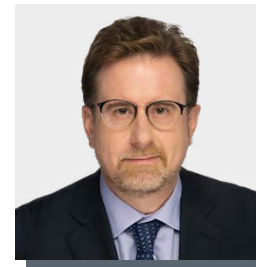


David Clarry
Vice President, Corporate Social Responsibility

LEARN MORE:
[Management team biographies](#)




Jon Douglas
Vice President and Treasurer



Warren Flannery
Vice President, Business Planning and Reclamation



Mark Gupta
Vice President, Corporate Development



In 2022, Hudbay built on and benefitted from the foundation we established with the successful completion of approximately \$250 million in brownfield investments, including projects such as Pampacancha and New Britannia. In addition, we confirmed that we have an exceptional organic growth pipeline through surface rights agreements in Peru, technical improvements and targeted exploration in Manitoba, and the completion of a highly encouraging PEA for Copper World. Combined with our track record as a sustainable, low-cost operator and the world's growing recognition of the value and importance of copper, these elements, we believe, position Hudbay for an extended period of higher cash flows and dependable growth in earnings and production.

BUSINESS AND FINANCIAL REVIEW

Over a difficult year for mining companies around the world, Hudbay was proud to achieve our 2022 consolidated production guidance for all metals as well as consolidated cash costs and sustaining cash cost guidance.

In Peru, our team was able to achieve our copper production guidance, reach crucial exploration agreements and maintain continuous operations in the face of heightened inflation and political volatility. Our ability to operate without interruption speaks to the importance we place on maintaining trust-based, mutually beneficial relationships with communities near our Constancia mine.

Driven by the first full year of production from Pampacancha, we were able to increase both copper and gold production by approximately 15%. We signed an exploration agreement with the community of Uchucarcco, giving us surface rights and access to the Maria Reyna and Caballito satellite projects. We have begun early exploration of the properties, which are both within trucking distance of Constancia. In addition, we completed a positive internal scoping study and an inferred mineral resource evaluation on the potential for underground mining at Constancia Norte. We also announced an inferred mineral resource estimate at Llaguen, located in the Otuzco province in the La Libertad region in Peru, that confirms the presence of a significant copper-molybdenum porphyry deposit.

In Manitoba, we met our 2022 production and cost guidance, completed closing the 777 mine and Flin Flon metallurgical complex and facilitated the transition of equipment and personnel to Snow Lake. In its first full year of operation, the New Britannia mill consistently surpassed its nameplate capacity and helped increase gold production at Snow Lake by 46%. At Lalor, we continued to progress toward exceeding production of 4,650 tonnes per day. Similarly, the recovery improvement program at our Stall mill is well advanced and scheduled for completion in 2023.

At our Lalor mine, we continued to move forward with several initiatives aimed at supporting higher production levels in shaft availability improvements that will allow for hoisting more ore to the surface while reducing our dependence on inefficient trucking of ore via the ramp. Early in 2023, we commenced a winter drill program with four drill rigs testing the down-dip gold and copper extensions of the Lalor deposit. Beyond the mine, in 2022 we completed confirmatory exploration drilling at our Flin Flon tailings facility, finding higher indicated grades than reported in historical mill records. Based on the positive result from Flin Flon, we are also evaluating the potential for reprocessing tailings from our Anderson tailings facility in Snow Lake. Another signal achievement for the year was repaying 50% of the gold prepay facility that helped fund refurbishing the New Britannia mill.

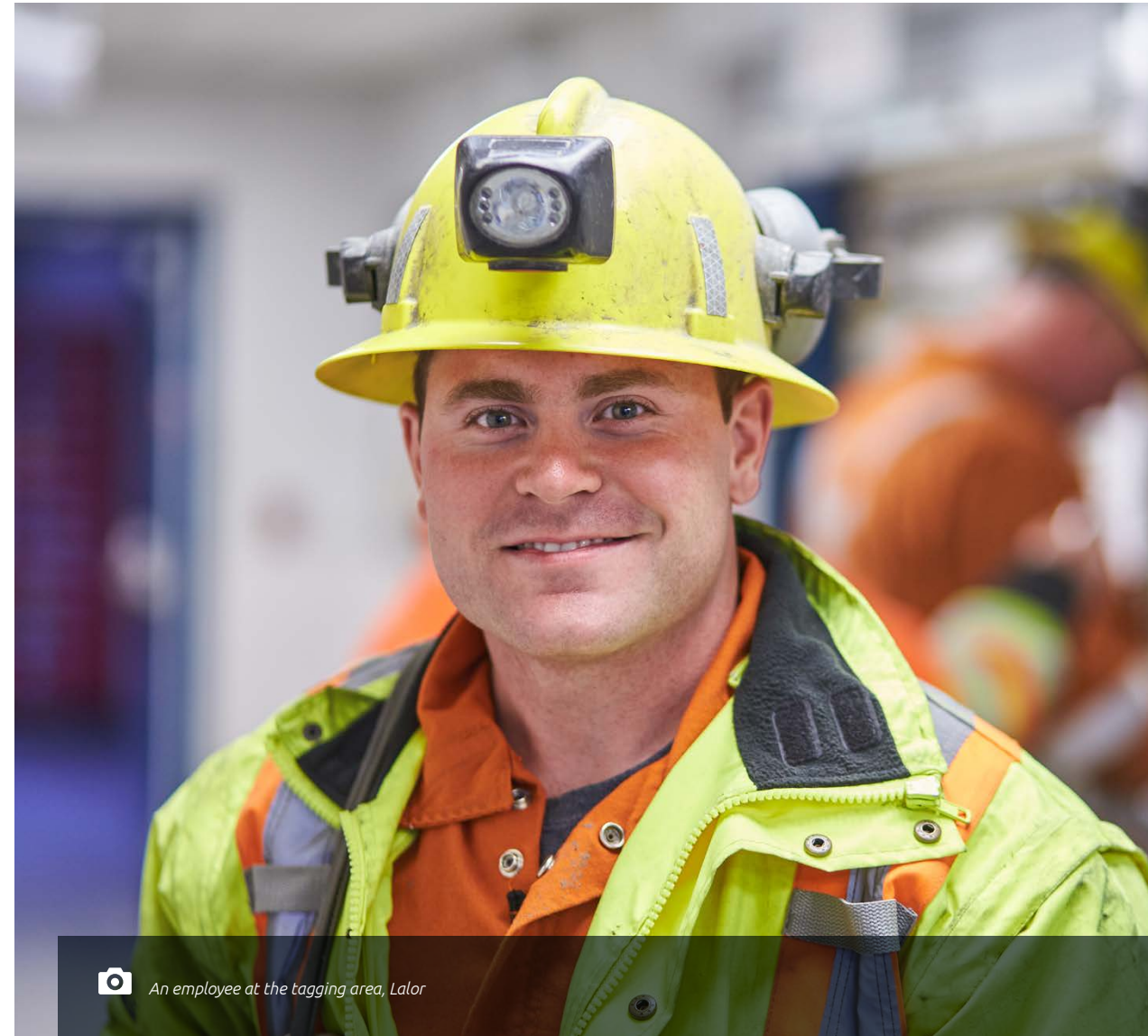
In the United States, the release of a highly positive PEA in June further affirmed the value at our Copper World project. The PEA outlines a two-phase mine plan that incorporates the newly discovered deposits along the East deposit, formerly known as Rosemont. Phase one envisions a 16-year stand-alone operation on our private land, requiring only state-level permits. The proposed phase two, which will utilize some federal lands, will extend the life of mine to 44 years.

Late in 2022, we applied to the Arizona Department of Environmental Quality for an Aquifer Protection Permit and an Air Quality Permit. Earlier in the year, we received the other essential state permit, the Mined Land Reclamation Plan. De-risking activities are a continuing focus for Copper World and will be emphasized in 2023. See [Our Feature Stories > Committed to Copper World](#) for a more in-depth look at the three prerequisites for sanctioning further development.

In December 2022, we announced our commitment to achieve net zero GHG emissions (see [Our Feature Stories > Committed to Net Zero](#)) by 2050 and the adoption of interim 2030 GHG reduction targets to help meet our goal. Generating positive cash flow is an ongoing objective for Hudbay. In 2022, we delivered on discretionary spending reduction targets by reducing growth capital and exploration spending by approximately \$30 million in Arizona, Manitoba and Peru.

Key Accomplishments

- Achieved 2022 consolidated production guidance for all metals and consolidated cash cost and sustaining cash cost guidance
- Full-year consolidated copper production of 104,173 tonnes, consolidated gold production of 219,700 ounces and consolidated silver production of 3,161,294 ounces in 2022 (increased by 5%, 13% and 4%, respectively, compared to 2021)
- Successful completion of recent brownfield investment program in 2022 with the Pampacancha satellite deposit contributing higher-grade feed to Constancia and the New Britannia mill operating at targeted capacity
- Invested approximately \$80 million in 2022 to successfully execute a new strategy at Copper World focused on project de-risking; delivered PEA for Copper World
- Reached a community exploration agreement in 2022 to access the Maria Reyna and Caballito satellite properties located north of Constancia in Peru, and completed the surface investigation work needed to support drill permit applications
- Initiated deep drilling at Lalor in January 2023 to test the down-dip gold and copper extensions and potentially unlock further value in Snow Lake
- The Stall recovery improvement program is well advanced and remains on track for completion in early 2023, with higher gold and copper recoveries expected to commence in the second quarter of 2023
- Reinvigorated focus on free cash flow and delivered on discretionary spending reduction targets by reducing 2022 growth capital and exploration spending by approximately \$30 million in Arizona, Manitoba and Peru
- Reduced 2023 discretionary spending by more than \$50 million, primarily related to the deferral of the Copper World definitive feasibility study and the pebble crusher in Peru
- Repaid approximately 50% of the original gold prepayment liability in 2022, and the Company remains focused on reducing net debt throughout 2023



An employee at the tagging area, Lalor

2022 Financial and Operations Summary

Financial Summary

For the years ended December 31

Financial Performance (in \$000s, except per share and cash cost amounts)	Dec. 31, 2022	Dec. 31, 2021
Revenue	\$1,461,440	\$1,501,998
Profit (loss) before tax ¹	95,815	(202,751)
Basic and diluted earnings (loss) per share ¹	0.27	(0.93)
Profit (loss)	70,382	(244,358)
Operating cash flows before changes in non-cash working capital	391.7	483.9

Financial Condition (in \$000s)	Dec. 31, 2022	Dec. 31, 2021
Cash	\$225,655	\$270,989
Working capital ²	76,534	147,512
Total assets	4,325,943	4,616,231
Total long-term debt	1,184,162	1,180,274
Equity	1,571,809	1,476,828

¹ 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.

² Working capital is determined as total current assets less total current liabilities, as defined under International Financial Reporting Standards (IFRS) and disclosed on the consolidated financial statements.

Operations Summary

For the years ended December 31

Consolidated Production (contained metal in concentrate and doré) ³	2022	2021
Copper (tonnes)	104,173	99,470
Gold (ounces)	219,700	193,783
Silver (ounces)	3,161,294	3,045,481
Zinc (tonnes)	55,381	93,529
Molybdenum (tonnes)	1,377	1,146

Consolidated Metal Sold (payable in metal in concentrate and doré) ³	2022	2021
Copper (tonnes)	94,473	92,200
Gold ⁴ (ounces)	213,415	168,358
Silver ⁴ (ounces)	2,978,485	2,427,508
Zinc ⁵ (tonnes)	59,043	96,435
Molybdenum (tonnes)	1,352	1,098

Consolidated Costs (cash cost per pound of copper produced, net of byproduct credits (in \$/lb))	2022	2021
Cash cost	0.86	0.74
Sustaining cash cost	2.07	2.07
All-in sustaining cash cost	2.26	2.30

³ Metal reported in concentrate and doré are prior to refining losses or deductions associated with smelter contract terms.

⁴ Includes total payable gold and silver in concentrate and in doré sold.

⁵ Includes refined zinc metal sold and payable zinc in concentrate sold.

Strategy

Our mission is to create sustainable value and strong returns by leveraging our core strengths in community relations, focused exploration, mine development and efficient operations.

We believe that copper is the commodity with the best long-term supply/demand fundamentals 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; our track record of reserve expansion through effective exploration; and our organic pipeline of copper development projects, including Copper World, Mason and Llaguen, provide us with a competitive advantage relative to other mining companies of similar scale.

Over the past decade, we have built a world-class asset portfolio by executing a consistent long-term growth strategy focused on copper. 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.



Executive strategy meeting

To ensure that any investment in our existing assets or in the 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. The criteria 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 long-standing focus on ESG principles.
- **Copper Focus:** We believe copper is the commodity with the best long-term supply/demand fundamentals. Global copper mine supply is challenged due to declining industry grades, limited exploration success and an insufficient pipeline of development-ready projects, while demand will continue to increase on account of global decarbonization initiatives. We believe this long-term supply/demand gap will create opportunities for increased risk-adjusted returns. While our primary focus is on copper, we recognize the polymetallic nature of copper deposits and, in particular, the counter-cyclical nature of gold in our portfolio.
- **Quality:** We are focused on investing in long-life, low-cost, expandable, high-quality assets that can capture the peak pricing of multiple commodity price cycles and 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, expansion 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, which leverages our technical, social, operational and project execution expertise.
- **Operatorship:** We believe value is created by leveraging Hudbay's competitive advantages in safe and efficient operations, and effective exploration, project development and community relations. While operatorship is a key criterion, we are open to joint ventures and partnerships that de-risk our portfolio and increase risk-adjusted returns.
- **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.

Business Objectives for 2023

Looking ahead to 2023, we intend to:

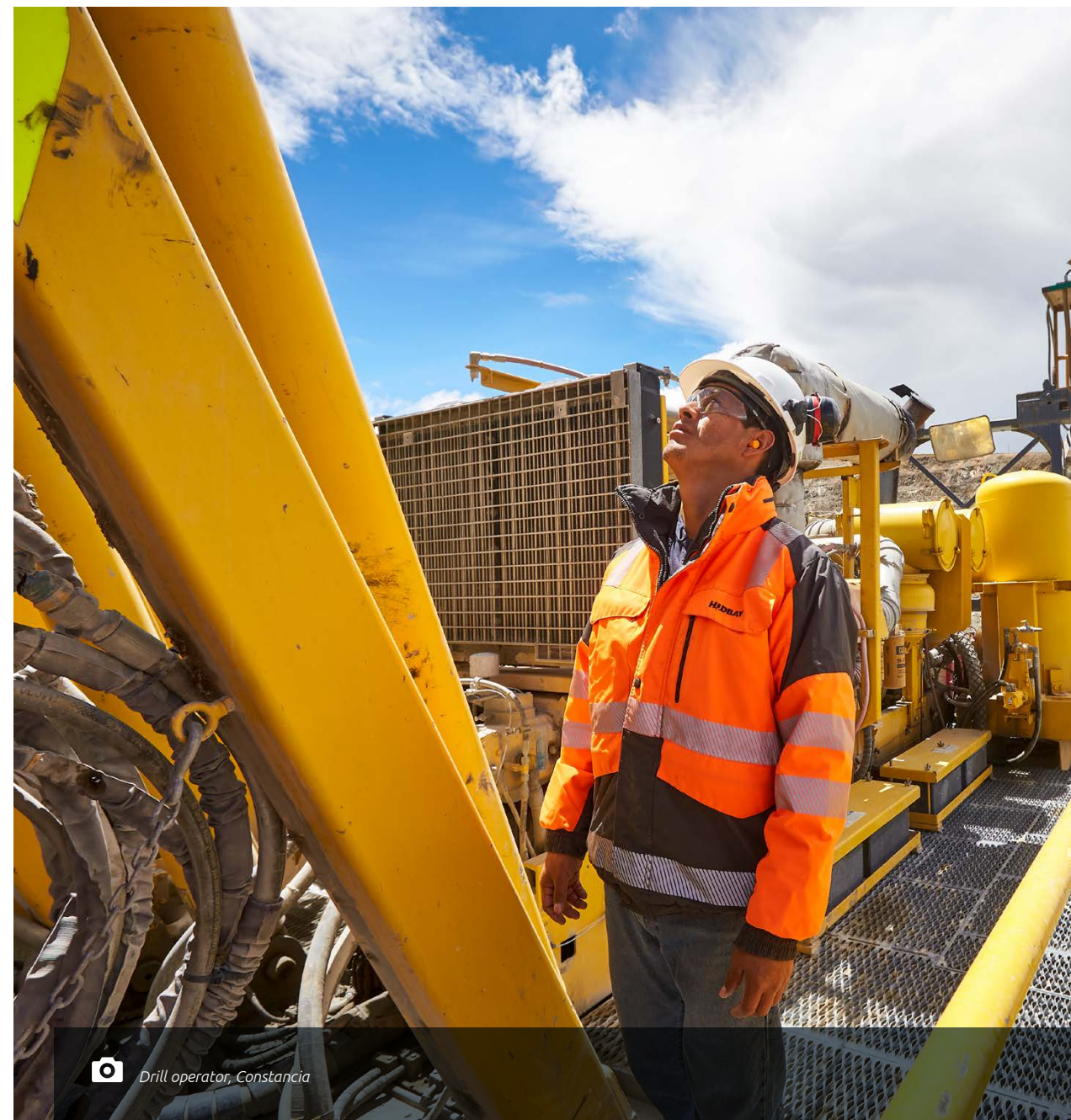
- Deliver copper and gold production growth with low cash costs driven by efficient operations
- Position Hudbay to unlock its copper development pipeline by generating cash flow, managing discretionary spending, deleveraging and achieving strong returns on invested capital
- De-risk the Copper World project through the completion of pre-feasibility studies, state permitting activities, and evaluating a bulk sampling program and a potential joint venture partnership
- Progress Constancia's leading efficiency metrics by applying smart technologies to continuously improve operating performance, including sensor-based ore sorting and the mill recovery improvement project
- Advance plans to drill the prospective Maria Reyna and Caballito properties near Constancia
- Execute opportunities in Snow Lake with the completion of the Stall mill recovery improvement program and ramp up beyond 4,650 tonnes per day at Lalor
- Test the down-dip extensions at Lalor where the gold and copper zones remain open at depth and have the potential to expand Snow Lake gold mineralization beyond the current 2.4 million ounces of reserves and 1.7 million ounces of resources
- Investigate opportunities to utilize the operating infrastructure in Snow Lake for potential future tailings reprocessing
- Assess opportunities to reduce GHG emissions in alignment with the Company's climate change commitments and global decarbonization goals
- Prudently advance the 3-P plan required for Copper World sanctioning
- Evaluate and execute 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


Business Activities

Over the year, Hudbay demonstrated our commitment to delivering strong performance, operating with fiscal discipline, generating free cash flows, fostering a strong safety culture and maintaining close, mutually rewarding relationships with our local communities.

In 2022, we achieved consolidated production guidance for all metals and consolidated cash cost and sustaining cost guidance. The strong ramp-up of the New Britannia mill, which increased annual Snow Lake gold production by 46% in its first full year of operations, made a vital contribution to this achievement. In Peru, Pampacancha made a similar contribution in its first year of operation, helping to increase both copper and gold production by 15%. The team at Constanica was able to overcome logistical challenges and political volatility and operate steadily throughout the year. In Arizona, we published a very encouraging PEA, and made progress in our effort to de-risk the project and minimize spending.

- Across the Company, Hudbay delivered full-year consolidated copper production of 104,173 tonnes, consolidated gold production of 219,700 ounces and consolidated silver production of 3,161,294 ounces in 2022 (increased by 5%, 13% and 4%, respectively, compared to 2021)
- Full-year consolidated cash cost and sustaining cash cost per pound of copper produced, net of byproduct credits, were \$0.86 and \$2.07, respectively, and similar to 2021 levels, despite inflationary cost pressures that were offset by higher copper production and higher byproduct credits
- On track to deliver consecutive years of production growth in 2023 and 2024
- Positioned for the best free cash growth in the sector



 Drill operator, Constanica

Manitoba

- Manitoba achieved 2022 production and cost guidance
- Increased Snow Lake gold production by 46% in the first full operating year of the New Britannia mill
- Progressed steadily toward expanding production at Lalor, and expect to exceed 4,650 tonnes per day in 2023
- New Britannia mill consistently delivered above its nameplate capacity throughout 2022
- Stall mill recovery improvement program made significant progress and is on track for completion in early 2023
- 777 mine and Flin Flon metallurgical complex closed in 2022, and personnel and equipment were moved to Snow Lake
- Completed confirmatory drilling on the Flin Flon tailings and identified similar reprocessing potential at Anderson tailings facility in Snow Lake

Peru

- Peru achieved copper production guidance in 2022
- Increased copper and gold production by approximately 15% with first full year of production from Pampacancha
- Signed an exploration agreement with the Uchucarcco community, providing access to the Maria Reyna and Caballito satellite properties
- Completed a positive internal scoping study and an inferred mineral resource on underground mining potential at Constanca Norte
- Announced initial mineral resource estimate at Llaguen and identified a higher-grade core
- Successfully managed through a period of political uncertainty and logistical constraints to maintain steady operations

USA

- Released a positive PEA at Copper World and outlined a private land plan to streamline development and permitting to construction
- Introduced a three-prerequisites plan for Copper World, including specific leverage targets that would need to be achieved prior to making an investment decision in the project
- Initiated Arizona state-level permitting on private land
- Divested the Lordsburg project for a 12% equity interest in American Copper Development Company

Corporate

- Announced our commitment to achieve net zero GHG emissions by 2050 and the adoption of interim 2030 GHG reduction targets to help achieve our goal
- Completed an approximately \$250 million brownfield investment program in early 2022 and delivered meaningful copper and gold production growth, which is expected to lead to higher cash flows and EBITDA growth
- Delivered \$30 million in discretionary cost reductions in 2022 through lower growth capital and exploration expenditures
- Repaid approximately 50% of the original gold prepayment liability secured for funding the New Britannia mill refurbishment, and remain focused on reducing net debt throughout 2023

Financials

Hudbay achieved our 2022 consolidated production guidance for all metals. However, production of copper and gold was at the lower end of the guidance range primarily due to lower-than-planned grades in the fourth quarter in Peru, caused by short-term mine plan changes that were implemented to mitigate the risks associated with logistical and supply chain disruptions in Peru.

Our full-year revenue for 2022 was \$1,461.4 million, \$40.6 million lower than the same period in 2021, largely due to lower copper prices, lower zinc and gold sales volumes, and higher treatment and refining charges, all of which were partially offset by higher molybdenum prices and sales volumes and higher copper sales volumes. Cash generated from operating activities for the full year 2022 was \$487.8 million, an increase of \$102.7 million compared to 2021. Operating cash flow before changes in non-cash working capital for 2022 was \$391.7 million, a decrease of \$92.1 million compared to 2021.

The decrease in operating cash flow before changes in working capital is mostly attributable to the timing of current tax payments, which increased by \$19.5 million compared to 2021, and to other factors noted above. In 2022, consolidated cash cost per pound of copper produced, net of byproduct credits, was \$0.86 (compared to \$0.74 in 2021) and consolidated sustaining cash cost per pound of copper produced, net of byproduct credits, remained unchanged from 2021 at \$2.07. Both measures remained in line with our 2022 guidance ranges.

LEARN MORE:

[Consolidated Financial Statements](#)

[Management's Discussion and Analysis](#)

Growth

Peter Kukielski, Chief Executive Officer; Andre Lauzon, Chief Operating Officer; and Eugene Lei, Chief Financial Officer, share their thoughts about the growth potential for copper and the impact that growth will have on Hudbay.

The demand for copper is growing and is on track to exceed supply. With its attractive pipeline of assets, Hudbay is well positioned to reap the rewards of stronger future copper prices.

Eugene Lei: Hudbay believes copper has the best long-term fundamentals of any metal in the industry. Our thesis is founded on both supply and demand, the growing interest in decarbonization on a worldwide scale and a significant expected increase in copper demand from making that energy transition. All of that, coupled with what we see as a very bare supply pipeline and an inability to meet even flat demand, is creating the most interesting supply dynamic we've seen in two decades.

Peter Kukielski: We are well positioned with our copper pipeline, including early-stage exploration assets such as the satellites near Constanca and advanced projects such as Copper World. Growth in demand *will* materialize – we exist in a cyclical world where metals are concerned. Those who will not accept that will be left behind. Long-life assets that span multiple cycles will win every time, which is why we focus on adding long-life, low-cost assets to our portfolio.

Andre Lauzon: The one sure thing is that copper assets are not increasing in supply. So a balanced approach to growth – develop and buy – is necessary if you want to participate in providing the metals the world needs.

Peter Kukielski: We have an enviable pipeline of copper projects, and one way to unlock the value of this pipeline is through partnerships – securing joint venture partners who can help fund the next steps of development. We also need to be open to expanding our production profile through inorganic means if this can be done in an accretive manner, such as our recently announced proposed acquisition of the Copper Mountain mine.

When it comes to funding growth, Hudbay's prudent capital allocation process is key to delivering strong risk-adjusted returns.

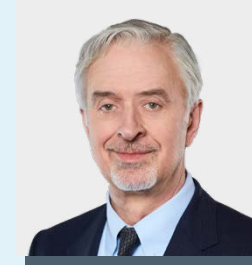
Peter Kukielski: Over the past few years, we have focused on low capital intensity, low-risk, high-return brownfields growth to liberate free cash flow to build cash on the balance sheet and reduce net debt.

Eugene Lei: This has been my driving concern since becoming CFO in October 2022 – reinvigorating our focus on deleveraging while managing discretionary spending until the copper price fully reflects the true price of producing copper. Allocating capital to near-term free cash flow generation today is the key to subsequently being able to allocate capital to develop our longer-term asset pipeline with the right risk and reward balance.

Copper is Hudbay's primary metal, but it also produces a meaningful amount of gold, offering favourable commodity diversification.

Peter Kukielski: Gold accounts for approximately 25% of our revenues. It is a good cash flow generator that balances volatility in other metals' cycles. In our strategy, gold helps fund growth in one way or another, and we will continue to enjoy the diversified cash flows it brings and the flexibility it provides in helping us achieve our long-term growth objectives.

Eugene Lei: Gold is a complementary part of our portfolio and historically has been countercyclical with copper. However, currently, they both have a positive outlook for two different reasons. Gold has incredible optionality value that we can monetize at any time to complement our higher-return copper growth pipeline. We've developed our gold asset in recent years, so, at the right time, we may consider different options for using our gold to reduce debt or unlock copper growth in the future.



Peter Kukielski
President and
Chief Executive Officer



Andre Lauzon
Chief Operating Officer



Eugene Lei
Chief Financial Officer

Hudbay is committed to conducting our activities in a way that protects shared resources and creates sustainable, long-term value. Our values guide the actions we take to help meet stakeholder expectations, build stronger relationships with stakeholders, and manage the social, environmental and economic risks associated with mining.

\$87.6 million

spent with local suppliers

AAA-level

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

Set 50%

GHG reduction target by 2030

SUSTAINABILITY APPROACH

Tailings Management Protocol's Integrated Approach Supports Best Practices

As a member of the Mining Association of Canada (MAC), Hudbay commits to implementing MAC's TSM program. Launched in 2004, TSM was the world's first program by which to assess and disclose site-level performance on key social and environmental matters, including tailings management.

Following the 2020 release of the Global Industry Standard on Tailings Management (GISTM), which raised the bar for the safe management of tailings facilities around the world, MAC reviewed the GISTM requirements, mapped them to the level A requirements in the TSM protocols for tailings management, water stewardship and community relationships, and then incorporated GISTM aspects that enhance the safe management of tailings facilities. The result was an updated Tailings Management Protocol that, when combined with TSM's Water Stewardship, Indigenous and Community Relationships, and Climate Change Protocols, aligns closely with the GISTM requirements in all aspects related to governance, community relationships and water stewardship.

For the GISTM aspects that relate to the design and construction of new tailings facilities and which the TSM protocols do not fully address, Hudbay follows the internationally recognized and respected Canadian Dam Association (CDA) Safety Guidelines and Tailings Dam Bulletins. The CDA is currently undertaking a review to ensure its guidelines and recommendations align with the GISTM.

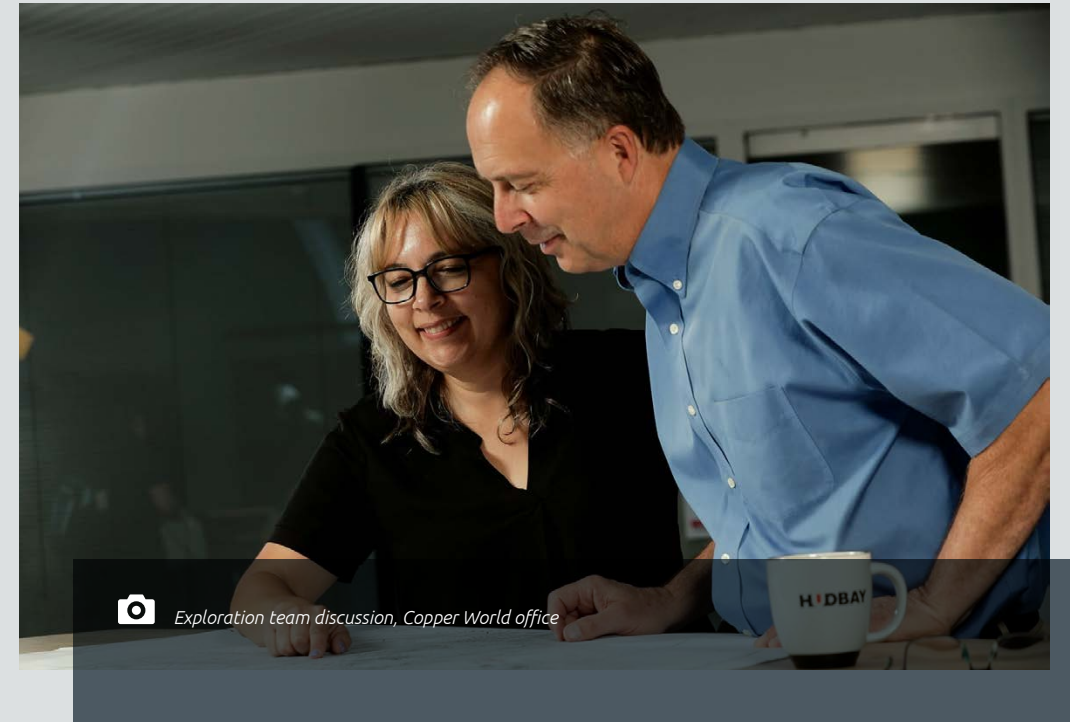



Applying Lessons Learned to Improve Stakeholder Engagement and Earn Social Acceptance

In November 2022, the Tucson Metro Chamber, in partnership with the Arizona Mining Association, released the results of a poll they conducted with 400 likely voters in southern Arizona that showed more than 66% of those surveyed supported the Arizona copper mining industry. Although most participants were unfamiliar with Hudbay's Copper World project, when given a brief overview, more than half (52.6%) indicated support for the project.

Although the poll results are encouraging, we recognize that social acceptance can change over time, and that responsible mining practices, a commitment to transparency and meaningful stakeholder engagement are essential for us to be able to develop Copper World into a world-class mining operation.

We are applying several lessons learned to the development of Copper World. For example, we are conducting archaeological surveys on all our land before any ground-disturbing activities take place. For any archaeological resources identified that are potentially eligible for being added to the National Register of Historic Places, we have a data recovery plan to excavate in a manner protective of the items. We are also conducting biological surveys to identify any special-status species that may exist within the project's footprint.



 Exploration team discussion, Copper World office

Although phase one of the proposed project is entirely on private land and there are no legal requirements to consult with stakeholders, we adopted a commitment to engage with key stakeholders based on Hudbay's standards and values, including the local Native American tribes, on matters of interest. In 2022, we invited the chairman and council members of a local Native American tribe to tour the site and discuss our approach to identifying and mitigating impacts to cultural resources. The face-to-face meeting with around 20 members of the tribe provided an opportunity for them to ask questions, express concerns and provide feedback.

With this approach to early and ongoing engagement with all interested stakeholders, Hudbay aims to build mutual respect and understanding that will translate into social acceptance that lasts throughout all the stages of the Copper World project.

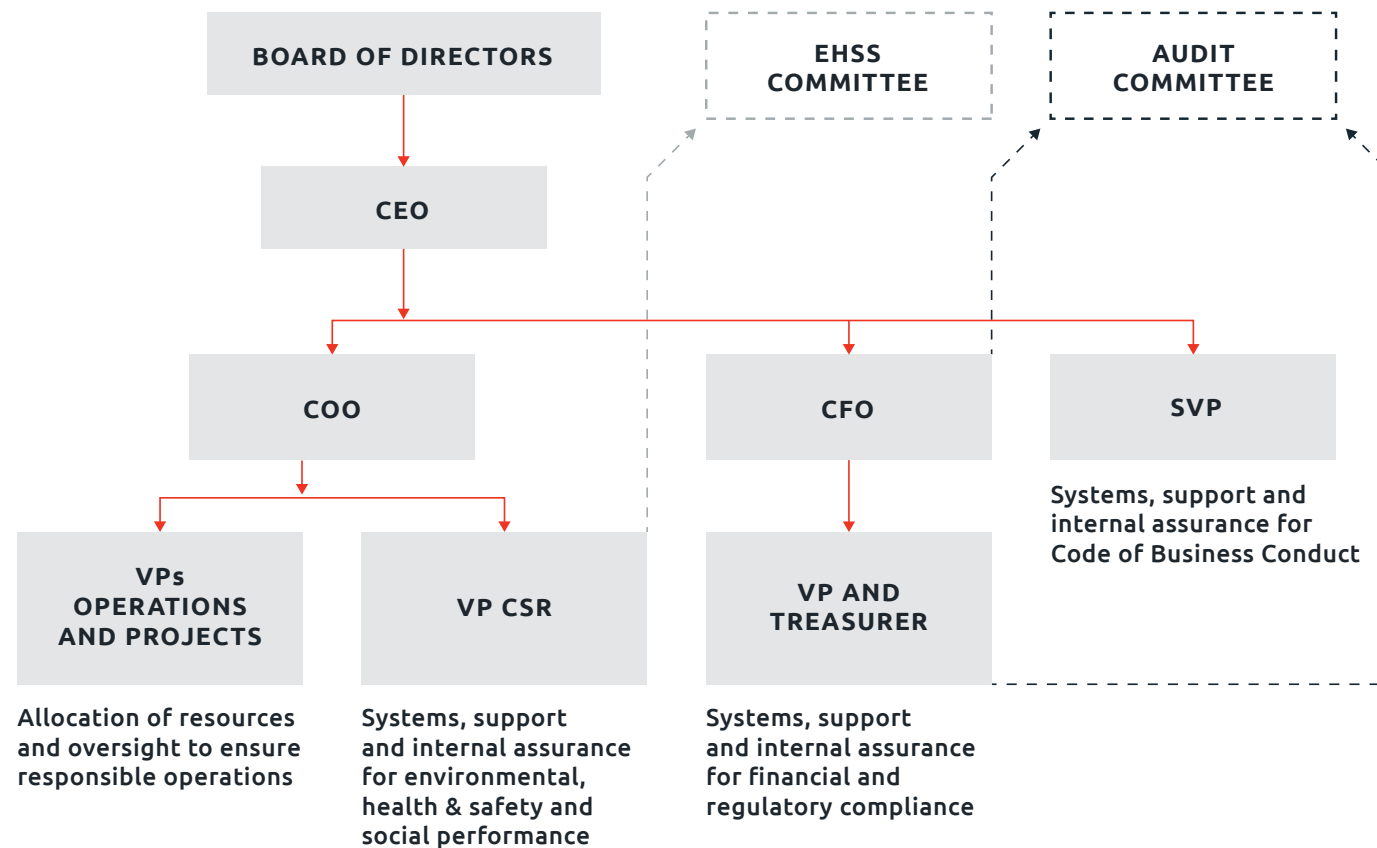
Sustainability Governance

Our commitment to sustainability is embedded in our mission, values and overall business strategy and management approach. Our sustainability governance defines the role of the Board and what duties and responsibilities it delegates to our senior leaders.

The Board's five committees each play a role in the governance and oversight of our sustainability commitments, with the Environmental, Health, Safety and Sustainability (EHSS) Committee responsible for 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 it tracks the effectiveness of Hubday's management systems through the certification and TSM performance assessment processes.

The Board delegates responsibility for the day-to-day leadership of the business, including strategy and performance, to the President and CEO. Our Vice President, Corporate Social Responsibility, who reports to the COO, 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.

Sustainability Management Framework



Hudbay's Sustainability Management Framework forms the foundation for operating in an environmentally and socially responsible manner.

The policies, processes and procedures that make up Hudbay's management systems support the efforts to achieve our business objectives. These include our **Code of Business Conduct**, **Human Rights Policy**, **Environmental Health, Safety and Sustainability Policy**, **Supplier Code of Conduct and Ethics** and **Customer Code of Conduct and Ethics**, all of which state our social, environmental and ethical commitments across our business and value chain.

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 (ISO) 14001 and 45001 standards. In 2022, the external audit at Snow Lake included the New Britannia mill for the first time. Both our Manitoba and Peru business units maintained their ISO 14001 and 45001 certifications throughout the year.


Our business units are responsible for setting objectives, identifying risks and demonstrating 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 that tracks health, safety and environmental incidents and investigations; captures certain stakeholder engagement activities and commitments; and documents

non-conformance to our standards and corrective actions at the sites. In Arizona and Manitoba, we also use this software to support permitting requirements. 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.

Through our voluntary membership in MAC, we participate in MAC's 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.

The TSM program is recognized as a global best practice. Mining associations in 12 other countries – Argentina, Australia, Botswana, Brazil, Colombia, Finland, Guatemala, Mexico, Norway, Panama, the Philippines and Spain – have adopted the program, and other countries are considering its adoption. MAC's **TSM Responsible Sourcing Alignment Supplement** maps the TSM protocols 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.



 Executive governance meeting

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 site-level evaluations and public reporting of our performance across the following protocols:

- Biodiversity Conservation Management
- Climate Change
- 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 (COIs) on closure activities. In 2021, MAC's Board of Directors approved a scope of work for developing an eighth protocol that focuses on equity, diversity and inclusion, and in 2022, MAC published a draft Inclusive and Respectful Workplaces Protocol for public comment. The protocol is being developed with the Minerals Council of Australia to reflect insights from the report released in June 2022 related to the Western Australian Parliament's inquiry into sexual harassment of women in the mining sector. The goal of the new protocol is to support companies in meeting their collective and individual commitments to advancing equity, diversity and inclusion, and recognition that these values are key to safe and respectful workplaces. The MAC Board aims to approve the new protocol by June 2023.

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

Our MAC membership requires us to implement the program at our Canadian operations; however, 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 an A-level rating (considered good performance and evidence that commitments and accountabilities are in place and consistent with the protocol) across all indicators. In 2022, our Constancia operation received an A or above rating on all indicators; however, our Manitoba Business Unit received B-level ratings on the following indicators:

- Energy and GHG emissions performance targets – The business unit achieved its absolute energy reduction target but missed its energy intensity reduction target.
- Operational water management – Opportunities for improvement include incorporating climate considerations into water use reports and defining the procedure for managing water balances.
- Four indicators under the Indigenous and Community Relationships Protocol – The business unit identified a need to improve documentation related to engagement activities with the identified COIs and the inclusion of COI feedback into the development of the engagement process, objectives and feedback mechanisms.

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, Corporate Social Responsibility, was elected to serve as the Chair of MAC through 2023.

International Systems and Performance Standards

To inform our sustainability approach and strive toward continuous improvement, 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 (through to June 2022, when we ceased production of zinc metal)
- **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 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) – a 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, the 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
- Empresarios por la Educación (a Peruvian private sector organization to develop and promote educational projects)
- Extractive Industries Transparency Initiative (EITI)
- 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
- Yerington Chamber of Commerce

Human Rights and Security

As stated in our core values, we are committed to treating each other in ways that bring out the very best in each of us. 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. In 2022, the third-party verification of our TSM performance confirmed that both our Manitoba and Peru business units had processes and controls in place, commensurate with the jurisdictional risk, to ensure Hudbay does not use forced labour or employ any child under the age of 15.

The [United Nations \(UN\) Guiding Principles on Business and Human Rights](#) provide a framework 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. We identify and mitigate social, security and human rights risks based on 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 matters that may pose a risk to Hudbay personnel and assets. Through ongoing assessments of community situations and Hudbay's activities, we monitor potential impacts on individuals and communities. The framework and guidelines drive consistent structures and expectations while allowing sites to tailor their process 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 2022, there were no human rights issues raised or reported through our Board, hotline, site grievance mechanisms or external agencies.



 Dairy farm, Peru

Security Practices

Our Security Policy and Corporate Plan incorporates 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 and appropriate response to security threats while reducing conflicts and building trust with communities and other stakeholders.

The Security Policy and Corporate Plan assesses and ranks the security risk level of each operation, while each location conducts a detailed risk assessment that defines specific actions. 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 VPs 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

The only operating and exploration site in our portfolio not considered to be low risk is Constancia in Peru, which is classified as a medium risk. The country's history of social and political unrest represents an elevated risk and requires more rigorous risk evaluation and management.

In 2022, there was one community protest near our Constancia operation 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 this incident, the National Police was responsible for managing the situation.

The operations, projects and exploration sites where we employ security personnel follow the VPs, which aim to minimize security-related impacts on communities and align 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 that the actions of these providers are consistent with the protection of human rights.

In 2022, our Peru Business Unit conducted a third-party review of the VPs that assessed the level of the implementation of action plans at our Constancia operation.

Tailings Stewardship

Engineered tailings storage facilities (TSFs) are designed to safely store mine tailings, which are the fine-grained material (in the form of a paste or a slurry) that remains after the process of separating minerals from crushed ore.

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 initiatives have been, and are being, implemented to strengthen tailings management.

Tailings Management Protocol

As a member of MAC, we assess our tailings management approach against TSM's Tailings Management Protocol. In 2020, a new tailings standard was released (the GISTM) that was developed through collaboration between the ICMM and several investors and civil society groups.

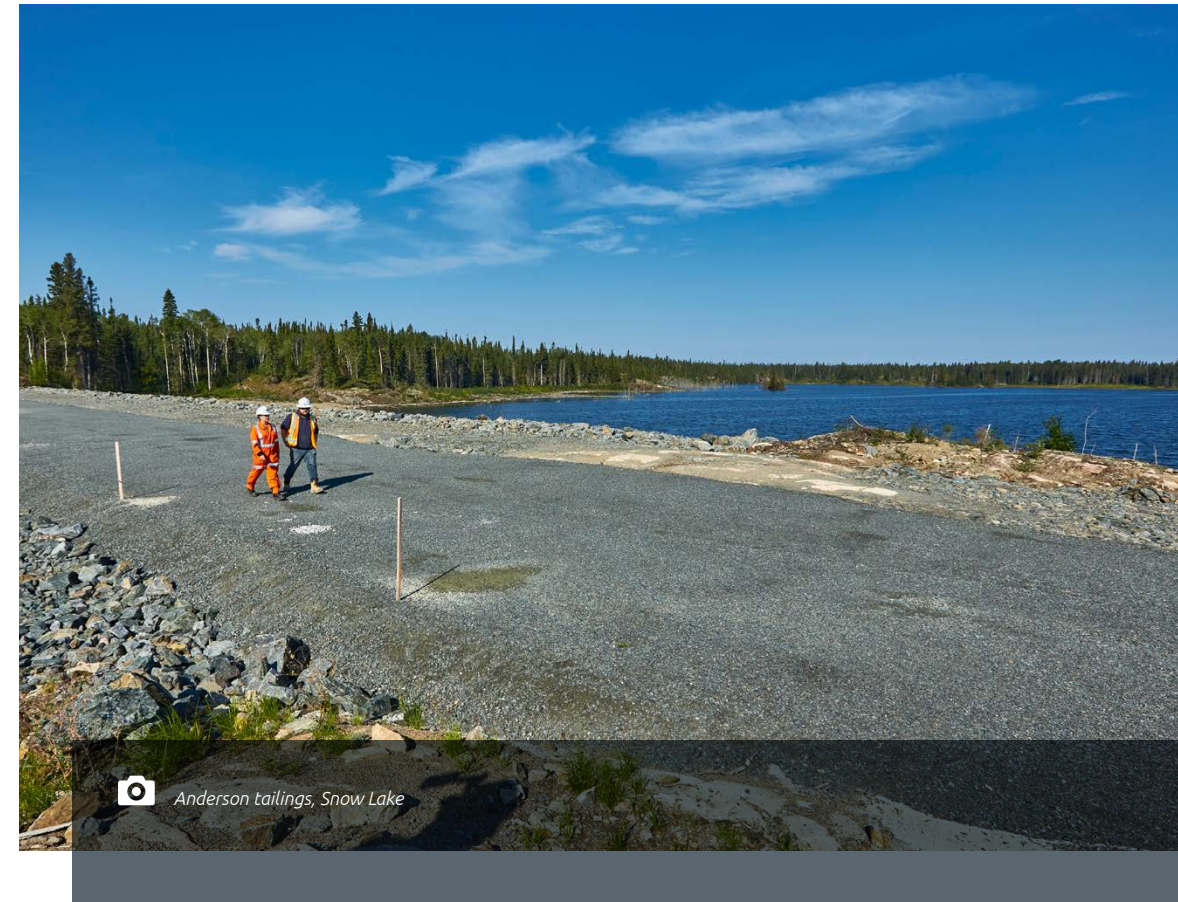
MAC provided extensive support to the GISTM creators and engaged with global institutional investors to define how TSM aligns with the GISTM. The TSM Tailings Management Protocol is recognized as being at a more advanced stage of implementation, particularly in its well-established verification processes, and there is agreement among key investors that a company that maintains an A-level rating 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. We discuss the strength of the TSM Tailings Management Protocol in the **Tailings Management Protocol's Integrated Approach Supports Best Practices** feature story.

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

One of the TSM program's strengths is the integrated nature of the protocols, where one protocol defines a process that is embedded into other protocols. For example, community engagement is an important aspect of responsible tailings management. The TSM Indigenous and Community Relationships Protocol requires companies to assess their engagement with COIs, and the Tailings Management Protocol requires companies to apply this engagement requirement to any tailings management activities that may pose a risk to the public.



We require our business units to maintain an A-level or higher rating for the protocol; in the latest TSM assessment against the protocol, our Manitoba Business Unit received AAA-level ratings across all five indicators, and our Peru Business Unit received AA-level ratings for all indicators. Details on activities in our business units are discussed below.

Tailings Governance

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

To support good tailings management, TSM requires companies to define and document accountability and responsibility for tailings management, including an Accountable Executive Officer (AEO), who is responsible for engaging with Hudbay's Board on any issues related to tailings management. Hudbay's COO is our designated AEO. Each business unit Vice President has similar accountabilities to the AEO for facilities within its business unit. A Tailings Governance Team (TGT), composed of individuals from the business units and relevant corporate functions, advises and assists the AEO in the design and implementation of appropriate processes, such as conducting the following key third-party reviews.

- **Independent peer review board (IPRB)** – A panel of qualified and experienced individuals, none of whom has been directly involved in the design or operation of the facility, performs systematic evaluations 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 verifies that the facilities are designed, constructed and operating in accordance with performance objectives and all applicable guidelines, standards and regulatory requirements
- **Dam safety review provider** – An external expert who conducts dam safety reviews (DSRs), independent of the IPRB and EOR, every five years, as per the recommendation of the CDA's Dam Safety Guidelines

Additionally, in early 2023 we created a new role and appointed a Vice President, Business Planning and Reclamation. This new member of our management team is responsible for assisting our COO and Technical Services team with the planning and oversight of tailings facilities in line with TSM requirements and CDA guidelines and regional legislation. In addition, this individual will be responsible for developing a strategy for the approval and execution of monitoring and reclamation activities for non-producing mines and facilities, which is an area of focus following the closure of our Flin Flon operations.

Annual tailings management reviews at our operating sites assess compliance with our Tailings Governance Charter and TSM protocols. The review findings are reported to our Board, and TSM assessments are [posted online](#).

On-the-Ground Approach to Tailings Stewardship

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

During the year, there were no significant incidents at any of our TSFs that threatened human health or the environment.

Given the inflationary environment and budget constraints facing our operations, we had several discussions and reviews during the year to ensure we directed adequate resources toward maintaining safe tailings structures.

In our Manitoba Business Unit, we continued construction on a multi-year \$85 million dam stability project to address priority areas to meet minimum safety factors. The upgrades incorporate recommendations from Hudbay's EOR, which reflect the EOR's re-examination of Hudbay's TSFs in light of higher industry standards and learnings from recent TSF failures at other mining operations. The project involved bringing several dams in the Flin Flon Tailings Impoundment System (FFTIS) up to our targeted factor of safety (FOS), a metric used by engineers to measure the structure's robustness against unexpected events and which conforms with CDA criteria. Steps to further review FOS at our facilities will continue in the years ahead.

During the year, we continued to evaluate the economic feasibility of reprocessing the tailings in the FFTIS, which holds more than 100 million tonnes of tailings that have been deposited over 90 years. Recent drilling indicates higher zinc, copper, and silver grades than previously reported. Included in our evaluation with the reprocessing project is the possibility to more efficiently manage the environmental risks associated with the existing tailings in the FFTIS and simplify the final closure.

The Anderson tailings impoundment area (TIA) at our Snow Lake operation also contains significant amounts of gold deposited over many years. Given our enhanced gold processing capacity in Snow Lake, we intend to conduct a similar evaluation of reprocessing the Anderson tailings. We are also exploring opportunities to optimize the capacity of the tailings pond by improving our tailings deposition (e.g., changes to the pipeline, adding more spigots), which defers the need for immediate dam raises.

Our Constancia operation in Peru stores tailings in an engineered tailings facility. An array of sensors throughout the facility, operating around the clock, provide the mine's control centre with continually updated reports on rain impact, water levels, depth and drainage. The annual inspection completed by the EOR found no immediate dam safety concerns, based on there being no signs of instability, no identified deficiencies and no concerning instrumentation readings. The IPRB participated in a site tour along with the update presentations in mid-October. The IPRB observed that there are competent and dedicated teams in place and that the site is diligent with respect to tailings and water management.

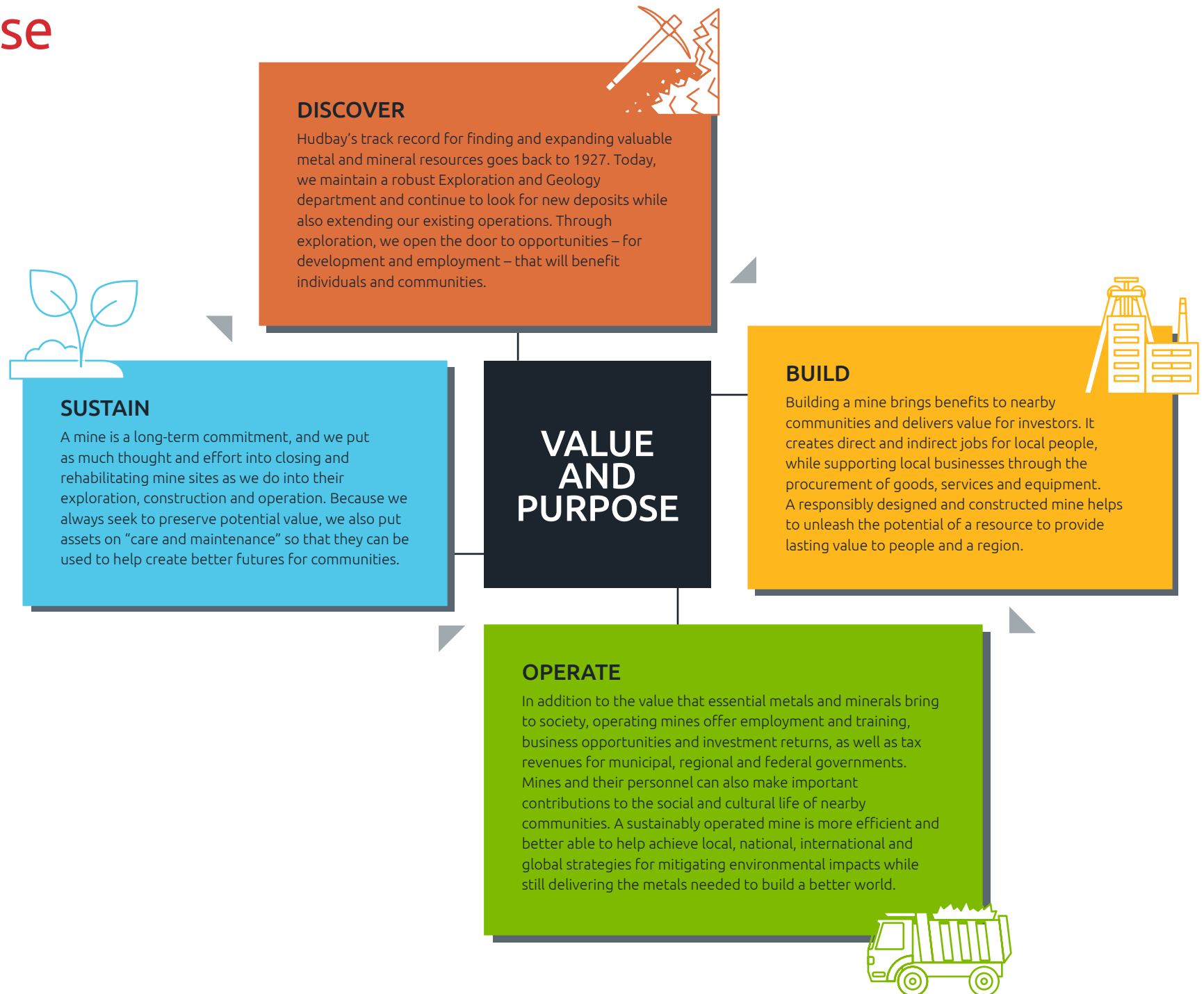
Value and Purpose

Hudbay works to create value for communities, employees, investors and others by drawing upon our expertise at every stage of the mining cycle – from discovering economically viable mineral deposits to ensuring that our activities help to sustain value for a community even after a mine closure. Almost a century ago, the town of Flin Flon was established as a result of our mining activities. More recently, we introduced new business and employment opportunities, particularly for women, as an integral part of our mining operations in Peru. The value we create and the impact we have is embodied in our purpose:

We care about our people, our communities and our planet.

Hudbay provides the metals the world needs. We work sustainably, transform lives and create better futures for communities.

By operating sustainably to provide critical metals, we transform lives. We contribute to achieving a low-carbon future. We create jobs, support businesses, attract local investments and help people learn skills with applications beyond mining. Our purpose can be seen in action, everywhere we operate and in everything we do.



Stakeholder Engagement


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.

Meaningful and frequent engagement with stakeholders helps us better understand their needs and expectations. The frequency and channel of engagement vary depending on the stakeholder, topic or concern. One highlight in 2022 was our ability to restart several face-to-face programs and activities that had been impacted by the COVID-19 pandemic.

Our Stakeholder Engagement Standard and supporting guidance 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 meeting, Chilloroya

2022 Engagement Activities and Topics

The following table lists key stakeholders and how we engaged with them in 2022:

Stakeholder Group	Key Topics/Concerns Raised	Engagement Mechanisms	Examples of Engagement in 2022
Shareholders, debtholders, investors and analysts	<ul style="list-style-type: none"> • Production growth from Pampacancha and New Britannia • Free cash flow generation • Copper World exploration and development plans • Closure of the 777 mine, and potential tailings reprocessing opportunity in Flin Flon and Snow Lake • Exploration updates • Mergers and acquisitions • Political and social context in Peru • Inflationary pressures on costs • Tailings facility safety 	<ul style="list-style-type: none"> • Industry conference participation (18 events) • Investor meetings and presentations, road shows and conference calls (over 250 events) • Virtual webcast presentations (one event) • Virtual Annual General Meeting of Shareholders • Tours of mining operations and project sites • Board–shareholder engagement • Website, news releases and other public disclosures • Social media posts 	<ul style="list-style-type: none"> • Conducted an analyst–investor session to provide an in-depth look at the Copper World PEA • Hosted an analyst–investor site visit to the Copper World project <p>Details on these and other engagement activities are discussed further in the Tailings Stewardship and Climate Change sections and on our Investors site.</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"> • 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 • Diversity and Inclusion Committee • Hudbay intranet • Staff newsletters 	<ul style="list-style-type: none"> • Adopted group-wide Diversity and Inclusion Policy • Held virtual events, including town halls, to keep employees informed about the business <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 2022
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 	<ul style="list-style-type: none"> • Engaged with the leaders and members of the six unions that represent employees in Manitoba on transitioning as many people as possible from the Flin Flon workforce to the Snow Lake operations • Held three team-building sessions with the newly elected leaders of the union that represents employees in Peru <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 	<ul style="list-style-type: none"> • Reached agreement with the Uchucarcco community on surface rights to progress exploration on the Maria Reyna and Caballito deposits • 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 Indigenous Peoples Day • Conducted stakeholder outreach at the Copper World project in Arizona following the release of a preliminary economic assessment <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-upon 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 	<ul style="list-style-type: none"> • Continued to engage with our customers around the world and deliver our products in an environmentally and socially responsible manner <p>Details on this and other engagement activities are discussed further in the Responsible Supply Chain section.</p>

Materiality

We define our material sustainability issues as those that represent our most significant potential impacts on the economy, the environment and people, including impacts on human rights.

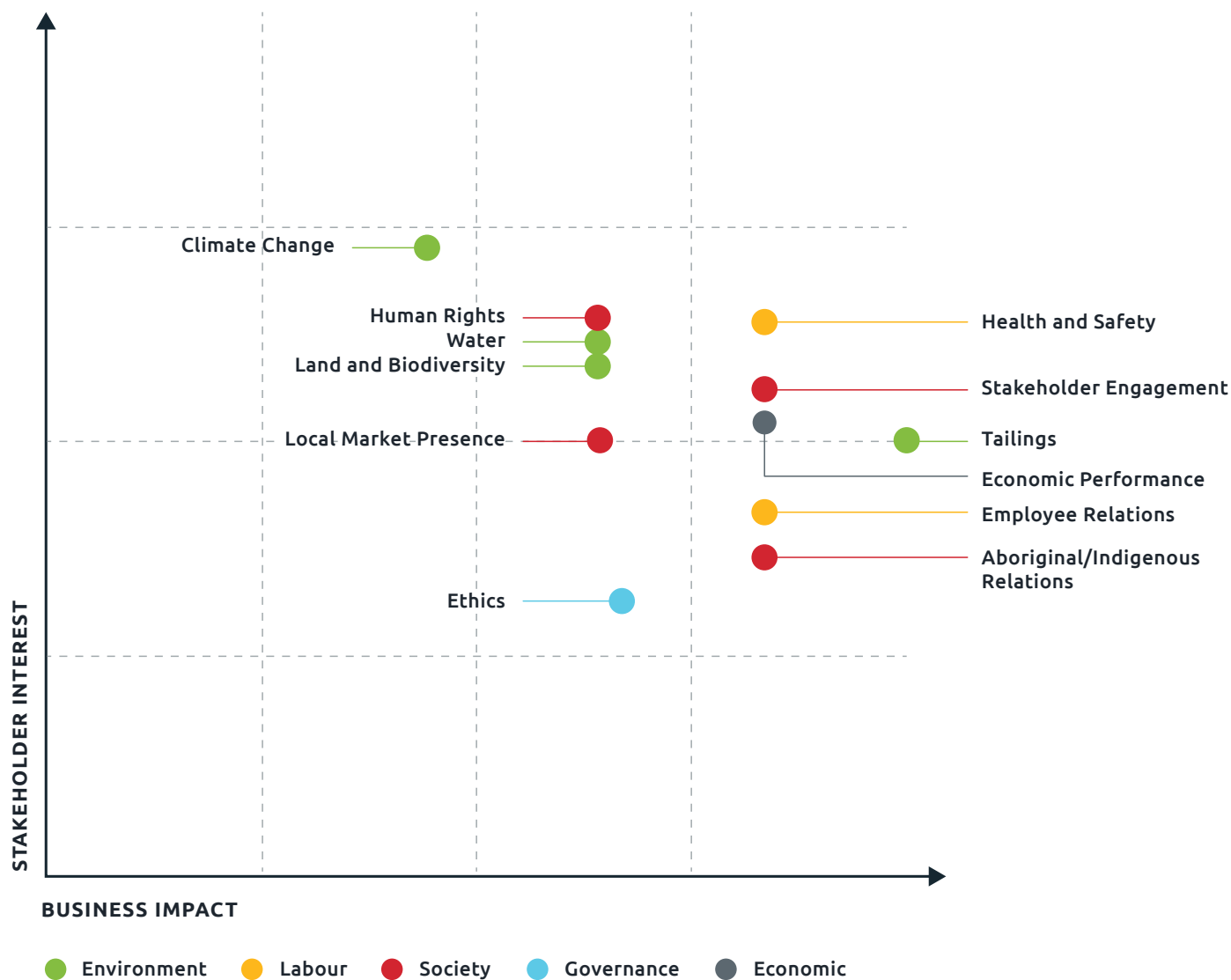
Every three years, we review our priorities to make sure they reflect changes in our business and/or emerging issues. This report reflects the issues identified in the latest review, which was in 2020. Our next review is planned for 2023.

Materiality Matrix

Our latest materiality review identified 12 priority issues, which were then ranked based on the level of business risk and importance to key stakeholders. The issues with a higher business risk are those with elements that are outside of our control (e.g., community perceptions, metal prices, individual behaviours) and could have higher impacts on our business. The issues with a lower business risk are those that have lower impacts on our business or that

we can more directly mitigate through our systems and processes. Our due diligence and mitigations for these risks are discussed in the corresponding sections of this report.

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 SASB and the TCFD. Details on specific reporting indicators are disclosed in our [reporting framework index](#).

Priority Issue	GRI Standards Topics	SASB Standards Topics
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

Boundaries

We conducted the materiality review on the boundary assumptions 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 Hudbay supervision (e.g., activities of contractors working on Hudbay sites, activities of exploration contractors).
- Environmental incidents related to transportation between Hudbay locations 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 GHG 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 by country, although we do not collect or report energy, GHG emissions or local market presence data.
- 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 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.

Supporting local businesses by procuring goods and services that support our activities is one of the more effective ways local communities can benefit from our presence. Along with the due diligence performed on all suppliers, 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 of doing business with Hudbay, our contracts require suppliers to:

- Read, accept and comply with our Supplier Code of Conduct (or a comparable internationally recognized standard) and all applicable compliance policies, including our Statement on Anti-Corruption, Human Rights Policy, and Environmental Health, Safety and Sustainability 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



Site tour, Copper World property

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. If any concern about a customer arises, we engage a legal firm to conduct an investigation (which may include an audit) and carry out site visits, if needed.

Supply Chain Performance

The direct supply chain for our metal products originates in Hudbay's mines in 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 79% of our spending, and 96% 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 86% of our spending in 2022, 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 2022, representing 35% of procured value, were (in alphabetical order):

Chemtrade S.A.C.

CN (CAD)

Corporación Primax S.A.

Dumas Contracting Ltd.

Enel Generación Peru S.A.A.

Epiroc Canada Inc.

Ferreyros Sociedad Anónima

Manitoba Hydro

Stittco Energy Limited

Stracon S.A.

Products

We produce copper concentrate, gold and silver doré, zinc concentrate and molybdenum concentrate. In 2022, we also produced cast zinc until the closure of the 777 mine in mid-2022. 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.

Our products are produced at operations in Canada and Peru:

- Hudbay sold and delivered the majority of its copper concentrate to traders and smelters in Asia, with a smaller portion sold to buyers in the Americas. The smelting process and refining of the copper content ultimately result in 99.99% pure copper, an essential metal for modern living.
- The silver–gold doré production from our Canadian operations is sent to a refinery in Canada, and the resulting precious metals credits are sold to Canadian financial institutions.
- We shipped cast zinc metal produced at our Flin Flon zinc plant by rail and truck to industrial customers throughout North America (primarily to galvanizers who use it to protect steel from corrosion).
- Our molybdenum concentrate is produced in Peru and is sold and delivered to traders and roasters in Asia and South America.

The safety data sheets that accompany all our products provide details of their composition, toxicology, handling, storage and exposure hazards. 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 be non-HME.

United Nations Sustainable Development Goals



Hudbay recognizes the opportunity that the mining industry has to positively contribute to the 17 UN Sustainable Development Goals (SDGs) that are parts 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.

SDGs	Our Contribution
 	<p><u>Our Feature Stories > Committed to Community Business and Financial Review</u></p> <p><u>Our People</u></p> <p><u>Social Impact</u></p> <ul style="list-style-type: none"> • Hudbay Achieves “Silver” Status from the Canadian Council for Aboriginal Business • Building Shared Value by Developing Local Business Opportunities <p><u>Social Impact > Our Approach</u></p> <ul style="list-style-type: none"> • Local Hiring and Procurement • Community Development <p><u>Social Impact > Manitoba</u></p> <p><u>Social Impact > Peru</u></p> <p><u>Social Impact > Arizona and Nevada</u></p>
	<p><u>Our Feature Stories > Committed to Net Zero</u></p> <p><u>Our People</u></p> <ul style="list-style-type: none"> • Hudbay Leaders, Teams and Business Units Earn Recognition from Leading Organizations <p><u>Social Impact > Our Approach</u></p> <p><u>Environment</u></p> <ul style="list-style-type: none"> • Supporting Nationwide Efforts to Reduce Water Footprint <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>

SDGs	Our Contribution
	<p><u>Sustainability Approach > Sustainability Governance</u></p> <ul style="list-style-type: none"> • Industry Involvement <p><u>Social Impact > Our Approach</u></p>
	<p><u>Our Company > Corporate Governance</u></p> <p><u>Our People > Our Approach</u></p> <ul style="list-style-type: none"> • Diversity and Inclusion <p><u>Our People > Peru</u></p> <p><u>Social Impact > Manitoba</u></p> <p><u>Social Impact > Peru</u></p> <p><u>Key Performance Data Table (Employees)</u></p> <ul style="list-style-type: none"> • Workforce Diversity

SDGs	Our Contribution
	<p>Environment</p> <ul style="list-style-type: none"> Supporting Nationwide Efforts to Reduce Water Footprint Proactively Studying the Waterways in Arizona <p>Environment > Our Approach</p> <ul style="list-style-type: none"> Water <p>Environment > Manitoba</p> <p>Environment > Peru</p> <p>Environment > Arizona and Nevada</p>
	<p>Our Feature Stories > Committed to Net Zero Sustainability Approach > Tailings Stewardship</p> <p>Sustainability Approach > Responsible Supply Chain</p> <ul style="list-style-type: none"> Supply Chain Performance Products <p>Environment</p> <ul style="list-style-type: none"> Supporting Nationwide Efforts to Reduce Water Footprint Proactively Studying the Waterways in Arizona <p>Environment > Our Approach</p> <p>Environment > Manitoba</p> <p>Environment > Peru</p> <p>Environment > Arizona and Nevada</p>

Recognizing that the SDGs represent national-level government 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).

SDGs	Our Contribution
	<p>Environment > Our Approach</p> <ul style="list-style-type: none"> Land and Biodiversity Closure and Reclamation <p>Environment > Manitoba</p> <p>Environment > Peru</p> <p>Environment > Arizona and Nevada</p> <p>Key Performance Data Table (Environment)</p> <ul style="list-style-type: none"> Land Use Sites Requiring Biodiversity Management Plans Habitats Protected or Restored IUCN Red List Species
	<p>Sustainability Approach > Human Rights and Security</p> <ul style="list-style-type: none"> Security Practices <p>Our People > Our Approach</p> <ul style="list-style-type: none"> Diversity and Inclusion
	<p>Our Feature Stories > Committed to Safety</p> <p>Our People</p> <ul style="list-style-type: none"> Hudbay Leaders, Teams and Business Units Earn Recognition from Leading Organizations <p>Our People > Our Approach</p> <ul style="list-style-type: none"> Health and Safety <p>Our People > Manitoba</p> <p>Our People > Peru</p> <p>Our People > Arizona and Nevada</p>
	<p>Our Feature Stories > Committed to Net Zero</p> <p>Environment > Our Approach</p> <ul style="list-style-type: none"> Climate Change <p>Environment > Manitoba</p> <p>Environment > Peru</p> <p>Environment > Arizona and Nevada</p>

Risk

Peter Kukielski, Chief Executive Officer; Andre Lauzon, Chief Operating Officer; and Eugene Lei, Chief Financial Officer, comment on the nature of the risks Hudbay is facing and how the company is working to manage risk.

Identifying key risks such as climate change, reserve depletion, commodity markets and social impact.

Peter Kukielski: The top three risks identified on our company risk register relate to advancing Copper World and its near-term risks that are progressively being mitigated and reduced, the political and social environment in Peru, and cybersecurity. There is one other top-of-mind risk in our industry – depletion. We continually need to grow our reserve base.

Eugene Lei: Commodity price, an uncontrollable factor, is the biggest value driver in our business. Additionally, market volatility impacts how much free cash flow we have, drives valuation, and affects our ability to invest or pursue deleveraging. Gold exposure and our expertise in low-cost operations help mitigate these impacts.

Andre Lauzon: Culture is important in mitigating social risks. Our values and processes act as checks and balances to ensure people are treated fairly, with the respect they deserve, and fairly compensated for the work they perform. We strive to ensure that employees have the opportunity to compete and be considered for roles that are always awarded based on effort and merit.

Businesses and governments around the world are working to address climate change. How will it impact Hudbay?

Peter Kukielski: Climate change will be a lasting challenge. Ambitious goals have been set for 2030 and 2050, and copper will play an essential role in helping the world work toward them. Other risks we may have to consider include inflation, recessions, labour force shortages and political volatility. Keep in mind that during Hudbay's lifetime, the world has successfully met even greater challenges and that society will continue to need copper.

Eugene Lei: Climate change is a global issue that transcends borders, and each region's response and prioritization greatly differ. Regardless of individual governments' priorities, I believe that critical minerals, and the responsible mining and processing of critical materials, will be essential for the world to address climate change. From a capital and time investment perspective, finding and producing copper is becoming increasingly risky, and that risk needs to be mitigated somehow. For Hudbay, as a responsible producer of low-carbon copper, to deliver the copper the world needs, we must focus on attracting available government incentives and potential premium pricing for our product in the future.

Local stakeholder engagement is fundamental to earning a social licence to operate.

Peter Kukielski: In Peru, local stakeholders are our employees and the communities in our direct area of impact. To our employees, working conditions and remuneration are key – our turnover is low, so we are doing something right. To our communities, jobs and economic activity are important. We support communities with funding and training to establish local businesses, such as the community-owned trucking businesses that now transport over 30% of our concentrate from Constancia to the Matarani Port. In Manitoba, the move from Flin Flon to Snow Lake has been tough for some employees, but people in the region can still expect long-term opportunities. In Arizona, people are looking forward to the job generation of Copper World. While there is some opposition to development, we also have many allies who are working constructively with us to ensure Copper World brings sustainable long-term benefits to our local stakeholders.

Andre Lauzon: Mining always impacts the local area in some way; local stakeholders balance those impacts against the benefits they expect to receive from our presence. Through consultation, Hudbay seeks to build understanding and demonstrate how both parties can benefit from a mining project. Our goal is to ensure that communities benefit from our presence long after we are done mining.



Peter Kukielski
President and
Chief Executive Officer



Andre Lauzon
Chief Operating Officer



Eugene Lei
Chief Financial Officer



Hudbay's greatest strength is the skilled, high-performance workforce that is committed to our success. We strive to provide a safe, healthy and rewarding workplace and build a values-based culture where everyone has the opportunity to grow and thrive.

13%

Indigenous employment in Manitoba

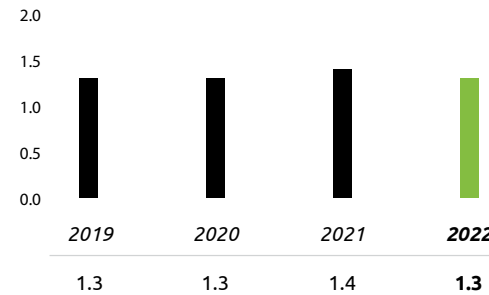
18%

of full-time employees in Peru are hired from local communities

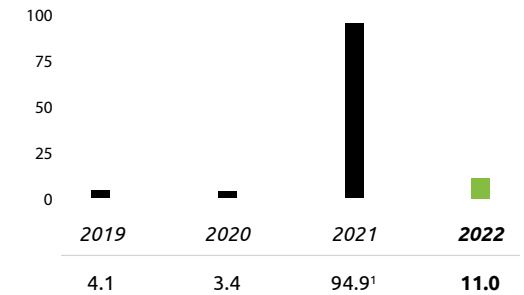
19%

of all workers are women company-wide

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 LTI severity for 2021, this tragic event is also represented in our redoubled efforts around safety culture, training and oversight.

OUR PEOPLE

Culture Initiative Aims to Support Future Success


After completing in 2021 our first enterprise-wide employee survey, which measured current engagement and satisfaction levels among employees and areas where we need to improve, in 2022 we engaged an external talent management firm on an initiative to gain insights into our culture.

The purpose of the initiative was to build on the findings of the employee survey by interviewing our executives and other leaders throughout the business about Hudbay's culture and what they felt were strengths and opportunities for improvement. The consultant then facilitated a workshop with Hudbay's leadership team where they identified a handful of characteristics that were needed in our culture in order to deliver our business strategy. Collaboration is one of these characteristics: although we consider collaboration to be one of Hudbay's strengths, the exercise pushed our leaders to ask questions such as, "What is collaboration?" and "Are we truly sharing across the Company?"

When combined with insights from what employees are experiencing at Hudbay, the initiative gave us a better understanding of what company leaders believe is needed to build a stronger culture and where we should focus our efforts. One such area is development programs that help us retain top talent in a tight labour market.

In 2022, we created a small-scale two-year development program for a select group of employees who have consistently performed at a high level and have the potential to move into a more senior leadership role in the next two years. Another program focuses on building female leaders. In 2023, two women from Hudbay (one from corporate and one from the Manitoba Business Unit) will participate in an external networking and leadership development program for women in mining. The year-long program combines three face-to-face meetings held in Canada with several virtual sessions for women who work in historically male-dominated industries, so that they can connect, share experiences and further develop their leadership skills.



 New Britannia control room, Snow Lake

Hudbay Leaders, Teams and Business Units Earn Recognition from Leading Organizations

Recognition from stakeholders and reputable independent organizations is a positive, encouraging reflection on our efforts to operate our business more efficiently, sustainably and responsibly. In 2022, several individuals and teams within Hudbay were recognized for their dedication to Hudbay, the mining industry and the broader community in which we live and work.

In Peru, three notable awards recognized the Company and our employees:

- Javier Del Rio, who serves as our Vice President in South America and USA, was awarded the Peruvian Engineering Order Medal by the National Council of the College of Engineers of Peru, in recognition of outstanding achievements throughout his career.
- Hudbay Peru's legal team was named to the Legal 500 (Legalease) GC Powerlist Peru 2022. The inclusion on this list of top legal companies and departments in Peru recognized our legal team's resilience during challenging times, and its ability to find solutions and achieve success.
- Hudbay's operation in Peru was named one of the most admired companies in the South Macroregion of Peru, based on a survey conducted by the EMA of 5,000 executives from top companies. The EMA award highlighted Hudbay's work to achieve greater efficiencies through its digital transformation plan, strengthen relationships with stakeholders and generate local development opportunities.



 Javier Del Rio, PERUMIN Mining Convention

Matthew Taylor, Hudbay's Executive Director, Technical Services, received the 2022 Mineral Processor of the Year Award from the Canadian Mineral Processors, the technical society of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM). This honour recognizes Matthew's contributions to the processing strategy project at the New Britannia mill. The mill uses an innovative and first-of-its-kind flotation circuit based entirely on Jameson cells, a modern pneumatic flotation design that offers a compact layout, low-cost process and flexible flowsheet.

In November 2022, Hudbay's Exploration team was recognized by a group of industry organizations – the Association of Mineral Exploration, the Prospectors and Developers Association of Canada and the Canadian Diamond Drilling Association – with their "Safe Day, Every Day" Bronze award for a record of no LTIs in 2021.

These awards speak to the calibre of our team, as well as our success in executing our strategy and living our values.

Our Approach

We are committed to making Hudbay the employer of choice. Our values guide our efforts to further develop a culture of safety, create a more diverse and inclusive workplace, and maximize collaboration, trust and respect.

Our **Code of Business Conduct and Ethics** details the expectations for everyone who works on Hudbay's behalf to conduct business honestly, ethically and in compliance with the laws of the jurisdictions in which we operate. Overarching policies on **Environmental Health, Safety and Sustainability** and Diversity and Inclusion state our commitments to continuously improve the systems and practices that protect people, promote an inclusive workplace and create a sense of belonging for all.

Health and Safety

To apply best practices in managing the health and safety risks inherent in our activities, all operations are required to be certified to ISO 45001, an internationally recognized standard for occupational health and safety management systems, within two years of reaching commercial production and maintain certification throughout the life of the operation.

We conduct annual self-assessments of our performance against MAC's TSM Safety and Health Protocol. For the 2022 assessment, our Peru and Manitoba business units achieved AAA-level ratings across all indicators except one. Manitoba achieved an AA-level rating on the performance indicator due to the tragic fatality at the Snow Lake operation in 2021. These ratings reflect the

robustness of the critical control management (CCM); training, health and safety monitoring and reporting; benchmarking and external audit processes; and programs and systems that are in place at our operations.

Both business units have identified their top fatality risks and the critical controls that must be in place before a task is carried out. Workers at the mine conduct assessments (also called verifications) to ensure appropriate critical controls are in place.

In line with our goal of continuous improvement, we set annual safety targets to improve our total recordable injury frequency rate (based on ICMM classification criteria) and our LTI severity rate from our current three-year average. In 2022, we achieved both these targets.

Our occupational health programs monitor exposures to health risks, such as hearing loss and illnesses caused by airborne agents. The challenge of the COVID-19 pandemic and its impact on well-being and mental health have increased our focus on programs by which to help managers of individuals or groups of people recognize mental health issues as they arise and ensure everyone receives proper attention and care.



Control room, Paste plant



Land survey, Lopez Pass, Arizona

Employee Relations

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.

We respect workers' rights and aim to provide a workplace free from harassment and discrimination. Approximately 1,089 full-time, part-time and contract employees (57% of our employees) are represented by a union, and we respect the rights of our employees to join a union and engage in the collective bargaining process. Our goal is to collaborate with the seven unions that represent our employees on solutions that create mutual benefit.

We use various employee engagement channels and tools, including town hall meetings, workshops, internal emails and videos from senior leaders, and our company intranet. We also conduct employee engagement surveys and discuss the latest global survey and supporting culture initiative in the [Culture Initiative Aims to Support Future Success](#) feature story.

Organizational and Leadership Effectiveness

Our "OneHudbay" managerial leadership approach supports a highly effective organization that prioritizes the development and career progression of all employees. A key element of OneHudbay is a rigorous and structured approach to talent management and succession planning. We have applied this approach in Manitoba to manage the transition of roles and employees to Snow Lake following the closure of the 777 mine and to senior executive succession planning, with long-tenure employee Robert Carter taking over as Vice President at the Manitoba Business Unit in 2022.

Supporting OneHudbay is our Human Resources Management System (HRMS), which includes several talent management solutions and provides detailed workforce analytics.

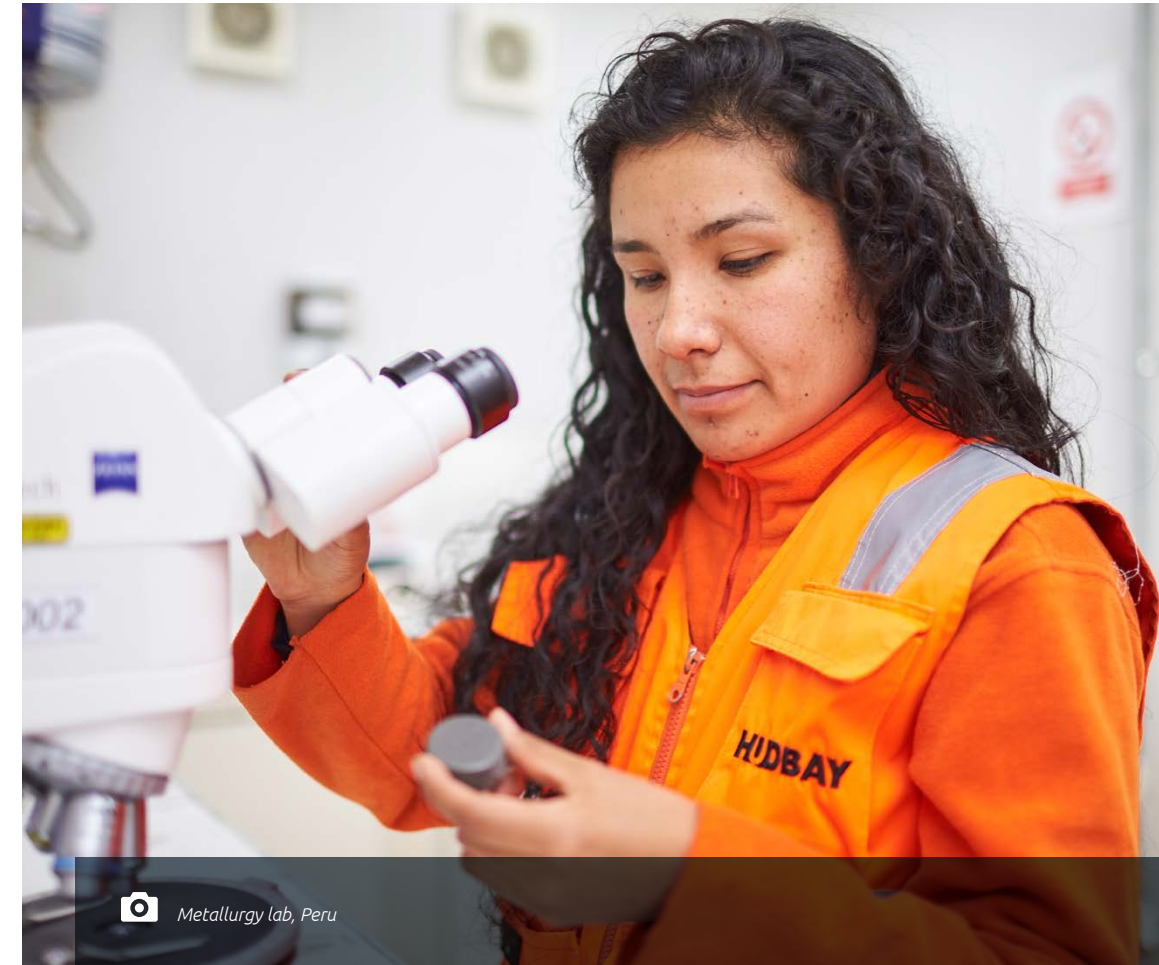
Diversity and Inclusion

For Hudbay, “diversity” means any trait or characteristic that makes a person unique including race, gender, religion, national origin, indigeneity, sexual orientation, life experience and other variables that influence personal perspectives. “Inclusion”, on the other hand, refers to the behaviours and social norms that ensure individuals feel a sense of belonging. When diversity and inclusion work together, they increase employee engagement and productivity.

We support the Catalyst Accord 2022 and the 30% Club, both of which aim to help advance women in business. Hudbay President and CEO Peter Kukielski joined more than 250 CEOs across Canada in signing the **BlackNorth CEO Pledge** to address systemic anti-Black racism and increase diversity and inclusion in Canadian businesses and boardrooms. Along with our Board’s formal approach to ensuring women and designated groups (e.g., Indigenous peoples, persons with

disabilities, and visible minorities) are represented on the Board and in senior management, in 2022 we adopted a company-wide Diversity and Inclusion Policy that formalizes Hudbay’s commitment to creating an inclusive and equitable organizational culture that encourages authenticity and values and respects differences. The policy’s implementation was supported by online training for everyone at the Company who has computer access. Our corporate Diversity and Inclusion Committee, composed of employees in our corporate office, advises management on diversity, inclusion and equity topics and provides support for achieving our diversity and inclusion commitments.

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



 Metallurgy lab, Peru

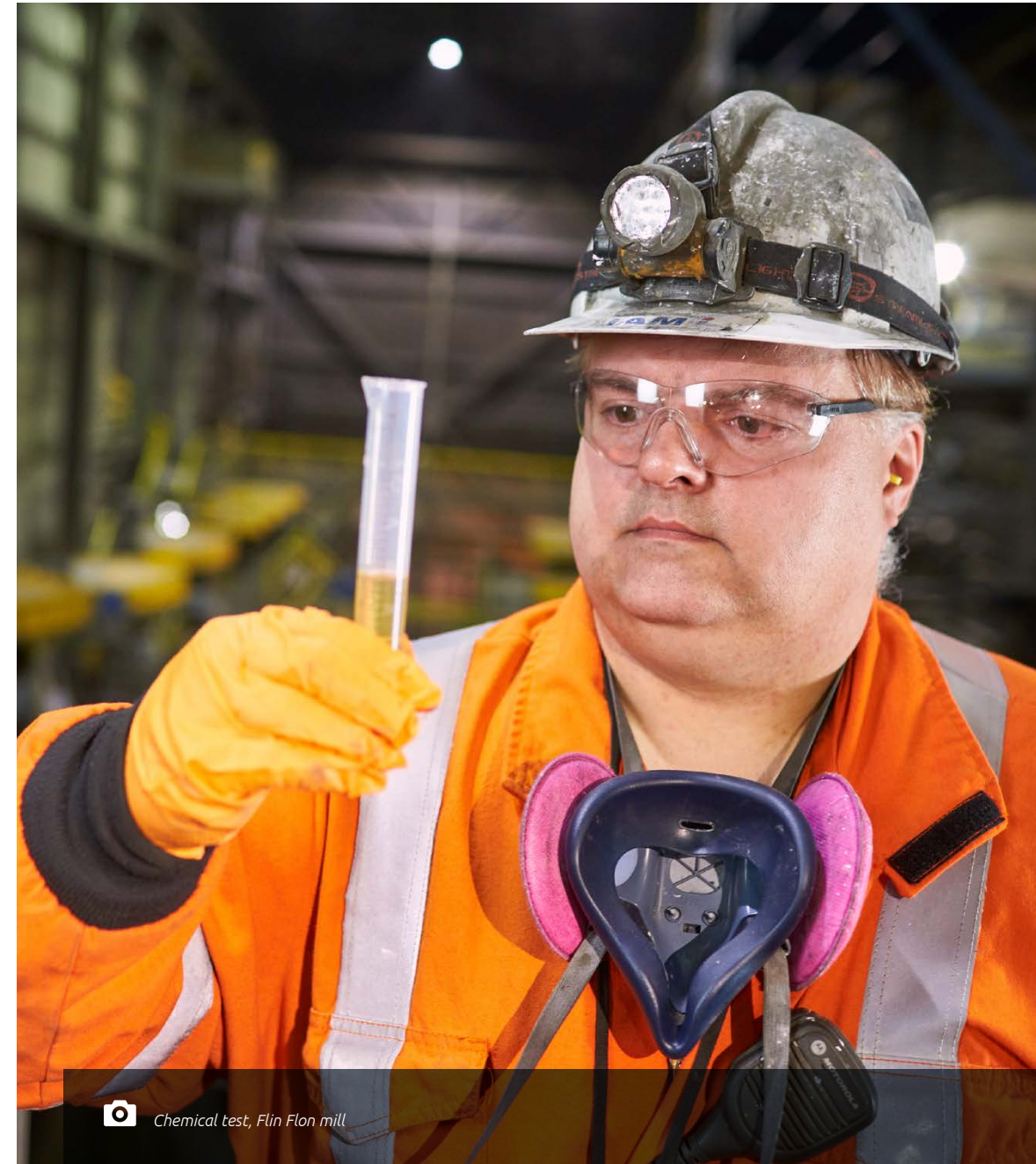
Manitoba


On June 22, 2022, Hudbay marked the end of nearly a century of mining near the towns of Flin Flon (Manitoba) and Creighton (Saskatchewan), when all activities ceased at the 777 mine. Although exploration activities will continue in the region, we commenced closure activities at 777 and transitioned employees and equipment to our operations in Snow Lake, Manitoba. At the end of the year, we employed 827 people at our Snow Lake operation and 194 personnel in the Flin Flon area who support the Snow Lake operations and care and maintenance activities. At the end of 2022, approximately 13% of our employees in Manitoba identified as Indigenous and 15% are women.

Extensive Transition Process

In preparation for the closure of the Flin Flon complex, we committed to doing everything possible to minimize the impacts on the workforce. Between February and June 2022, we held face-to-face meetings with approximately 1,400 employees to discuss the options available to them (e.g., transition to Snow Lake, retire or request a severance package). For those who wished to transition to Snow Lake, we offered training and upskilling opportunities to prepare them for the new role. Between July and October, we transitioned approximately 700 employees to the Snow Lake operation. Around 250 people were impacted by layoffs due to the closure of the Flin Flon complex. Another 107 positions – split among staff and management, contractors and union personnel – were impacted toward the end of 2022 due to budget constraints related to lower metal prices and inflationary costs.

At every step of the transition, we engaged the six unions that represent 62% of the employees in the Manitoba Business Unit. We followed the terms of the memorandum of understanding we signed in 2021 with three of the unions on how we transition employees. These terms include giving those with seniority priority in role assignments, provided they hold the necessary qualifications. In some instances, those with seniority were impacted due to the skilled nature of the role. We have a formal grievances process with the unions, and the majority of the grievances in 2022 were related to seniority considerations. Because the Snow Lake operation includes camp accommodations, we worked with the unions to agree on a shift schedule where everyone works seven days on and seven days off. This schedule allows people to continue to live in Flin Flon and commute to Snow Lake while avoiding peaks in occupancy at the camp.



 Chemical test, Flin Flon mill



 2022 Flin Flon Mine Rescue team

Mine Rescue Competition Resumes in Manitoba

At each active mine, we have emergency response teams who 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 upon to respond to a mine emergency. In 2022, these annual competitions resumed following their cancellation in 2020 and 2021 due to the COVID-19 pandemic.

Both our Flin Flon and Snow Lake mine rescue teams competed in the 59th Manitoba Provincial Mine Rescue

Competition held in May. During the two-day event, teams competed in an underground and first aid mine rescue mission and tested their firefighting, technician and practical skills. The Flin Flon team won the overall award and the Snow Lake team took first place in the firefighting competition. Snow Lake's Bernard Fourie also won the technician's award.

As winners of the provincial competition, the Flin Flon team is eligible to compete in the bi-annual National Western Region Mine Rescue Competition, which will be held in British Columbia in September 2023.

Another key consideration during the transition planning was the impact on diverse groups including women and those who self-declare as members of First Nations communities. The transition impacts to under-represented groups were largely in line with those of the overall workforce. With the transition complete and communities opening back up after shutdowns related to the COVID-19 pandemic, we plan to re-engage with First Nations communities, restart programs and identify new opportunities to attract women and Indigenous people to the workforce. One area of focus will be re-engaging with the Northern Manitoba Sector Council on a training-to-employment Indigenous program at Lalor that had launched in 2018 to train and hire members of the Pimicikamak Cree Nation located at Cross Lake, about 200 kilometres from Snow Lake, but was suspended in 2020 and 2021 due to the pandemic.

Improving Processes That Prevent Fatalities

The total recordable injury frequency across the business unit based on Manitoba's regulatory definition (which differs from the Hudbay-adopted ICMM definitions) was 9.4 in 2022, which is better than our goal of 9.9. However, the business unit's LTI severity rate for the year was 32.4, which exceeds our target of 12.2.

With the increase in the severity of incidents and the frequency of high-potential incidents in the business unit, we conducted two key reviews in 2022 to better understand the factors contributing to our safety performance. We engaged Safety Wise, a leading provider of safety training and consulting services and the creator of the ICAM process we use to investigate incidents, to review our processes to determine if we were getting to the root causes and putting the right

corrective actions in place to prevent similar incidents in the future. As part of the review, we are looking at all the ICAM results recorded over the past four years and their corresponding corrective actions to determine if they were in place, understood and effective. We also engaged dss+ (formerly known as DuPont Sustainable Solutions), a consultancy that helps organizations strengthen their safety culture, to assess the current state of our safety culture and identify areas for improvement. This review included conducting employee surveys, focus groups and interviews with personnel to gather feedback on safety-related issues and perceptions. The findings will be used to develop recommendations – with a focus on leadership, communications and employee engagement – to improve our safety culture. We discuss these reviews in more detail in the [Committed to Safety](#) feature story.

In September 2022, a fire broke out at the Lalor underground mine when a scooptram tire caught fire. We activated our emergency response procedures, which directed workers to refuge stations within the mine, and dispatched the mine rescue teams. The 177 workers who were in the mine when the fire broke out remained in the refuge stations until it was safe to exit the mine. No injuries were reported, and we conducted a full ICAM investigation into the incident. Although the cause of the fire remains undetermined, key findings from the investigation resulted in improvements to our stench gas dispersion system, which is part of our emergency response procedures to alert workers of an underground hazard and prompt them to proceed to the nearest refuge station. Other recommendations include improvements to the ventilation and communications systems.

Peru

Most of the people who work for Hudbay in Peru work at our Constancia operation, which is in a remote area of southern Peru. Personnel at the mine work multi-day shifts, staying at Constancia's accommodation camp during their rotation.

At the end of 2022, the Peru Business Unit had 1,080 employees, including 247 term employees (i.e., those with contracts that end on a specific date). Of our full-time employees, 96% are from Peru, 18% are from the local communities and 15% are women.

Comprehensive Health and Safety Approach Drives Performance

In 2022, Constancia continued to have one of the best safety records among mining companies in Peru. The business unit's total recordable injury frequency and LTI severity per 200,000 hours worked of 0.026 and 4.56, respectively, were once again below the operation's targets of 0.11 and 7.7.


The site has robust systems, controls, training, programs and procedures in place to manage the health and safety hazards present at the mine site. One tool that is increasingly being used is a mobile application (app) that includes more than 10 tools that help people adhere to safety protocols and alert individuals of any unsafe conditions or behaviours. The app also includes safety checklists associated with tasks, especially those involving the site's 10 critical risks. The development of a similar app for contractors is planned for 2023.

In 2022, we reviewed and validated our baseline Hazard Identification, Risk Assessment and Control (HIRAC) for all areas, and identified critical tasks and their respective controls. This resulted in adjusting the number of critical risks from 12 to 10. We also assigned two supervisors to each critical risk to demonstrate visible and felt leadership and accountability for performance.

Because the majority of safety incidents at Constancia during the year involved the improper operation of machinery and traffic accidents, we conducted safety campaigns around the topics of "Safe Transit of Pickup Truck and Machinery Operation" and "Hazard Identification and Risk Assessment". We also restarted our safety recognition program, which was put on hold due to the COVID-19 pandemic. Under the program, every two months we recognize a worker, supervisor, team and contractor for their safety performance or for demonstrating positive behaviours.

In 2022, Hudbay employees and contractors acquired nearly 106,000 hours of safety and health training. This included more than 1,600 hours of training focused on critical risks related to working at heights and in confined spaces and performing "hot" work (e.g., welding, grinding).



 Pit scooper, Constancia

People Strategy Aims to Attract and Retain Top Talent

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

- **Be Hudbay** – “Se parte del equipo” (“be part of the team”) aims to increase employee engagement by aligning employees with the Company’s mission, purpose and organizational values.
- **Be Longer** – “El mayor tiempo posible” (“as long as possible”) focuses on strategies to attract retain, and develop top talent, as well as create a positive and supportive work environment that encourages employees to stay with the Company in the long term.
- **Be Great** – “Siendo tu mejor version” (“be your best”) helps employees develop their careers through learning and opportunities for promotions. This includes providing employees with access to training and development programs, as well as opportunities for advancement within the Company.

Key activities during 2022 to advance the strategy included the following:

- 816 employees received at least one hour of training.
- 143 employees were promoted during the year.
- 11 employees and 33 children of employees were recipients of our “One Future” scholarship, which provides those who maintain good grades with opportunities to attend technical schools and universities.

Creating a More Diverse, Equitable and Inclusive Workplace

In Peru, our “Nuestras Voces” (“Our Voices”) program aims to address all aspects of diversity, equity and inclusion. The acronym VOICES represents the following focus areas for fostering a workplace where everyone feels welcome and thrives:

- Values – Demonstrate our values
- Openness – Be a role model in inclusive leadership
- Inclusion – Value all communities and interest groups
- 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

One objective of the Our Voices program is to increase the percentage of women in the workforce to 30%. Supporting this goal are several initiatives and programs such as the mining operator training program for women we launched in 2021 and continued in 2022. We highlight the success of the program in the **Committed to Community** feature story.

In 2022, we engaged **GenderLab SAC**, a Peruvian firm that helps companies close the gender gap and prevent sexual harassment. GenderLab’s ELSA digital diagnostics tool uses self-assessments to identify opportunities and recommend specific interventions. We plan to use the insights from both the assessment and follow-up internal focus groups to develop action plans.



Under a scholarship program for students interested in mining-related careers, each year we grant four scholarships – two for students from Constancia’s direct area of influence and two for students from the Cusco region with high academic performance.

Building Meaningful Union–Management Relationships

Hudbay has a collective bargaining agreement with the Unified Workers Union of Constancia (SUTRAMICOH) that establishes the working rules and other terms and conditions of employment

that apply to approximately 40% of the employees in our Peru Business Unit. We aim to work closely with SUTRAMICOH on solutions that work best for everyone. In 2022, we held three team-building events with Board members from SUTRAMICOH, members from Hudbay Peru’s Human Resources team, and other operational and functional leaders. The workshops helped participants understand different perspectives across departments and roles and build relationships and understanding with one another, especially since many of the Board members had been newly elected.

Arizona and Nevada

At the end of 2022, our USA Business Unit had 58 full-time employees working toward the development of the Copper World project in Arizona and the Mason project in Nevada.

At the Copper World project, the team completed a PEA that assessed the potential viability of the project. We have not yet completed a detailed economic analysis; however, we anticipate Copper World could create between 500 and 1,000 direct jobs and up to 3,000 indirect jobs. In 2022, we hired students from the University of Arizona who received on-the-job training. In anticipation of future job needs, we are working to build a talent pipeline and have engaged the University of Arizona to support the expansion of its mining school.

At our Mason project, the PEA completed in 2021 estimates 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. Based on a similar-sized mine, if the development of the project were to begin several years from now, we would need approximately 600 contractors to construct the project and 300 full-time employees for operations. The construction and operation of Mason are expected to create another 2,000 indirect jobs, most of which will be for those in the nearby communities.

In the first half of 2022, three high-potential safety incidents occurred at Copper World. Two involved the operation of a dozer conducting road work and the other involved a fire that broke out near workers conducting road work. Fortunately, these incidents did not result in any serious injuries. However, we conducted an investigation of each incident and identified action items to prevent similar incidents from occurring in the future.

We also commissioned a third-party audit to help us identify areas for improvement and implement a corrective-actions plan to address the issues identified and ensure compliance with US Mine Safety and Health Administration requirements.

One key action we have implemented is conducting job safety observations to capture leading indicators. Our goal is to verify that the controls we have in place are adequate, and that any controls that are lacking are updated.



People: Talent and Development

Peter Kukielski, Chief Executive Officer; Andre Lauzon, Chief Operating Officer; Eugene Lei, Chief Financial Officer; and Patrick Donnelly, Senior Vice President, Legal and Organizational Effectiveness, provide their insights about the importance and challenges of people management in mining.

Attracting and retaining a skilled and engaged workforce is a key focus area for Hudbay everywhere we operate.

Peter Kukielski: Finding skilled front-line people and managerial talent is challenging, and once people decide to work in mining, they are effectively committing to work in remoter locations. So the challenge is an industry challenge. Ensuring that we have safe, efficient operations with flat organizations that provide opportunities for people to progress is critical to attracting talent with managerial aspirations.

Andre Lauzon: To attract and retain talent at all levels for our mines, we strive to hire and train people who live near our sites. At some mines, we have multi-generational employees who benefit from living near their extended families. Our locations can offer a balanced work-home lifestyle with easy access to wilderness experiences and outdoor activities. For those who choose to travel to a site from farther away, we provide excellent boarding accommodations. Our options accommodate many lifestyle preferences.

Peter Kukielski: People are increasingly looking for “purpose-driven” work. We offer a diverse and inclusive environment, strive to minimize the environmental impact of our operations, and are committed to reducing our carbon footprint. All this while delivering the metals needed to reduce the world’s global carbon footprint. On top of that, we engage with our communities to help make them sustainable long after we leave.

Andre Lauzon: We engage people in our ambition to sustainably produce the metals that the world needs to fight climate change. It’s an exciting mission to be part of.

Hudbay is building and supporting a diverse workforce that reflects our local communities.

Patrick Donnelly: Local communities are critical to our success, and we do our best to keep them informed and involved. We consult with them about both the benefits and the impacts of our operations, and we encourage individuals from these communities to participate as employees at our operations. In Manitoba, 13% of our workforce comes from local First Nations, and in Peru around 40% of the mine workers come from communities near our mines.

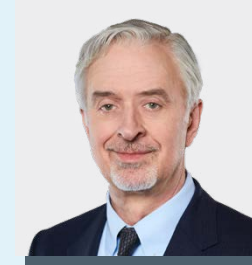
Eugene Lei: Having strong succession plans and talent development within the company is important to us. This allows employees to see they have opportunities to move vertically and laterally to other areas of the business.

Andre Lauzon: In my experience, our employees are active in the communities where we operate through their roles as Hudbay employees and as leaders of the mine site. As unofficial ambassadors with a visible passion for achieving our goals, our employees help to attract talent from our communities.

As Hudbay is an international organization, it is important to build a company-wide culture that extends across borders and different languages.

Patrick Donnelly: We believe we have a common culture where our people collaborate openly and willingly across all jurisdictions, united by our values and the pursuit of common strategic goals. Of course, there are differences in the jurisdictions in which we operate; we embrace these differences without sacrificing what it means to be a part of our “OneHudbay” culture.

Andre Lauzon: Each one of our operations has its own unique culture. But they are connected cohesively, and supported by a very aligned senior management team, through our “OneHudbay” values.



Peter Kukielski
President and
Chief Executive Officer



Andre Lauzon
Chief Operating Officer



Eugene Lei
Chief Financial Officer



Patrick Donnelly
Senior Vice President,
Legal and Organizational
Effectiveness



Maintaining social acceptance of our mining activities requires ongoing consultation with the communities near our operations and support for socio-economic development opportunities. We are committed to pursuing partnerships and collaboration opportunities that support livelihoods and infrastructure needs and building relationships based on trust with those who live near our operations or are impacted by our activities.

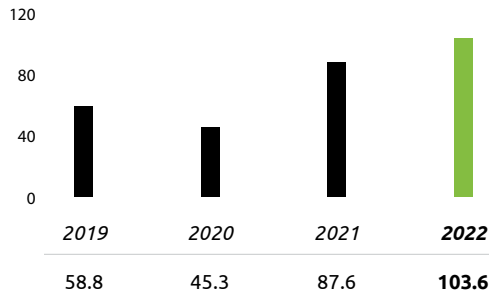
\$238.1 million

paid in employee wages and benefits

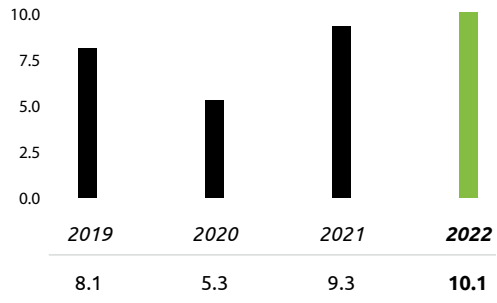
\$10.1 million

in community investments and charitable donations

LOCAL PROCUREMENT
(\$ millions)



COMMUNITY INVESTMENTS AND CHARITABLE DONATIONS
(\$ millions)



SOCIAL IMPACT

Hudbay Achieves “Silver” Status from the Canadian Council for Aboriginal Business

In 2022, the Canadian Council for Aboriginal Business (CCAB) designated Silver-level standing in its Progressive Aboriginal Relations (PAR) program to Hudbay’s Manitoba Business Unit. Hudbay is one of only two mining companies to achieve a Silver-level or higher certification, and it recognizes our efforts to foster reconciliation and prioritize support for Indigenous businesses.

PAR’s certification program includes independent and third-party verification of company performance against measurable outcomes and initiatives in four areas: leadership actions, employment, business development and community relationships. A jury composed of Indigenous business professionals makes the final determination on status.

The PAR program’s criteria have informed several of the programs and activities we use to engage in positive and meaningful ways with the eight Indigenous COIs where we operate in Manitoba. These include:

- A dedicated Indigenous Liaison Officer (ILO) leads the team in building and sustaining relationships with Indigenous communities and is supported by a cross-functional PAR team.
- Internal targets track and measure our performance related to Indigenous employment and retention, procurement opportunities and engagement.
- Indigenous cultural awareness workshops have been conducted since 2012 for all employees and external resource individuals, and participation is highly encouraged. These workshops build understanding through ceremonies (e.g., smudging) and information sharing (e.g., traditional medicines, treaties, history of residential schools and contemporary issues).
- Hudbay’s Indigenous Circle for Everyone (ICE) provides an opportunity to share cultural teachings and enhance individual learning through invited speakers and Elders.
- Economic development workshops for the eight Indigenous COIs provide an opportunity to engage and explain company procurement policies and procedures.

Established in 2001, the PAR program supports participating companies’ journeys toward improving relationships between non-Indigenous and Indigenous peoples in Canada, and its certification program evaluates corporate performance every three years at the Bronze, Silver or Gold level. Since 2016, Hudbay has maintained at least a Bronze certification level status, and we will hold the Silver status until the next evaluation in 2025.

Progressive
Aboriginal
RELATIONS

SILVER
LEVEL

Canadian Council for
Aboriginal Business 

Building Shared Value by Developing Local Business Opportunities

One of the most impactful ways we can address local community concerns and needs is by providing economic opportunities. However, there are several factors that must be considered before hiring suppliers, and it often takes time and resources to establish successful programs that will have a lasting impact.

One such program at Hudbay involves hiring local businesses to transport copper concentrate at our Constancia operation in Peru. In 2020, we conducted an assessment of the services and capacity among local businesses and the needs of the mine over the following five years. With the significant increase in concentrate production at the start of mining at Pampacancha, one identified opportunity involved the development of a program to hire local businesses to support the need for more transporters.


Before we selected additional suppliers for the task, we worked to ensure the local providers under consideration were qualified, and we offered training and resources to improve their safety standards, management systems and labour practices. To date, we have hired two new community providers from Chilloroya and Uchucarcco and have assigned 30% of our concentrate transport

contracts directly to them. We hope to grow that percentage over time.

What was notable about the program is that it was not just a community relations project: it was a company project. Leadership championed the program and made sure everyone understood it was a priority, and several different areas within the Company – such as contracts, transport logistics and community relations – supported the development and implementation of the program.

By promoting this opportunity for the local communities and investing time and resources into setting the businesses up for success, we were able to strengthen relationships, generate a new economic activity in the local communities, provide a critical service for the mine and demonstrate how we create shared value with the communities near our operations.



 Constancia, Peru

Our Approach

Hudbay is committed to being a good neighbour. We focus on creating shared value and engaging with local communities and other stakeholders to understand their needs and concerns, and to ensure our activities align with their expectations.

Our Code of Business Conduct and Ethics and Stakeholder Engagement Standard establish the processes and requirements for strengthening relationships throughout the life of a mine; they also state our expectations regarding stakeholder engagement, social investments, the management of risks and opportunities, and addressing issues and concerns in a timely manner.

We conduct annual self-assessments of our ability to engage COIs (including Indigenous groups) in meaningful dialogue and decision-making, against MAC's TSM Indigenous and Community Relationships Protocol. The protocol includes criteria by which to identify COIs and develop and maintain meaningful relationships. It also assesses engagement processes that are consistent with good-faith efforts to obtain free, prior and informed consent (FPIC) of Indigenous peoples for impacts on their rights that may arise from new projects and expansions. For the 2022 assessment, our Peru Business Unit achieved AAA-level ratings across all indicators. Our Manitoba Business Unit achieved an AA-level rating for the Indigenous engagement indicator but a B-level rating for the four other indicators (an explanation of Manitoba's performance is included in the [sustainability framework discussion](#)).

Economic Contributions

We measure our social impact in terms of generating jobs and business opportunities, paying taxes and royalties, and investing in socio-economic programs and infrastructure projects that address the challenges most relevant to the communities where we operate.

All payments we make to governments and organizations must comply with the laws of the jurisdictions in which we operate, and we support global initiatives, such as the [EITI](#), that aim to enhance revenue transparency and accountability in the extractive sector. As a member of the Peruvian Mining Society, we support the government's work to implement significant aspects of the EITI requirements. Canada's *Extractive Sector Transparency Measures Act* (ESTMA) provides a level of reporting equivalent to the EITI standard, and in accordance with the Act, we filed our [annual ESTMA report](#) in May 2022.



 Chilloraya, Peru

Community Relations

We work to foster relationships based on trust with the communities near our exploration and operating sites, through early and continuous engagement with key stakeholders and a collaborative process to address community concerns. All operations, development projects and exploration sites identify relevant stakeholders, conduct analyses, and create stakeholder engagement plans that establish mutually acceptable processes with the communities that are impacted by, or have an interest in, our activities. Our site-based community response mechanisms record stakeholder complaints and grievances, and we investigate all such matters to provide timely resolutions and remedies, as appropriate.

Indigenous Engagement

We engage with Indigenous peoples to ensure they are informed about our business and activities and understand what impacts our activities may have on their rights. We also work to incorporate their perspectives, knowledge and contributions into social and environmental programs.

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. We discuss our efforts in Arizona at our Copper World project in the [Applying Lessons Learned to Improve Stakeholder Engagement and Earn Social Acceptance](#) feature story.

Local Hiring and Procurement

Our Local Procurement and Employment Standard requires each site to engage with stakeholders to identify local hiring and procurement opportunities. 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. We highlight an example of these programs in the [Building Shared Value by Developing Local Business Opportunities](#) feature story.

Community Development

To ensure our presence in a community has a positive social impact, we engage with communities early in the mine lifecycle to understand and support their social and economic priorities. 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 largely focus 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.

We have several formal agreements with communities, districts and provinces, particularly in Peru, that detail our community investment commitments. Multi-stakeholder committees, which include Hudbay and local representatives, identify, approve and oversee the projects specified in the agreements. We often work with government agencies, community development organizations and other partners that have expertise and knowledge that strengthen the effectiveness of these programs.

At the corporate level, Hudbay offers employees one paid day off each year to volunteer, matches certain employee donations, and supports capacity building in disadvantaged communities. In 2022, Hudbay continued to support Youth Without Shelter (YWS), a Toronto-based charitable organization that provides shelter, education and training to homeless youth.

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 2022, we did not engage in any resettlement activities.

Manitoba

Since 1927, when Hudbay began mining the Flin Flon orebody in Manitoba, Hudbay has developed and operated 29 mines in the Flin Flon area, and over that time the towns of Flin Flon and Creighton have grown, as has the relationship between Hudbay and the communities.

In June 2022, our mining activities in Flin Flon ceased with the closure of the 777 mine, concentrator and zinc plant. As we transition employees, equipment and our focus to our operations in Snow Lake, we remain committed to the success of the Flin Flon and Creighton communities and plan to provide support in the Flin Flon and Snow Lake areas that is reflective of our presence and commitment to that success.

Improving Community Engagement Processes


To minimize the impacts of closing the Flin Flon operations and transitioning hundreds of employees to Snow Lake, we worked closely with the mayors and municipal administrators of all the COIs.

In both Flin Flon and Snow Lake, we have multi-year grant-in-lieu agreements with the local governments. Several factors, including the size and scope of our mining operations, determine the amount of the grant-in-lieu. In 2022, we renegotiated a five-year grant-in-lieu with the city of Flin Flon that reflects our significantly reduced presence in the area but recognizes our appreciation of and commitment to the community. In Snow Lake, we negotiated a new agreement with the mayor and city council to expand our accommodation camp to 500 beds,

and we expect to begin negotiations on a new grant-in-lieu agreement that will take effect when the current one expires at the end of 2023.

After two years of conducting community outreach virtually due to the COVID-19 pandemic, in 2022 we restarted our in-person public meetings, which highlighted the need to increase and improve our public engagement approach in Manitoba. For example, in Snow Lake we held a public meeting to answer questions and address concerns about our request for a permit to transport ore at night to the New Britannia mill. Because this was the first public meeting in nearly three years, several matters were raised and many in attendance felt more public meetings were needed. This feedback, along with the Manitoba Business Unit's **B-level scores on three community engagement indicators** in the TSM assessment, are being incorporated into the development of a plan to improve our relationship-building approach and formalize how we record and respond to stakeholder inquiries and concerns. This includes establishing office hours and setting up a communications channel, separate from the whistleblower and complaints line, for stakeholders to raise concerns and discuss matters of interest with someone at the Company.



 Winter solstice celebration, Snow Lake

Engaging with Indigenous Communities

In Manitoba, we apply best practices to engage with the Indigenous communities and other stakeholders near our mining operations and exploration activities. In 2022, Hudbay became one of only two mining companies to achieve Silver status in the Canadian Council for Aboriginal Business's PAR program, a self-assessment and evaluation program that assesses policies, practices and performance in areas such as employment, training, procurement and community engagement. We highlight this recognition in the [Hudbay Achieves "Silver" Status from the Canadian Council for Aboriginal Business](#) feature story.

Our dedicated ILO leads our efforts 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.

As the COVID-19 pandemic began to subside and lockdowns were lifted, we were able to re-engage with First Nations communities and rebuild the personal connections that had been impacted over the previous two years. Before the pandemic, we aimed to meet with the Indigenous communities and COIs near our operations at least twice per year. Although some communities still have restrictions in place, we were able to meet with several community leaders and members to provide an update on our business activities, understand the impacts of the pandemic on their communities and discuss ways to work together to address their needs.

Fostering economic opportunities is a key element of our engagement strategy. Of the \$79.2 million in payments to suppliers in northern Manitoba and northwest Saskatchewan in 2022, approximately \$3.1 million was awarded to Indigenous businesses.

Canada's Truth and Reconciliation Commission's Call to Action Recommendation No. 92 directs corporations to play a role in reconciliation by building cultural awareness and mutual understanding. In support of this action, our ILO introduced a new ICE cultural awareness program. ICE provides an opportunity to learn and share cultural teachings, ceremonies and activities. ICE will continue with *lunch and learn* sessions, and teaching events where Elders and the ILO share cultural teachings and provide individual support. ICE meetings are open to all employees interested in Indigenous cultural activities. Other events and activities during the year included:

- We celebrated National Day for Truth and Reconciliation and sold orange shirts with proceeds going to the Na-mi-quai-ni-mak ("I Remember Them") support fund.
- We partnered with the Flin Flon Friendship Aboriginal Centre for activities and events to celebrate Indigenous Peoples Day.
- During the year, we held four day-long cultural workshops for employees and contractors (two in Flin Flon and two in Snow Lake). With most transition activities complete, we plan to increase the number of workshops in 2023 to one per quarter at each location.



Winter solstice celebration, Snow Lake

2022 Community Activities

The Manitoba Business Unit's Donations Committee reviewed donation requests and allocated more than \$371,000 in community contributions during the year. In 2022, major contributions included:

- \$52,500 worth of firefighting equipment and trucks to the fire departments in Creighton, Denare Beach and Snow Lake
- \$15,000 to the Snow Lake branch of the Royal Canadian Legion, a community service organization that helps Veterans, members of the Canadian Armed Forces, the Royal Canadian Mounted Police and their families
- \$5,000 to the Community Adult Learning Centre
- \$5,000 to the Flin Flon Arts Council's Culture Days event and \$1,250 to the Flin Flon Aboriginal Friendship Centre

Hudbay also committed \$25,000 toward Indspire, an Indigenous-led charitable organization that invests in education for Indigenous people, including scholarships to Indigenous students from Ontario and Manitoba.

There were 170 complaints registered in 2022, of which 169 were union labour grievances; 30% of those related to the transition to [Snow Lake](#). The other one was a community grievance related to concerns with lighting in the camp, which was filed through a direct phone call to the Company. Labour grievances related to collective agreements are managed through a process different from the one used to address community grievances.

Peru

Despite the recent political unrest in Peru following a change in the country's political leadership, Hudbay maintained productive relationships with our COIs through regular and effective engagement and initiatives that promote socio-economic stability and growth.

Integrated Approach Critical to Managing Social Risks

Hudbay's comprehensive approach to managing social risks and demonstrated commitment to supporting socio-economic opportunities for the communities near our Constancia operation have been key to avoiding significant operational disruptions as Peru experienced growing political unrest in 2022 and into 2023.


Even though road blockades, which were located away from the mine site, had some impact on the delivery of supplies and the transport of workers, Constancia did not experience any significant interruption in operations. We continued to execute our comprehensive strategy that ensures social considerations are integrated throughout the business and at every phase of the mine lifecycle. Because frequent and transparent communications are important, especially in times of unrest, we held hundreds of meetings with community members and other key stakeholders. This includes meeting with several newly elected and appointed members to the national, regional, provincial and local governments.

Reaching Mutually Beneficial Agreements with Communities

An important aspect of our approach to maintaining social acceptance is building shared value through stakeholder agreements that address primary community concerns. We have formal agreements at the provincial, district and local levels. These agreements can be comprehensive and long term, while others are related to specific programs, objectives and timeframes.

During 2022, we signed several notable agreements. One key agreement was with the Uchucarcco community that grants us surface rights and allows us to commence exploration on the highly prospective Maria Reyna and Caballito deposits. We discuss this effort in more detail in the [Committed to Community](#) feature story.



 Peruvian landscape

In 2021, we assembled a dialogue table with authorities from the Chumbivilcas province and the national government to discuss community concerns, and in 2022 we finalized a new agreement that provides funding for healthcare programs, technical studies on potential projects, and projects outside of the three districts closest to Constancia. A commission will monitor compliance with the agreement. We also renewed our life-of-mine agreement – which outlines the programs and benefits Hudbay commits to over the life of the operation – with the Chilloroya community.

Based on the mine plan for Constancia, we require a Modification to the Environmental Impact Assessment (MEIA), and this approval process includes several stages required by law. One of the key steps involves citizen participation where the public and local communities can review the MEIA and provide comments on it. We have begun planning for the public meetings and other engagement events that will take place in 2023.

Incorporating More Local Providers into the Value Chain

One example of how we are integrating social considerations into all aspects of the business involves our efforts to increase the number of local businesses that make up our value chain.

With the significant increase in copper concentrate production at the start of mining at Pampacancha, we needed more people to transport the concentrate, so we implemented a comprehensive training and hiring program and awarded contracts to two community providers from Chilloroya and Uchucarcco. We discuss this program in more detail in the [Building Shared Value by Developing Local Business Opportunities](#) feature story.

Other notable contracts in place to support local businesses and promote economic development in the communities include:

- Establishing a joint venture with a Cusco-based enterprise for road maintenance – This arrangement ensures the venture receives 100% of the road maintenance contract, providing them with income assurances and the opportunity to grow their business.
- Awarding our camp services contract to a local business – Our new lodging and catering provider has implemented a comprehensive program to transfer knowledge to community companies so they can take over the service in the future.
- Partnering with the Women’s Association of Building Dreams to relaunch the “Tikary: Embroidering the Future” project – The initiative supports economic development in the communities near the Constancia operation through the empowerment of women. Participants are trained in sewing and embroidery, as well as in entrepreneurship and marketing skills, to enhance their livelihood opportunities and support their independence.

2022 Community Activities

Our social development investments focus on five priorities identified by the communities: health, infrastructure, agricultural development, education and the environment.

Under Peru’s “Work for Taxes” program – an innovative public–private funding mechanism – we pay a portion of income taxes in advance by funding public works, and then we will receive a tax certificate for 100% of the investment once the project is delivered. In 2022, we completed and delivered a project 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.

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).

There were 83 grievances registered in 2022. Of the total, 62 were related to procurement matters between Hudbay and its suppliers, including issues related to delays in payments or reimbursements.

Arizona and Nevada

Although Husbay does not have any operating mines within our USA Business Unit, our teams managing the Copper World project in Arizona and the Mason project in Nevada engage extensively with stakeholders to demonstrate our commitment to transparency and building meaningful relationships based on trust.

Shifting Focus to Copper World


Following court rulings in 2022 related to our Rosemont project in southern Arizona, we voluntarily surrendered our remaining federal permits on the project, halting any further development of Rosemont and shifting our focus to developing the Copper World project, which is located entirely on private land and intersects part of the Rosemont project.

In 2022, we completed Copper World's PEA, which showed the project's potential for generating many benefits for the community and the local economy. We highlight the project and its benefits in the Committed to Copper World feature story. With the release of the PEA, interest from community members, the media, elected officials and other stakeholders increased, so we conducted significantly more stakeholder outreach during the year.

In addition to engagement with Pima County officials, homeowners associations, and other key stakeholders identified as part of our comprehensive engagement plan, we met with the local tribal Chairman and council members and gave them a tour of the project. This meeting was an important step in rebuilding a relationship with the tribe and its members. We discuss the importance of this engagement in the [Applying Lessons Learned to Improve Stakeholder Engagement and Earn Social Acceptance](#) feature story.

Along with information shared during face-to-face meetings, we include the latest news and activities and a channel for submitting comments and inquiries on our dedicated [Copper World website](#).



 Core sample, Copper World, Arizona



Community engagement, United States

Dedicating Resources to Stakeholder Engagement at Mason

Mason is an advanced exploration project located approximately 85 kilometres southeast of Reno, Nevada, in the prolific Yerington Copper District. During the project's exploration stage, our stakeholder engagement objectives are to establish open lines of communication with city and county administrators, Native American tribal leaders and members 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.

To strengthen our relationship with stakeholders, we hired a dedicated community relations person with extensive experience and designated an employee, who is a member of one of the local tribes, as a tribal liaison. During the year, we held several meetings with tribes and community leaders, including a formal presentation in front of the Walker River Paiute tribal council, a site tour with the chairman of the Yerington Tribe, and a presentation to the Smith Valley Advisory Council. Through these efforts, we were able to establish a more open and transparent dialogue with the community and local tribes. As a result of this engagement, we received feedback on our performance and identified areas for improvement. We use several channels to share information about the Mason project, including our dedicated [Mason website](#).

Under our scholarship program, the Yerington Paiute and Walker River Paiute tribes select a recipient to develop the knowledge and skills needed by the community (e.g., health care, social services, business development). Husbay provides the scholarship awardee financial support for up to four years. Since beginning the scholarship program in 2020 (for the Yerington Paiute and 2021 for the Walker River Paiute), we have awarded a total of \$16,000 in scholarships.

2022 Community Activities

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

In 2022, we invested a total of \$38,000 to support community programs in Arizona and Nevada. This included \$3,000 in grants to support STEAM programs in Arizona and \$1,500 in donations to food banks in the communities near our projects.

No complaints at the Copper World or Mason projects were formally registered through our grievance system in 2022.



Hubbay acknowledges the impact of our mining operations on the environment, and we are committed to implementing sustainable practices when exploring, developing, operating and closing our mines. We also understand our role in being part of the solution in addressing global issues such as climate change.

69%

of our indirect energy consumption is from renewable sources

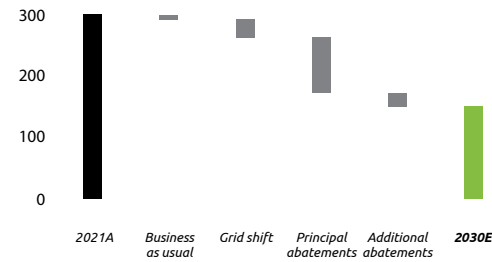
64%

of solid non-mineral waste at Constanca was recycled

78%

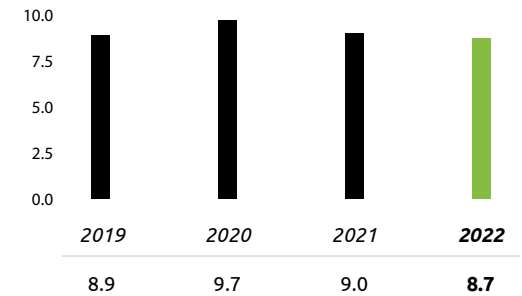
of total water used was recycled

GHG REDUCTION OPPORTUNITIES
(annual GHG emissions) (ktCO₂e)



Note: Chart is for illustrative purposes only, and actual reduction number may differ from what is presented here.

GHG INTENSITY
(per tonne processed) (tCO₂e/kt ore)



ENVIRONMENT

Supporting Nationwide Efforts to Reduce Water Footprint

At Hubday's Constancia operation in Peru, work is underway to obtain the Blue Certificate (Certificado Azul) – a recognition granted by the Peruvian National Water Authority (Autoridad Nacional del Agua) as part of the agency's Water Footprint program.

The program aims to reduce the water footprint for producing goods and services across the country, encourage organizations to manage water more sustainably and promote the shared value of water. The Blue Certificate program recognizes companies and organizations that complete the following:

- Measuring their water footprint
- Developing a water reduction plan for their operations
- Implementing a shared-value project with surrounding communities

In 2022, we kicked off this process by analyzing our water footprint across the Constancia operation and commenced the following two key projects to meet the Blue Certificate requirements:

- **Water footprint reduction project** – We invested \$217,000 in an automated car wash that recirculates more than 80% of the water used to wash each vehicle (pickup trucks and cars) and does not

require personnel to operate the system. This new system is expected to save 500 m³ of water every year.

- **Shared value project** – Because reliable water sources are critical for supporting agricultural livelihoods, we are investing \$185,000 to construct two reservoirs in Quimsachata, a community that was built for those who were resettled as part of Constancia's development. The reservoirs, which will provide 13,000 m³ of water per year when completed in 2023, will benefit 18 families and help them develop and grow their agriculture-based livelihoods.

In 2023, we expect Autoridad Nacional del Agua to visit Constancia to verify the completion of Blue Certificate requirements.



 Water sampling, Chilloroya River

Proactively Studying the Waterways in Arizona

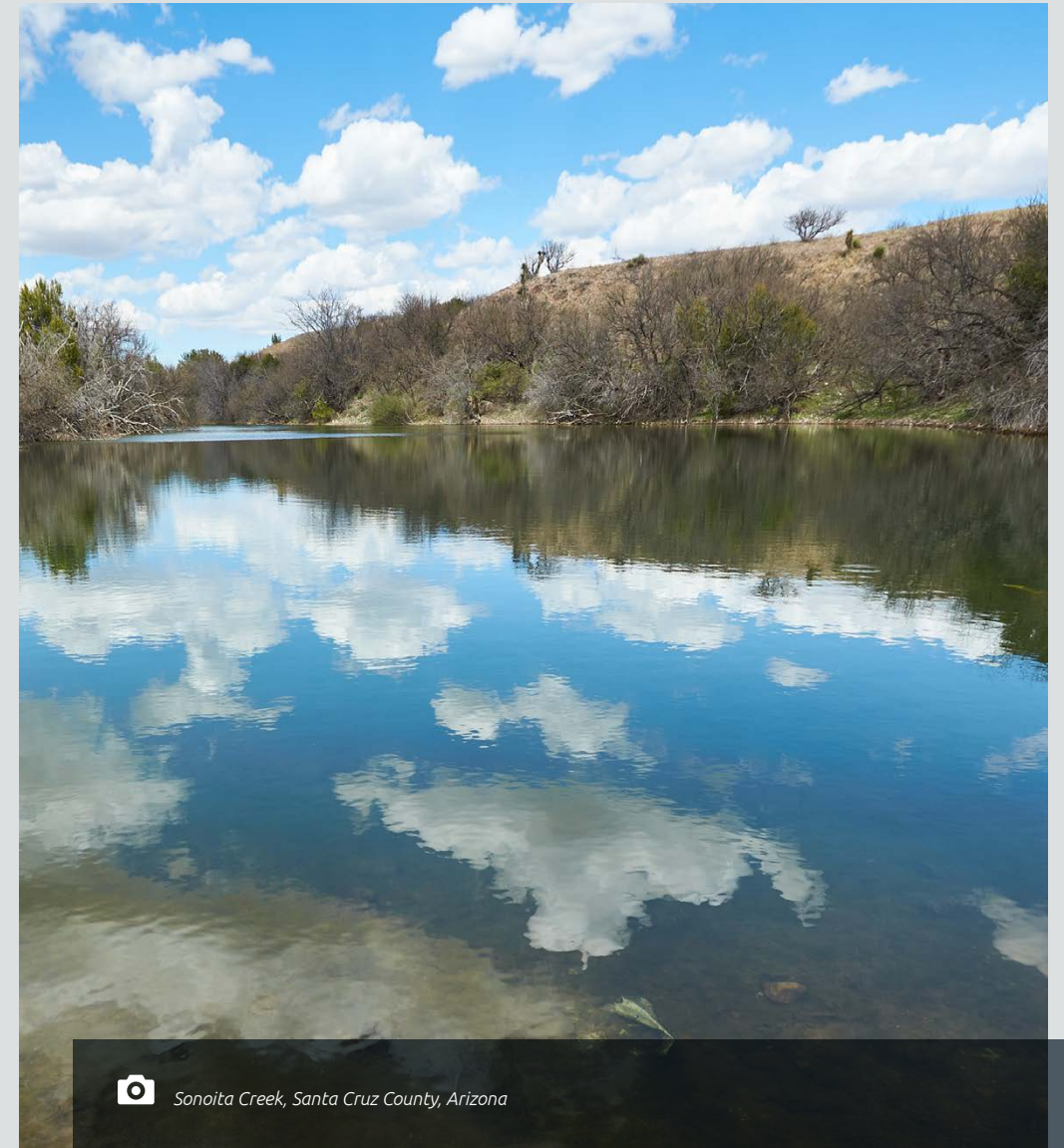
The US *Clean Water Act* regulates the discharge of pollutants into “navigable waters”, which are defined as “the waters of the United States, including the territorial seas”. However, the definition of “waters of the United States” (WOTUS) has been the subject of ongoing debate and legal disputes.

The US Environmental Protection Agency (EPA) and Army Corps of Engineers issued rules in 2015 and 2020 with considerably different definitions of WOTUS, reflecting the policy differences between the Obama and Trump presidential administrations. In 2021, the 2020 rule was vacated by the federal courts and the agencies returned to using the pre-2015 definition. Most recently, the agencies issued another rule that took effect on March 20, 2023, which is largely similar to the pre-2015 regime but with some modifications.

Given the uncertainty surrounding the WOTUS definition, Hubbay conducted an independent study in Arizona to assess whether any of the waterways on its property could potentially be classified as WOTUS. The Company studied the

sediment and water quality in the washes and found that none of the historic mine workings on the property were impacting the Santa Cruz River, which is the nearest potentially relevant water body. Based on these studies, Hubbay is confident that none of the on-site washes are WOTUS under either the pre-2015 rules or the current (2023) rule.

We shared our findings and studies with the EPA and the Army Corps of Engineers and continue to engage with the agencies to discuss any questions or areas of concern.



Sonoita Creek, Santa Cruz County, Arizona

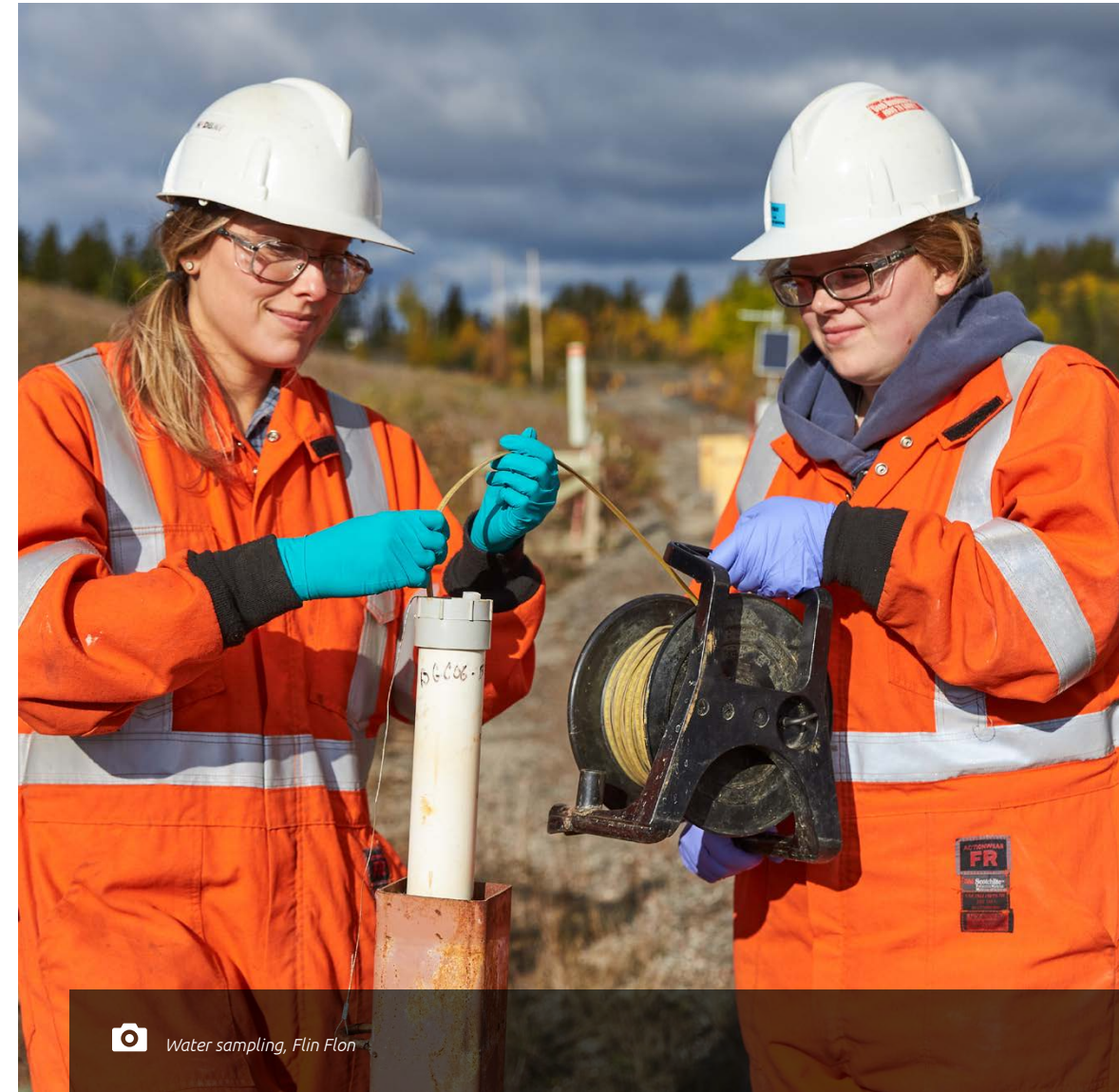
Our Approach


Hudbay's commitments to explore for and mine minerals and metals in a manner that safeguards the environment are expressly stated in our **Environmental Health, Safety and Sustainability 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.

We also measure our performance in eco-efficiency improvements, which involves doing more with less and minimizing our overall environmental impact. This includes implementing processes to track and improve the use of resources, as well as integrating eco-efficiency considerations into investment decisions and business planning processes. For example, eco-efficiency considerations are included in our Authorization of Expenditure process to help identify opportunities such as reducing GHG emissions, lowering fuel costs and increasing production. By tracking eco-efficiency metrics, we can identify areas for improvement and make adjustments to production methods or adopt new technologies to reduce resources.

Land and Biodiversity

Our Biodiversity Conservation Standard aims to maintain healthy ecosystems and conserve biodiversity throughout the mine lifecycle. Each site must identify local conditions – such as threatened and endangered species, protected areas and critical habitat – and the potential impacts that Hudbay's activities may have. Site-specific biodiversity and ecosystem services management plans apply the mitigation hierarchy, which is a framework that involves a sequence of actions: avoid impacts; where avoidance is not possible, minimize impacts; when impacts occur, restore affected resources and services; and where significant residual impacts remain, identify the need for offsets.



 Water sampling, Flin Flon



Hidden Valley, Arizona

Our standard aligns with and supports our implementation of the TSM Biodiversity Conservation Management Protocol and the IFC Ecosystem Services Performance Standard. For the fifth 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 AA-level and two AAA-level ratings. We also report our biodiversity data and performance to the CDP.

Climate Change

In 2022, we announced our commitment to achieve a 50% reduction in GHG emissions from existing operations by 2030 and net zero GHG emissions by 2050. Our 2030 GHG reduction targets are supported by a roadmap that identifies the opportunities we plan to pursue to reduce GHG emissions in alignment with global decarbonization goals. We highlight these ambitious climate targets in the [Committed to Net Zero](#) feature story.

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. In 2022, we also conducted 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. Our Peru Business Unit achieved an A-level or higher rating across all protocol indicators, and Manitoba received an A-level or higher on two indicators but achieved a B-level rating on the performance target indicator due to missing its energy intensity reduction target, something that had been impacted by extremely cold temperatures in January and February 2022.

We also report our global GHG emissions data and performance to the CDP. Our responses to the CDP questionnaire and disclosures in this report have been mapped to the TCFD recommendations.

Compared to the prior year, our direct energy consumption increased 16% and our indirect energy consumption decreased 31%. Our total GHG emissions decreased 8% and GHG intensity increased 35%. These numbers can be explained largely by the shutdown of our Flin Flon operations. Northern Manitoba had longer periods of cold in March and November 2022 than in 2021, requiring the operations to be heated. This led to

an increase in GHG intensity when paired with the decreased production following the closure of the 777 mine. Approximately 40% of our total energy consumption in 2022 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) that are 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. Through our water management approach we aim 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 assesses the site's water quality, quantity and availability as well as the needs of local communities and other water users. These plans are reviewed and updated regularly. None of our current operations is in a water-stressed area.

We annually report on our water management practices against the TSM Water Stewardship Protocol. Our Peru Business Unit achieved an A-level or higher rating across all indicators protocols; Manitoba received an A-level or higher rating on three indicators, but achieved a B-level rating on the operational water management indicator due to a need to incorporate climate considerations into water use reports and define the procedure for managing water balances.

In 2022, Hudbay's total amount of water withdrawn decreased 24% and water discharged decreased by approximately 30% compared to 2021. The amount of water our operations discharge can be impacted by precipitation. Recycled and reused water accounted for approximately 82% of our total water use.

Waste and Tailings

All Hudbay operations have plans in place to reduce, reuse, recycle and responsibly dispose of hazardous and non-hazardous waste. Because facilities that store tailings (the material that remains after the minerals have been extracted from the crushed ore) present higher risks to our business, we have additional processes and resources to ensure we manage these risks effectively. A detailed discussion of 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 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

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 Constancia, we have reforested grazing lands we own but which 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.



 Arizona Nursery, Peru

Manitoba

After 18 years of steady production at the 777 mine in Flin Flon, the last reserves were exhausted and the mine and the zinc plant were permanently closed in June 2022. Following the closure, the mill was safely placed on long-term care and maintenance. We continue to maintain the mine's tailings and other water management structures to provide optionality should we mine the tailings or discover another deposit in the area, and to ensure the environment and people in the Flin Flon area are safe from risk. At Snow Lake, we began ramping up production at Lalor to meet our goal of 5,300 tonnes per day by early 2023.

With the closure of the Flin Flon operations and an increase in production at Snow Lake, it is difficult to compare the Manitoba Business Unit's environmental performance from year to year. However, now that the transition process is largely complete, we plan to monitor trends and set meaningful objectives once we have reached a steady state in late 2023.

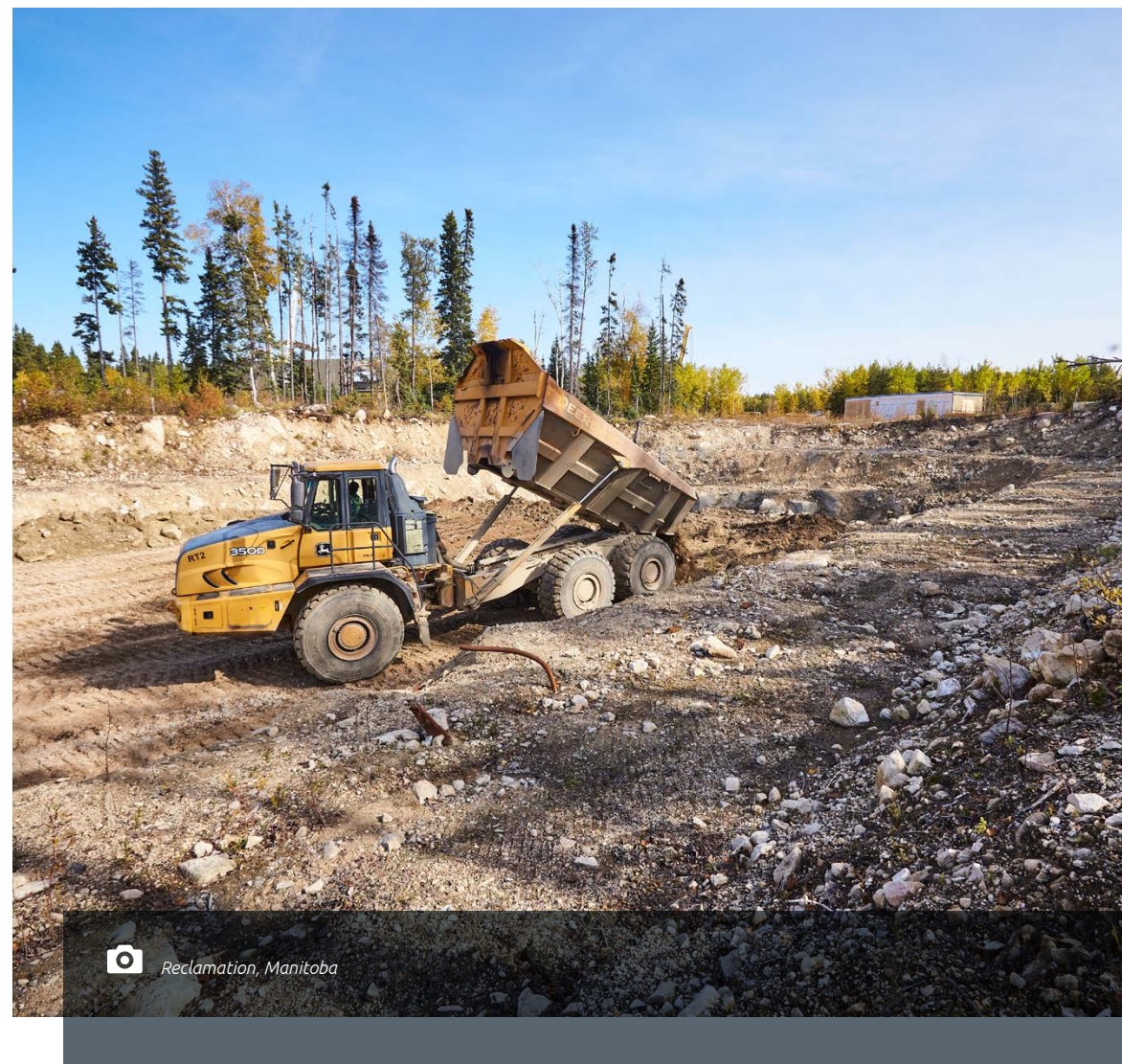
Improving Environmental Management Practices

Throughout the year, the Manitoba Business Unit worked to improve its environmental management practices across several areas.

To support our efforts to recycle and reuse materials to the greatest extent possible, after the close of the 777 mine and zinc plant in Flin Flon, all the equipment was removed from the

mine, and a majority of it was relocated to be repurposed for use at our Snow Lake operations. We also adopted a new waste management policy that significantly improves our performance on our waste management efforts in Snow Lake. The policy includes:

- A request to regulators for a permit to construct a new landfill that will meet the highest standards, such as those used in urban areas: this landfill will feature a lined leach basin with leachate treatment and strict packing requirements.
- Recycling contracts for bulk plastic containers, cable spools, tires, scrap metal, wooden pallets, batteries, cardboard and office/building items (e.g., paper, aluminum cans, plastic bottles, printer cartridges) and new processes and procedure to encourage personnel to recycle.



 Reclamation, Manitoba

At Lalor, we significantly decreased water usage at the underground mine. By capturing natural groundwater and treating it underground for use as process water, we reduced the need for Lalor to use fresh water and treat the process water. This effort contributed to reducing freshwater usage at Lalor by more than 40% compared to our water usage in 2020.

To reduce our energy use and emissions at the Snow Lake operations, we are shifting our strategy for ore transport at Lalor due to the increased distance between the orebody and the surface. Currently, we are trucking a portion of ore production to the surface, which requires more personnel, equipment, diesel and maintenance per ore tonne transported. To address this issue, we are increasing the amount of ore we transport to the surface via skips, which hoist ore through the shaft, and decreasing the amount of ore trucked to the surface. This approach is more environmentally friendly and also cost-effective as it reduces the consumption of diesel and tires and maintenance of equipment. We also set a goal to reduce diesel fuel usage at the New Britannia mill, and successfully achieved this objective by reducing the number of portable, diesel-powered heating units from 21 to three.

In 2022, we entered into a data-sharing agreement with the province of Manitoba to understand where caribou are in relation to our activities. The agreement establishes a collaborative working relationship that combines data from our long-time support of Manitoba's provincial Boreal Woodland Caribou Recovery Strategy with other research on caribou migration routes. The information will be used to understand potential impacts on caribou prior to Hudbay conducting any activities. The agreement will also support the baseline studies related to Hudbay's Talbot project southeast of Snow Lake.

In the Flin Flon area, we are evaluating methods for improving water quality, which is impacted when rain runoffs from the streets end up on our property and are pumped into the tailings facility. Because this runoff picks up contaminants and results in poor water quality, we are working to develop a way to treat that water in a way that is sustainable and meets our future closure obligations.

Meeting Closure Obligations

Prior to closing the 777 mine and zinc plant, we held a videoconference with Manitoba and Saskatchewan regulators in April 2022 to review the submitted closure plan that guides the activities of the closed sites. Because we are required to update the plan every five years and the next update will include significant changes, we selected a consortium of three external firms, all with expertise in tailings dam structures, to support the closure plan update due in 2025. Work on the 2025 closure plan commenced in October 2022.

During the year at the Reed mine, which was closed in 2018, we continued monitoring the natural vegetation growth, and in 2023 we plan to enhance it with vegetation islands, which are created by adding organic material and soil that was stockpiled during development of the mine site. The goals are to promote plant growth (including trees) and help address predation issues (i.e., blocking lines of sight to limit the ability of a wolf to spot caribou).

Peru

In Peru, our commitment to responsible and sustainable mining practices includes a strong focus on environmental stewardship. Our goal is to operate in a manner that not only meets but exceeds regulatory requirements. We aim to continuously improve our environmental performance and to engage with stakeholders to ensure we are meeting their expectations and addressing their concerns.

Maintaining Compliance and Performance Expectations


The Peru Business Unit sets annual environmental key performance indicators (KPIs) across four areas: environmental management, socio-environment, environmental quality and sustainability. In 2022, the business unit exceeded not only its overall target but also those of each of the four areas.

A new aspect for 2022 is the inclusion of the socio-environment area, which includes two indicators – one that measures the amount and quality of water we are providing to the community of Chilloroya, and another related to our participatory monitoring program in which community members work alongside Hudbay to assess data on water, air, soil quality and other areas of interest. During the year, no exceedances were observed by the participants. However, we did experience one medium-level environmental incident in November when the Constancia wastewater treatment plant had an uncontrolled discharge of wastewater mainly due to rainwater not being considered, and poor communication with contractors regarding the discharge point for wastewater. Improved communication plans have been created.

One key environmental metric we measure is air quality. In 2022, we installed an automatic sprinkler system that includes nearly 100 sprinklers that water the main haul roads within the mining operations to reduce dust emissions. The system is supported by three air monitoring stations that measure particulate matter (both PM 2.5 and PM 10) in real time. If PM levels exceed the set parameters, the environmental controls department alerts the mining operations team to stop operations and run the sprinklers until the PM levels are reduced. The sprinkler system has several benefits. Most notably, it eliminates the need for diesel-powered water trucks and uses less water than the trucks. We plan to expand the system to other roads inside and outside the mine operations area.

In 2022, we began implementing programs to obtain the Blue Certificate (Certificado Azul), a recognition granted by the Peruvian National Water Authority (Autoridad Nacional del Agua) as part of its Water Footprint program. We highlight this work in the [Supporting Nationwide Efforts to Reduce Water Footprint](#) feature story.



 Water sampling, Chilloroya River

Implementing Responsible Waste Management Practices

At Constancia, 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).

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 used large haul truck tires. Once the plant was up and running in 2020, Constancia became the first mine site in Peru to recycle its haul truck tires. We recycled 185 tires in 2020, 300 in 2021, and 181 between January and July 2022, reducing the number of end-of-life tires at the mine site by half. The recycling process also resulted in significant transportation and disposal cost savings.

Unfortunately, in August 2022, the regulations in Peru changed, and only major companies are now permitted to recycle tires from the mine sites. Our team is currently working with Bridgestone and Michelin on options. Michelin plans to build a recycling plant in Lima that will be operational by 2024, and Bridgestone is still in the planning stages but hopes to construct a plant and have it up and running by 2024. Our goal is to reach an agreement with them in the future for tire recycling.

Another waste management tool Constancia uses is the Waste Xpress system, which processes nearly all the organic waste from the accommodation camp and removes water from it, decreasing the volume of solid waste by 50%; this saved \$21,000 in transportation and disposal costs in 2022. We were testing how different bacteria forms could be used

to further turn this waste into compost, but the program was suspended due to the COVID-19 pandemic. In 2023, to determine the most effective solution, we plan to restart the tests and experiment with various methods, such as using bacteria or worms and mixing them with our waste.

We continued to engage authorities to obtain a permit that will allow us to use non-harmful sewage sludge that is captured in our wastewater treatment plant's filters and mixed with other organic material to create compost that can be used for topsoil enrichment. Once the permit is approved, we can both improve the topsoil and avoid the need to dispose of the sludge in the dump.

In 2022, Constancia recycled 69% of all solid waste, a 5% increase in recycling compared to 2021. The materials recycled included end-of-life haul truck tires, residual oil, paper, cardboard, plastic and metals.

Managing Our Carbon Footprint

The biggest opportunities to achieve our 2030 and 2050 climate targets (detailed in the [Committed to Net Zero](#) feature story) are in Peru, which represents approximately 83% of our total direct (Scope 1) and indirect (Scope 2) emissions.

With 40% of Constancia's emissions related to Scope 2 GHG emissions (i.e., those from purchased electricity, steam, heating and cooling), we are working to secure lower-carbon power sources. Constancia's current PPAs expire in 2025, so for 2026 and beyond we are working on securing new ones that will significantly lower the operation's Scope 2 emissions. In 2023, we signed a PPA beginning in 2026 for 100% renewably sourced energy. Other opportunities under consideration include electrifying our fleet and using alternative fuel sources to reduce our use of diesel fuel.

Since 2019, Hudbay has participated in Peru's Ministry of the Environment's Carbon Footprint certification program. The program aims to measure and manage the carbon footprint of companies and organizations operating in the country. It is based on the international standard ISO 14064, which provides guidelines for quantifying and reporting GHG emissions. The Carbon Footprint program uses a star rating system to recognize companies that have demonstrated excellence in measuring and managing their carbon footprint, with a company receiving one star for achieving each of the following four objectives:

- Measured and reported GHG emissions
- Implemented actions to reduce GHG emissions
- Verified the carbon footprint
- Achieved net zero emissions through carbon credits from national projects

In 2022, the Ministry of Environment granted Hudbay two stars for reporting and certifying Constancia's carbon footprint for 2021. The consulting firm AENOR verified our disclosures in the report. For our 2022 analysis, we worked toward earning a third star by conducting an audit and including both a quantitative and qualitative analysis of emissions materiality in accordance with ISO 14064 principles. We will also conduct an energy efficiency audit in early 2023 to identify the projects with the most opportunity for energy cost savings and return on investment.

Preserving Biodiversity

Constancia's annual biodiversity action plan (BAP) includes objectives for actively managing biodiversity impacts and ecosystem services, and in 2022 we achieved all primary BAP objectives, including:

- **Continued to deliver on the Cochapampa Bog Sustainable Use and Management program** – We installed structures in Chilloroya for planting and water harvesting systems that promote the development and improvement of vegetation cover and increase water storage capacity.
- **Reduced the water footprint related to agricultural activities** – In Chilloroya, we installed greenhouses to produce strawberries and implemented new irrigation technologies that improve water efficiency.
- **Preserved biodiversity and engaged communities in Constancia's progressive closure activities** – Throughout the year, we collaborated with organizations and members of the Chilloroya and Uchucarcco communities to carry out ecological restoration works in 10.7 hectares of new areas, using exclusively native plant species.

Constancia also uses drones equipped with cameras and two-way radios to monitor our property (for both safety and security reasons), and to track animals and plant species, as part of our commitment to preserving biodiversity.

Arizona and Nevada

Hudbay's Copper World and Mason projects have the potential to significantly address the increasing global demand for copper. Our proven track record of using advanced mining techniques and maintaining high environmental standards at our Constancia mine and throughout Manitoba demonstrates our commitment to developing these projects responsibly and sustainably.

Advancing Promising Projects

We continued to advance the Copper World project – a discovery in early 2021 on private land in a historic mining district in southern Arizona – through the exploration phase.


In 2022, we completed a PEA that showed the potential for Copper World to generate significant value for all stakeholders. The project's MLRP, which was approved by the Arizona State Mine Inspector in July 2022, includes a proposed site layout, reclamation approach and estimated costs, all of which were presented to the state for bonding.

In 2022, we submitted two other permit applications – an Aquifer Protection Permit and Air Quality Permit – to the Arizona Department of Environmental Quality. These are the remaining key state-level permits required for the project's phase one, which will be entirely on private land. We expect to receive these permits in 2023. Upon receipt of the state air permit for phase one, we plan to commence a bulk sampling program to continue to de-risk the project by conducting extensive testing to prepare for the definitive

feasibility stage. During this stage, we will continue to examine the feasibility of producing copper cathode on-site, which would reduce the GHG emissions associated with shipping concentrate overseas for processing. More details about the PEA and the next project steps are discussed in the [Committed to Copper World](#) feature story.

During Copper World's exploration stage, we conducted archaeological surveys on all our land prior to beginning any ground-disturbing activities. Such surveys aim to identify if pre-historic and historic 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, we have a recovery plan and excavate in a manner protective of the identified items. We also conducted biological surveys in conjunction with the archaeological ones to identify any special-status species that may exist within the project's footprint. The surveys were completed in 2022, and data recovery on select historic sites was conducted in 2022. Limited data recovery will be conducted in



 Site survey, Copper World

2023. As we conduct these activities, we are engaging with stakeholders who may be interested in or impacted by our activities. We discuss this approach in the [Applying Lessons Learned to Improve Stakeholder Engagement and Earn Social Acceptance](#) feature story.

Water is a precious resource in the US Southwest, and it is also essential for many mining processes. To address concerns about the water used at the operation, we are reviewing options for water efficiency and water conservation as we progress the design of the Copper World project. We are also presenting the findings of a comprehensive study of the waterways on our property in Arizona to the US Army Corps of Engineers. We discuss this work in the [Proactively Studying the Waterways in Arizona](#) feature story.

Addressing Stakeholder Feedback

As determined in the PEA published 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 about 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.



**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 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 TSM protocols and frameworks, and we supply a GHG emissions worksheet developed by MAC.

Key Performance Data

Economic (in \$ millions, unless otherwise stated)	2022	2021	2020	2019	2018
Direct economic value generated and distributed					
Profit (loss) before tax	\$ 95.8	\$ (217.4)	\$ (144.6)	\$ (452.8)	\$ 170.8
Revenues	\$ 1,461.4	\$ 1,501.6	\$ 1,088.7	\$ 1,237.4	\$ 1,472.3
Operating costs					
Canada	338.0	706.2	450.0	448.3	458.5
US	99.9	39.4	6.1	29.7	1.8
Peru	435.6	379.9	311.3	375.9	374.7
Chile	0.1	0.3	0.3	5.5	5.8
Total	\$ 873.6	\$ 1,125.8	\$ 767.7	\$ 859.4	\$ 840.8
Employee wages and benefits					
Canada	176.2	183.1	168.2	150.8	161.3
US	9.0	5.5	4.0	5.9	6.2
Peru	52.9	60.8	50.6	45.4	47.3
Chile	0.0	0.0	0.0	0.0	0.0
Total	\$ 238.1	\$ 249.4	\$ 222.8	\$ 202.1	\$ 214.8
Payments to government					
Taxes paid					
Canada	3.5	2.7	2.2	5.8	9.6
US	0.0	0.1	0.0	0.0	0.2
Peru	36.3	28.0	24.1	32.9	47.6
Chile	0.0	0.0	0.0	0.0	0.0
Total	\$ 39.9	\$ 30.8	\$ 26.3	\$ 38.7	\$ 57.4

Economic (in \$ millions, unless otherwise stated)	2022	2021	2020	2019	2018
Municipal taxes and grants					
Canada	13.6	14.4	10.9	6.6	5.7
US	0.5	0.3	0.2	0.0	0.0
Peru	19.2	12.2	10.5	9.7	2.9
Chile	0.0	0.0	0.0	0.0	0.0
Total	\$ 33.4	\$ 30.8	\$ 21.6	\$ 16.3	\$ 8.6
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	0.1	0.0	0.1	2.1	0.0
Chile	0.0	0.0	0.0	0.0	0.0
Total	\$ 0.1	\$ 0.0	\$ 0.1	\$ 2.1	\$ 0.0
Payments to providers of capital					
Dividends paid	\$ 4.0	\$ 4.1	\$ 3.8	\$ 3.9	\$ 4.0
Interest payments made to providers of loans	\$ 63.8	\$ 84.4	\$ 81.5	\$ 74.8	\$ 74.8
Financing fees paid					
Canada	0.0	8.5	4.7	1.7	3.6
Peru	0.0	11.2	11.5	24.4	17.0
Total	\$ 12.3	\$ 19.6	\$ 16.2	\$ 26.1	\$ 20.6
Capital expenditures – cash flow basis	\$ 309.0	\$ 377.4	\$ 361.2	\$ 259.2	\$ 190.9
Payments – local communities for land use (in \$000s)					
Canada	27.9 ¹	3.1	0.0	0.0	0.0
US	0.0	0.0	0.0	0.0	0.0
Peru	35,232.0	26,195.0	98,322.0	3,355.0	1,062.0
Total land use payments	\$35,259.9	\$ 26,198.1	\$ 98,322.0	\$ 3,355.0	\$ 1,062.0

¹ Community payments made for the development of a trailer park and airport in Snow Lake.

Economic (in \$ millions, unless otherwise stated)	2022	2021	2020	2019	2018
Public benefit					
Community investments and charitable donations (in \$000s)					
Canada	449.2	702.8	552.3	373.8	395.6
US	38.4	94.5	93.0	162.0	204.5
Peru	9,599.0	8,480.0	4,633.0	7,572.0	4,499.7
Chile	0.0	0.0	0.0	0.0	0.0
Total community investments and donations ¹	\$ 10,086.6	\$ 9,277.3	\$ 5,278.4	\$ 8,107.8	\$ 5,099.8
Resettlement investment (Peru) (in \$000s)	\$ 1,288.0 ²	\$ 43.0	\$ 0.0	\$ 0.0	\$ 130.0
Production (contained metal in concentrate)					
Manitoba					
Copper (000 tonnes)	14.8	21.7	22.2	23.4	32.4
Zinc (000 tonnes)	55.4	93.5	111.8	119.1	115.6
Gold (000 ounces)	161.5	143.5	112.2	95.0	95.7
Silver (000 ounces)	851.9	1,072.5	1,127.9	1,080.6	1,224.6
Peru					
Copper (000 tonnes)	89.4	77.8	73	113.8	122.2
Gold (000 ounces)	58.2	50.3	12.4	19.7	24.2
Silver (000 ounces)	2,309.4	1,972.9	1,623.0	2,504.8	2,729.9
Molybdenum (000 ounces)	1.4	1.1	1.2	1.3	0.9
Total					
Copper (000 tonnes)	104.2	99.5	95.3	137.2	154.6
Zinc (000 tonnes)	55.4	93.5	118.1	119.1	115.6
Gold (000 ounces)	219.7	193.8	124.6	114.7	119.9
Silver (000 ounces)	3,161.3	3,045.5	2,750.9	3,585.3	3,954.5
Molybdenum (000 ounces)	1.4	1.1	1.2	1.3	0.9
Metal production					
Zinc (000 tonnes)	37.4	89.6	111.6	103.3	102.1

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

² Resettlement payments are a continuation of commitments made for the operation of the Constancia mine. Negotiation agreements were signed with 36 owners and include the resettlement process for the 36 affected families in the area of Coporaque, specifically the Fundo Quinsachata.

Employees	2022	2021	2020	2019	2018
Total workforce					
Full-time employees					
Manitoba	974	1,323	1,392	1,411	1,382
Corporate	75	75	76	69	74
Arizona	42	60	28	25	33
Peru	833	787	739	728	690
Total full-time employees	1,924	2,245	2,235	2,233	2,179
Employment					
Part-time employees					
Manitoba	0	34	31	14	13
Corporate	1	0	0	1	0
Arizona	2	0	4	2	2
Peru	0	0	0	0	0
Total part-time employees	3	34	35	17	15
Contract (term) employees					
Manitoba	47	56	51	64	34
Corporate	3	2	1	2	4
Arizona	16	45	1	1	1
Peru	247	139	165	130	165
Total contract employees	313	242	218	197	211
Co-op and summer students hired					
Manitoba	4	26	20	13	27
Corporate	0	0	4	5	3
Arizona	0	3	0	0	3
Peru	42	33	30	23	12
Total co-op/summer students	46	62	54	41	45
Employees represented by collective bargaining agreements	1,089	1,332	1,389	1,238	1,370
Percentage of employees represented by trade unions (includes all full-time and part-time employees)	57%	58%	61%	55%	58%

Employees	2022	2021	2020	2019	2018
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 (voluntary and involuntary, unless noted; includes all full-time employees)					
Manitoba	469	254	179	168	189
Corporate	10	13	10	18	7
Arizona	29	46	10	18	10
Peru	93	81	104	84	108
Total	601	394	303	288	314
Employee turnover – age distribution					
<30	27%	29%	21%	18%	25%
30–50	44%	45%	42%	47%	44%
>50	29%	26%	37%	35%	31%
Employee turnover – gender					
Male	76%	80%	82%	79%	76%
Female	24%	20%	18%	21%	24%
Voluntary turnover rate (Hudbay total)	9%	14%	9%	9%	10%
Involuntary turnover rate (Hudbay total)	22%	2%	5%	4%	4%

Employees	2022	2021	2020	2019	2018
New employee hires					
Manitoba	78	189	172	233	222
Corporate	11	13	8	13	15
Arizona	32	35	16	8	3
Peru	194	112	146	98	227
Total	315	349	342	352	467
New hires – age distribution					
<30	45%	45%	36%	39%	35%
30–50	46%	44%	54%	45%	59%
>50	9%	11%	11%	16%	12%
New hires – gender					
Male	71%	68%	80%	78%	81%
Female	29%	32%	20%	22%	19%
Net number of full-time employees added (decreased)					
Canada	(419)	(70)	(12)	24	54
US	14	32	3	(8)	(2)
Peru	94	48	11	38	386
Total	(311)	10	2	54	438
Senior management from local community	2	5	5	4	6
Number of contractor full-time equivalent staff					
Manitoba	553	710	456	407	429
Peru	2,389	2,838	1,774	2,283	1,737
Arizona	117	37	14	15	13
Person-hours of work (including contractors)					
North America	5,157,627	5,583,816	3,902,648	3,750,575	3,701,855
South America	6,364,413	7,551,957	6,257,428	7,146,600	5,992,125
Total person-hours	11,522,040	13,135,773	10,160,076	10,897,175	9,693,980
Employees receiving regular performance and career development reviews (includes all full-time employees)					
Percentage reviewed	75%	62%	59%	53%	46%

Employees	2022	2021	2020	2019	2018
Hudbay total workforce age distribution (includes all full-time employees)					
<30	14%	16%	14%	14%	13%
30–50	62%	59%	63%	62%	58%
>50	24%	25%	23%	24%	29%
Composition of employees					
Workforce diversity (includes all full-time employees)					
Female					
Manitoba	17%	19%	18%	16%	15%
Corporate	38%	42%	41%	48%	43%
Arizona	27%	29%	32%	28%	45%
Peru	15%	10%	12%	12%	12%
Total	17%	17%	17%	16%	16%
Percentage of workforce that are Indigenous (MBU only)	13%	16%	15%	15%	15%
Percentage of workforce that are disabled (MBU only)	2%	2%	2%	4%	4%
Percentage of workforce that are visible minorities (MBU only)	6%	7%	5%	6%	6%
Composition of executive management and corporate governance bodies					
Board of Directors (ratio male to female)	2.7:1	2.3:1	2.3:1	2.7:1	2.5:1
Age distribution					
<30	0%	0%	0%	0%	0%
30–50	9%	10%	10%	9%	0%
>50	91%	90%	90%	91%	100%
Executive management (ratio male to female)	5.5:1	6:1	13:1	13:1	7:1
Age distribution					
<30	0%	0%	0%	0%	0%
30–50	45%	47%	43%	43%	30%
>50	55%	53%	57%	57%	70%

Employees	2022	2021	2020	2019	2018
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)	3.5:1 ¹	7.4:1	7.1:1	4.1:1	5.8:1
Canada (including Corporate office)	24.4:1	30.8:1	23.0:1	26.4:1	28.3:1
Peru	29.1:1 ²	16.1:1	14.5:1	17.8:1	19.1:1
US (ABU)	10.8:1 ³	32.5:1	8.8:1	4.4:1	5.5:1
Workforce represented in formal joint management-worker Health and Safety Committees					
Percentage represented	98% ⁴	97%	99%	99%	100%
Health and safety performance (per 200,000 hours worked, except where noted)					
Lost time injury (LTI) frequency					
Manitoba	1.4	0.6	0.6	0.7	0.9
Manitoba contractors	0.0	0.1	0.2	0.0	0.0
Peru	0.1	0.0	0.1	0.1	0.1
Peru contractors	0.0	0.0	0.0	0.0	0.1
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	0.0
Chile contractors	0.0	0.0	0.0	0.0	2.6
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	0.3	0.2	0.2	0.2	0.3

¹ Hdbay's VP, Manitoba Business Unit started partway through 2022; thus the ratio dropped significantly.

² Hdbay's SVP, South America and USA is responsible for both Peru and Arizona. Although he is paid out of Arizona payroll, he has been included as the highest paid person in both geographical areas.

³ Variations here are due to Arizona's employee expense cost being much higher than in 2021, even though the headcount at year-end 2022 was in line with 2021. This is because part of the 2022 headcount for Arizona was let go before year-end, causing a variation in the ratio.

⁴ Hdbay's Arizona employees are currently not covered because the size of their office does not require it.

Employees	2022	2021	2020	2019	2018
Lost time injury severity (SEV)					
Manitoba	42.2 ¹	8.8	10.5	5.5	41.3
Manitoba contractors	0.0	826.5	6.1	0.0	0.0
Peru	0.1	0.0	0.0	9.4	2.5
Peru contractors	7.0 ²	0.2	0.0	1.6	3.3
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	0.0
Chile contractors	0.0	0.0	0.0	0.0	178.7
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	11.0	94.9	3.4	4.1	13.1
Total recordable injury frequency					
Manitoba	3.8	2.8	2.7	3.1	3.7
Manitoba contractors	4.0	5.7	3.4	4.3	2.3
Peru	0.1	0.1	0.2	0.3	0.2
Peru contractors	0.2	0.4	0.4	0.3	0.3
Arizona	6.6	5.2	4.2	0.0	0.0
Arizona contractors	0.8	0.0	0.0	0.0	0.0
Chile	0.0	0.0	0.0	0.0	0.0
Chile contractors	0.0	0.0	0.0	4.4	2.6
North America (not including MBU and ABU)	0.0	0.0	0.0	1.3	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	1.3	1.4	1.3	1.3	1.3

¹ Sixty-two percent of the 2022 lost time injuries in Manitoba were due to sprain/strain injuries. In response to this, Manitoba is starting a pre-work warm-up program.

² Lost time carried over from a contractor lost time injury in December 2021.

Employees	2022	2021	2020	2019	2018
First aid (FA) frequency					
Manitoba	17.0	14.0	18.1	20.8	28.9
Manitoba contractors	17.4	14.5	12.6	16.6	8.7
Peru	0.2	0.2	0.2	0.4	1.0
Peru contractors	1.0	0.8	0.8	0.9	1.3
Arizona	9.9	2.6	0.0	3.4	0.0
Arizona contractors	9.0	1.2	0.0	12.5	0.0
Chile	0.0	0.0	0.0	0.0	0.0
Chile contractors	0.0	0.0	0.0	0.0	0.0
North America (not including MBU and ABU)	0.0	0.0	0.0	0.0	1.4
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	5.7	4.9	6.4	6.9	8.6
Fatality	0	1	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)	67	61	57	81	79

	Corporate	MBU		Peru	ABU	
Benefits 2022	Full time	Full time	Part time	Full time	Full time	Part time
Life insurance	Yes	Yes	Yes	Yes	Yes	No
Health care	Yes	Yes	Yes	Yes	Yes	No
Disability and invalidity coverage	Yes	Yes	No	Yes	Yes	No
Parental leave	Yes	Yes	No	Yes	Yes	No
Retirement provision	Yes	Yes	No	Yes	Yes (401k)	No
Stock ownership	Yes	Yes	No	Yes	Yes	No
Other – critical illness insurance	Yes	Management only	No	Yes	No	No
Other – accidental death and dismemberment insurance	Yes	Yes	No	Yes	Yes	No

Society	2022	2021	2020	2019	2018
Total number of incidents of discrimination (and actions taken)	0	0	0	0	1
Land use disputes	0	2	0	1	1
Resettlements					
Number of households (Peru only)	0	0	0	0	0
Number of individuals (Peru only)	0	0	0	0	0
Employees that received training/communication on anti-corruption policies					
Number	1,162	354	546	562	564
Percentage	60%¹	58%	90%	92%	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	11	10	10	9	10
Percentage	100%	100%	100%	100%	100%
Governance body members that received training on anti-corruption policies					
Number	11²	10	10	9	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 60% 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 on 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, through which they have access to educational materials and are invited to training seminars throughout the year. For more information, see our [Management Information Circular](#).

Society	2022	2021	2020	2019	2018
Average hours of training (Peru and Arizona business units only)					
Males in management	180.36	26.43	26.97	32.35	65.69
Females in management	56.56	0.70	1.37	20.00	75.73
Males in non-management	179.20	0.96	52.37	42.92	118.09
Females in non-management	29.17	3.04	48.53	20.14	113.48
Average spend (DJSI)	\$293	\$208	\$466	\$466	\$208
Security practices (security personnel training)					
Hudbay security personnel trained in human rights policies and procedures					
Number	18	16	21	16	15
Percentage	100%	89%	100%	100%	100%
Contractor security personnel trained in human rights policies and procedures					
Number	181	129	125	116	135
Percentage	100%	100%	100%	100%	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	85	55	64	78	15
Number addressed during reporting period	85	55	64	9	15
Number resolved during reporting period	75	46	53	69	1
Number filed prior to the reporting period that were resolved during the reporting period	0	0	0	6	8
Number of other concerns					
Environment	5	3	7	5	0
Labour and commercial practices	235	132	151	152	104
Resettlement/livelihood	3	1	9	4	0
Human rights	0	1	1	1	0
Other	11	48	26	25	4

Society	2022	2021	2020	2019	2018
Closure plans					
Total number of operations	5	6	4	4	4
Number of company operations that have closure plans	5	6	4	4	4
Percentage of total operations with closure plans	100%	100%	100%	100%	100%
Number of advanced exploration projects that have closure plans	2	4	2	3	2
Percentage of advanced exploration projects that have closure plans	100%	100%	100%	100%	100%
Overall financial provision representing the present value of future cash flows relating to estimated closure costs per Canadian Generally Accepted Accounting Principles (000s)	\$276,402	\$467,800	\$343,132	\$302,116	\$202,024
Report whether operations have implemented local community engagement, impact assessments and development programs in line with the Stakeholder Engagement Standard					
Manitoba	Partial ¹	Yes	Yes	Yes	Yes
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	N/ap	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 ²	Yes	Yes	Yes	Yes
Chile	Yes ³	Yes	Yes	Yes	Yes

¹ While the Manitoba Business Unit was recognized with PAR Silver for our approach to Indigenous engagement and we had extensive engagement with our local communities, we concluded that our overall management of stakeholder engagement did not meet our objective of earning a TSM 'A' rating.

² Informal mining at Pampacancha has ended through negotiations with the community and miners. Informal mining is taking place on some of our mineral claim areas for which we do not control surface rights, but this is not in the vicinity of or impacting our operations.

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

Environment	2022	2021	2020	2019	2018
Direct energy consumption by primary energy source (terajoules)					
Propane	749 ¹	544	624	615	793
Diesel	2,062	1,815	1,393	1,794	1,778
Gasoline	19	19	15	15	15
Other	0	0	0	0	0
Total	2,830	2,378	2,031	2,424	2,586
Direct energy consumption by business unit (terajoules)					
Manitoba	962	760	846	844	1,095
Peru	1,853	1,618	1,185	1,579	1,485
Indirect energy consumption by business unit (terajoules)					
Manitoba	1,843	3,222	3,422	3,381	3,289
Peru	2,553	2,555	2,300	2,523	2,530
Total electricity consumed	4,396	5,777	5,722	5,905	5,820
Indirect energy sold/credits (terajoules)					
Electricity	0.00	0.00	0.00	0.84	0.42
Total indirect energy consumed by organization (terajoules)	4,396	5,777	5,722	5,904	5,819
Energy intensity (terajoules per kilotonne of metal in concentrate and cast zinc)	36 ²	29	24	23	23
Total direct and indirect greenhouse gas emissions (kilotonnes of CO₂e equivalent)					
Direct CO ₂ e emissions					
Manitoba	61	48	53	53	69
Peru	149	130	92	110	103
Total direct CO ₂ e emissions	210	178	144	161	170
Indirect CO ₂ e emissions ³					
Manitoba	1	3	3	3	3
Peru	123	123	132	139	140
Total indirect CO ₂ e emissions	124	126	135	142	143
Total	333	304	279	303	313

¹ Increase in propane usage is largely a result of weather in northern Manitoba. Longer periods of cold were experienced in March of 2022 than in 2021, requiring the operations to be heated, so despite the operational closure in June, more propane was required in the first half of the year.

² Our energy intensity increase is a result of the colder weather in northern Manitoba, paired with the closure of our Flin Flon operations.

³ We report location-based energy consumption, not market-based. A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).

Environment	2022	2021	2020	2019	2018
GHG intensity (tonnes of GHG emissions per kilotonne of metal in concentrate)	2.07	1.57 ¹	1.30	1.17 ¹	1.16 ¹
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	0.00²	0.00	0.00	0.00	0.00
Particulate					
MBU	0.37	0.69	0.43	0.65	0.54
Peru	0.00	0.00	N/av	N/av	N/av
Arizona	0.00	0.00	0.00	0.00	0.00
Total	0.37³	0.69	0.43	0.65	0.54
Total water withdrawal (000 cubic metres)					
Surface water	6,317	11,478	12,093	12,693	13,770
Groundwater	5,190	4,704	4,540	4,144	4,155
Rainwater collected directly and stored by the organization	7,223	8,479	7,705	5,093	6,193
Waste water from another organization	0.00	0.00	0.00	0.00	0.00
Municipal water supplies	0.25	0.20	0.08	0.14	0.01
Total water withdrawal	18,730	24,661	24,338	21,930	24,118
Percentage and total volume of water recycled and reused					
Total volume (000 cubic metres)	64,885⁴	59,242	57,474	71,911	N/av
Percentage	78%	71%	70%	77%	N/av

¹ In our review process for the 2022 Report, we identified and corrected errors in the GHG summary information.

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

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

⁴ We have changed the calculation of water recycled to reflect the proportion of process water that is considered recycled water.

Environment	2022	2021	2020	2019	2018
Total water discharged (000 cubic metres)					
To Flin Flon Creek/Ross Lake/Schist Lake	8,241	11,521	14,342	12,501	15,897
To Anderson Creek/Wekusko Lake	2,411	1,685	4,370	4,384	4,384
To Woosey Creek/Morgan Lake	1,398	1,462	1,824	1,670	1,670
Nome Lake	30	40	35	30	30
Herblet Lake	435	473	576	595	5
To ground	0	0	0	0	181
To Chilloroya River (Peru)	2,591	2,445	1,981	862	1,358
Total water discharged	15,106 ¹	17,627	23,128	20,041	23,526
Total number of significant spills²	0	0	1	0	0
Volume (liquid)(m ³)	0	0	50	0	0
Volume (solid)(tonnes)	0	0	0	0	0
Hazardous waste disposed of at external facility (tonnes)	726	660	468	926	1,166
Total amounts of waste (tonnes)					
Overburden	116,237	299,498	65,738	256,454	258,288
Waste rock	38,700,044	35,408,474	23,992,684	37,005,883	37,055,344
Tailings	31,120,463	31,694,502	28,044,090	33,211,879	32,457,474
Total amounts of waste recycled (tonnes)					
Waste rock used as backfill	0	0	2,770	19,530	157,622
Waste rock used for tailings structures	5,528,824	6,783,750	9,385,125	10,508,423	13,098,446
Tailings used for backfill	722,570	726,428	688,613	738,743	564,212
Total	6,835,124	7,510,178	10,076,508	11,266,696	13,820,280
Number of fines or sanctions for non-compliance with environmental laws and regulations	1 ³	2	0	6	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.

³ Construction/modification of components was undertaken in Peru without proper environmental certification.

Environment	2022	2021	2020	2019	2018
Land use (hectares) – mineral tenure					
Manitoba and Saskatchewan	645,861	505,908	603,506	518,030	241,810
Nunavut	21	21	21	21	21
Total Canada	645,882	505,908	603,527	518,051	241,831
Arizona	11,619	11,575	11,532	7,284	7,284
Nevada	14,394	14,394	14,394	0	0
New Mexico	1,917	1,917	1,917	0	0
Total USA	27,929	28,960	16,311	0	7,284
Chile	1,531	1,531	1,531	1,531	263,900
Peru	161,245	160,845	160,754	139,496	99,736
Total South/Central America	162,776	9,462	162,285	141,027	363,636
Total	836,587	515,371	782,123	659,078	612,751
Land use (hectares) – surface rights					
Manitoba and Saskatchewan	7,819	7,724	7,718	7,711	7,647
Nunavut	0	0	0	0	0
Total Canada	7,819	7,724	7,718	7,711	7,647
Arizona	3,646	3,251	3,249	0	0
Nevada	86	86	86	0	0
New Mexico	0	0	0	0	0
Total USA	3,731	4,347	3,335	0	0
Chile	0	0	0	0	0
Peru	9,462	9,462	9,462	7,700	1,524
Total South/Central America	9,462	9,462	9,462	7,700	1,524
Total	21,013	21,533	20,516	15,411	9,172

Environment	2022	2021	2020	2019	2018
Land use (hectares) – disturbed land					
Manitoba and Saskatchewan	1,649	N/av	N/av	N/av	N/av
Nunavut	0	0	0	0	0
Total Canada	1,649	N/av	N/av	N/av	N/av
Arizona	251	N/av	N/av	N/av	N/av
Nevada	0	N/av	N/av	N/av	N/av
New Mexico	0	N/av	N/av	N/av	N/av
Total USA	251	N/av	N/av	N/av	N/av
Chile	N/av	0	0	0	0
Peru	1,790	1,709	1,620	1,591	N/av
Total South/Central America	1,790	1,709	1,620	1,591	N/av
Total	3,690	1,709	1,620	1,591	N/av
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	2	1	1	1
Habitats protected or restored (hectares)					
Protected	49 ¹	49	49	N/av	N/av
Restored	88	107	84	25	1
Partnerships exist	No	No	No	Yes	Yes
Status at close of reporting period	Monitoring	Monitoring	Monitoring	Monitoring	Monitoring
IUCN Red List species and National Conservation List species					
Critically endangered	3	2	2	3	3
Endangered	7	11	6	6	5
Vulnerable	23	26	26	29	25
Near threatened	32	16	24	24	22
Least concern	329	351	342	388	89

¹ Hudbay Peru owns the surface rights to Distichia Wetland.

2022 Targets and Achievements

Target	Achievement	Details
HEALTH AND SAFETY		
Match or improve on our current three-year average LTI severity of 34.1	Achieved	Further explanation about our performance is provided in the Our People section.
Match or improve on our three-year total recordable injury frequency average of 1.4 (based on ICMM classification criteria)	Achieved	Further explanation about our performance is provided in the Our People section.
COMMUNITY		
Avoid operational shutdowns at our Peru operations due to community/political activity	Achieved	Operations continued notwithstanding roadblocks throughout Peru. More information is provided under Social Impact > Peru .
Complete exploration agreements to enable land access at regional deposits near our Peru operations	Achieved	More information is provided in the Committed to Community feature story.
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	Achieved	More information is provided in the Committed to Net Zero feature story.
Design Copper World project in Arizona in compliance with 2030 and 2050 GHG objectives	Achieved	Copper World PEA contemplates significant carbon emissions reduction.
GOVERNANCE		
Complete comprehensive review/update of global anti-bribery and anti-corruption compliance program	Achieved	More information is provided under Our Company > Business Conduct .
FINANCIAL EXCELLENCE/GROWTH		
Operating cash flow: meeting budgeted target	Not achieved	While production growth was achieved in 2022, we faced higher operating costs from global inflationary pressures, which reduced operating profit margins and resulted in lower operating cash flow.
Production: all metals within public guidance ranges	Partially achieved	Met consolidated production guidance for all metals; copper and gold production was at the low end of the range, resulting in lower overall copper-equivalent production.

2023 Targets

Health and Safety

- Match or improve on our three-year total recordable injury frequency average of 1.35 (based on ICMM classification criteria)

Community

- Avoid operational shutdowns at our Peru operations due to community/political activity
- Returning Manitoba TSM Indigenous and Community Relationships Protocol performance to A or above for all of the indicators

Environment

- Conduct active tracking and monitoring at each business unit (with reporting into corporate) involving identification of reduction opportunity areas, with status of development, economics and partner/supplier engagement
- Identify and disclose in Copper World pre-feasibility study (or on a stand-alone basis) opportunities that would allow development of Copper World within our current 50% reduction target
- Complete an internal assessment for Copper World project against the TSM Biodiversity and Water Stewardship Protocols

Governance

- Roll out new High Potential Employee Program
- Execute action plans developed in 2022 based on the 2021 culture survey
- Design and complete materials for the Manitoba supervisory training program

Financial Excellence/Growth

- Production – all metals within public guidance ranges
- Operating cash flow – meet budgeted target
- MBU to hoist 3% more ore up the shaft in 2023 over 2022

GRI and SASB Content Index

GRI Standard	Disclosure	Response, Page Number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 2: GENERAL DISCLOSURES				
1. The Organization and Its Reporting Practices				
2-1	Organizational details	Our Company (see page 12) Business and Financial Review (see page 21) Website > About Us		
2-2	Entities included in the organization's sustainability reporting	About This Report (see page 128) Annual Information Form (see page 6)		
2-3	Reporting period, frequency and contact point	About This Report (see page 128)		
2-4	Restatements of information	There are no restatements of information from previous reports.		
2-5	External assurance	External assurance was conducted only for the financial data in the 2022 Annual Sustainability Report, and Hubday does not have a policy pertaining to external assurance of sustainability data.		
2. Activities and Workers				
2-6	Activities, value chain and other business relationships	CEO Message (see page 3) Business and Financial Review (see page 21) Business and Financial Review > Business Activities (see page 27) Sustainability Approach > Responsible Supply Chain > Supply Chain Performance (see page 49) Sustainability Approach > Responsible Supply Chain > Products (see page 49) Sustainability Performance > Key Performance Data (see page 89)	EM-MM-000.A	Production of (1) metal ores and (2) finished metal products
2-7	Employees	Sustainability Performance > Key Performance Data (see page 92)	EM-MM-000.B	Total number of employees, percentage contractors
2-8	Workers who are not employees	Sustainability Performance > Key Performance Data (see page 92)	EM-MM-000.B	Total number of employees, percentage contractors

GRI Standard	Disclosure	Response, Page Number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 2: GENERAL DISCLOSURES				
3. Governance				
2-9	Governance structure and composition	Our Company > Corporate Governance (see page 15) Our Company > Board of Directors (see page 16) Our Company > Management Team (see page 20) Sustainability Approach > Sustainability Governance (see page 34) Management Information Circular Website > About Us > Board Website > About Us > Governance Website > Disclosure Centre > Committees		
2-10	Nomination and selection of the highest governance body	Management Information Circular Website > About Us > Governance Website > Disclosure Centre > Committees		
2-11	Chair of the highest governance body	Our Company > Corporate Governance (see page 15) Our Company > Board of Directors (see page 16) Management Information Circular Website > About Us > Board		
2-12	Role of the highest governance body in overseeing the management of impacts	Our Company > Corporate Governance (see page 15) Our Company > Risk Management (see page 19) Sustainability Approach > Sustainability Governance (see page 34) Sustainability Approach > Stakeholder Engagement (see page 43) Social Impact > Our Approach (see page 68) Corporate Governance Guidelines and Board Charter		
2-13	Delegation of responsibility for managing impacts	Our Company > Corporate Governance (see page 15) Sustainability Approach > Sustainability Governance (see page 34)		
2-14	Role of the highest governance body in sustainability reporting	Environmental, Health, Safety and Sustainability Committee Charter The EHSS (Board-level) Committee reviews and approves the content within the Annual Sustainability Report.		
2-15	Conflicts of interest	Our Company > Business Conduct (see page 17) Sustainability Approach > Sustainability Governance (see page 34)		

GRI Standard	Disclosure	Response, Page Number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 2: GENERAL DISCLOSURES				
3. Governance				
2-16	Communication of critical concerns	Our Company > Business Conduct > Risks, Issues or Complaints (see page 18) Our Company > Risk Management (see page 19) Sustainability Approach > Human Rights and Security (see page 38) Sustainability Approach > Stakeholder Engagement (see page 43) Sustainability Performance > Key Performance Data (see page 100) Whistleblower Policy		
2-17	Collective knowledge of the highest governance body	Annual Information Form (see page 50) Website > About Us > Board		
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Guidelines and Board Charter		
2-19	Remuneration policies	Management Information Circular Compensation and Human Resources Committee Charter		
2-20	Process to determine remuneration	Management Information Circular		
2-21	Annual total compensation ratio	Sustainability Performance > Key Performance Data (see page 96) Management Information Circular		
4. Strategy, Policies and Practices				
2-22	Statement on sustainable development strategy	CEO Message (see page 3)		
2-23	Policy commitments	Our Company > Purpose Statement (see page 14) Our Company > Business Conduct (see page 17) Our Company > Risk Management > Precautionary Approach (see page 19)		
2-24	Embedding policy commitments	Sustainability Approach > Sustainability Governance > Sustainability Management Framework (see page 34) Sustainability Approach > Human Rights and Security (see page 38) Sustainability Approach > Responsible Supply Chain (see page 48)		
2-25	Processes to remediate negative impacts	Our Company > Business Conduct > Risks, Issues or Complaints (see page 18)		
2-26	Mechanisms for seeking advice and raising concerns	Our Company > Business Conduct (see page 17) Sustainability Approach > Responsible Supply Chain (see page 48) Website > Disclosure Centre > Policies		

GRI Standard	Disclosure	Response, Page Number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 2: GENERAL DISCLOSURES				
4. Strategy, Policies and Practices				
2-27	Compliance with laws and regulations	Sustainability Performance > Key Performance Data (see page 100)		
2-28	Membership associations	Sustainability Approach > Sustainability Governance > Industry Involvement (see page 37)		
5. Stakeholder Engagement				
2-29	Approach to stakeholder engagement	Sustainability Approach > Stakeholder Engagement (see page 43)		
2-30	Collective bargaining agreements	Sustainability Performance > Key Performance Data (see page 92)		
GRI 3: MATERIAL TOPICS				
3-1	Process to determine material topics	Sustainability Approach > Materiality (see page 46)		
3-2	List of material topics	Sustainability Approach > Materiality (see page 46)		
GRI 200: ECONOMIC STANDARDS SERIES				
Economic Performance				
GRI 3: Material Topics				
3-3	Management of material topics	CEO Message (see page 3) Our Company > Corporate Governance (see page 15) Our Company > Risk Management (see page 19) Business and Financial Review > Strategy (see page 25) Sustainability Approach > Materiality (see page 46) Social Impact > Our Approach (see page 68) Sustainability Performance > 2022 Targets and Achievements (see page 107) Sustainability Performance > 2023 Targets (see page 108) Annual Information Form (see page 5)		
GRI 201: Economic Performance				
201-1	Direct economic value generated and distributed	Sustainability Performance > Key Performance Data (see page 89)		
201-2	Financial implications and other risks and opportunities due to climate change	CDP Climate Change 2022 Submission Management's Discussion and Analysis		
201-3	Defined benefit plan obligations and other retirement plans	Management's Discussion and Analysis		

GRI Standard	Disclosure	Response, Page Number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 200: ECONOMIC STANDARDS SERIES				
Indirect Economic Impacts				
GRI 3: Material Topics				
3-3	Management of material topics	<p>Sustainability Approach > Materiality (see page 46)</p> <p>Sustainability Approach > Responsible Supply Chain (see page 48)</p> <p>Social Impact > Our Approach (see page 68)</p> <p>Social Impact > Our Approach > Economic Contributions (see page 68)</p> <p>Social Impact > Manitoba (see page 70)</p> <p>Social Impact > Peru (see page 72)</p> <p>Social Impact > Arizona and Nevada (see page 74)</p> <p>Note: We re-evaluate our management approach every three years as part of our materiality review process; an evaluation was last conducted in 2020. Our next materiality review will be conducted in 2023.</p>		
GRI 203: Indirect Economic Impacts				
203-2	Significant indirect economic impacts	<p>Sustainability Approach > Responsible Supply Chain > Supply Chain Performance (see page 49)</p> <p>Social Impact (see page 65)</p>		
Procurement Practices				
GRI 3: Material Topics				
3-3	Management of material topics	<p>Sustainability Approach > Sustainability Governance (see page 34)</p> <p>Sustainability Approach > Materiality (see page 46)</p> <p>Sustainability Approach > Responsible Supply Chain (see page 48)</p> <p>Social Impact > Our Approach > Local Hiring and Procurement (see page 69)</p> <p>Supplier Code of Conduct and Ethics</p>		
GRI 204: Procurement Practices				
204-1	Proportion of spending on local suppliers	Sustainability Approach > Responsible Supply Chain (see page 48)		

GRI Standard	Disclosure	Response, Page Number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 200: ECONOMIC STANDARDS SERIES				
Anti-corruption				
GRI 3: Material Topics				
3-3	Management of material topics	<p><u>Our Company > Business Conduct</u> (see page 17)</p> <p><u>Our Company > Business Conduct > Compliance Training</u> (see page 17)</p> <p><u>Our Company > Business Conduct > Risks, Issues or Complaints</u> (see page 18)</p> <p><u>Our Company > Risk Management</u> (see page 19)</p> <p><u>Sustainability Approach > Sustainability Governance</u> (see page 34)</p> <p><u>Sustainability Approach > Materiality</u> (see page 46)</p> <p><u>Sustainability Approach > Responsible Supply Chain</u> (see page 48)</p> <p><u>Statement on Anti-Corruption</u></p> <p><u>Supplier Code of Conduct and Ethics</u></p>	EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain
GRI 205: Anti-corruption				
205-1	Operations assessed for risks related to corruption	<p><u>Our Company > Business Conduct > Risks, Issues or Complaints</u> (see page 18)</p> <p><u>Sustainability Performance > Key Performance Data</u> (see page 99)</p>		
205-2	Communication and training about anti-corruption policies and procedures	<u>Sustainability Performance > Key Performance Data</u> (see page 99)		
205-3	Confirmed incidents of corruption and actions taken	<u>Our Company > Business Conduct > Risks, Issues or Complaints</u> (see page 18)		
		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 3: Material Topics				
3-3	Management of material topics	Sustainability Approach > Sustainability Governance (see page 34) Sustainability Approach > Materiality (see page 46) Environment > Our Approach > Climate Change (see page 80)		
GRI 302: Energy				
302-1	Energy consumption within the organization	Sustainability Performance > Key Performance Data (see page 102) CDP Climate Change 2022 Submission	EM-MM-130a.1	Total energy consumed
		CDP Climate Change 2022 Submission	EM-MM-130a.1	Percentage grid electricity
		CDP Climate Change 2022 Submission	EM-MM-130a.1	Percentage renewable
Water				
GRI 3: Material Topics				
3-3	Management of material topics	Sustainability Approach > Sustainability Governance (see page 34) Sustainability Approach > Materiality (see page 46) Environment > Our Approach > Water (see page 80) Sustainability Performance > 2022 Targets and Achievements (see page 107)		
GRI 303: Water and Effluents				
303-1	Interactions with water as a shared resource	Environment > Our Approach > Water (see page 80) CDP Water Report		
303-2	Management of water discharge–related impacts	Environment > Our Approach > Water (see page 80)		
303-3	Water withdrawal	Sustainability Performance > Key Performance Data (see page 103) 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 103) 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
GRI 300: ENVIRONMENTAL STANDARDS SERIES				
Biodiversity				
GRI 3: Material Topics				
3-3	Management of material topics	<p>Sustainability Approach > Sustainability Governance (see page 34)</p> <p>Sustainability Approach > Sustainability Governance > International Systems and Performance Standards (see page 36)</p> <p>Sustainability Approach > Tailings Stewardship (see page 40)</p> <p>Sustainability Approach > Materiality (see page 46)</p> <p>Environment > Our Approach (see page 79)</p> <p>Environment > Our Approach > Land and Biodiversity (see page 79)</p> <p>Environment > Our Approach > Closure and Reclamation (see page 81)</p> <p>Environmental Health, Safety and Sustainability Policy</p>	EM-MM-160a.1	Description of environmental management policies and practices for active sites
GRI 304: Biodiversity				
304-1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	<p>Environment > Our Approach > Land and Biodiversity (see page 79)</p> <p>Sustainability Performance > Key Performance Data (see page 106)</p>	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 79)		
304-3	Habitats protected or restored	Sustainability Performance > Key Performance Data (see page 106)		
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 106)		
		Environment > Our Approach > Waste and Tailings (see page 81)	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is predicted to occur
		Environment > Our Approach > Waste and Tailings (see page 81)	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is actively mitigated
		If water discharge is potentially contaminated by acid rock drainage, 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
GRI 300: ENVIRONMENTAL STANDARDS SERIES				
Biodiversity				
MM1: Biodiversity				
MM1	Amount of land disturbed or rehabilitated	Sustainability Performance > Key Performance Data (see page 106)		
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 106)		
Emissions				
GRI 3: Material Topics				
3-3	Management of material topics	Sustainability Approach > Sustainability Governance (see page 34) Sustainability Approach > Materiality (see page 46) Environment > Our Approach > Climate Change (see page 80) Sustainability Performance > 2022 Targets and Achievements (see page 107) Sustainability Performance > 2023 Targets (see page 108) Note: Percentage covered under emissions-limiting regulations not available.		
GRI 305: Emissions				
305-1	Direct (Scope 1) GHG emissions	Sustainability Performance > Key Performance Data (see page 102) CDP Climate Change 2022 Submission	EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations
		Environment > Our Approach > Climate Change (see page 80) Sustainability Performance > 2022 Targets and Achievements (see page 107) Sustainability Performance > 2023 Targets (see page 108) CDP Climate Change 2022 Submission	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
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Performance > Key Performance Data (see page 102) CDP Climate Change 2022 Submission		

GRI Standard	Disclosure	Response, Page Number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 300: ENVIRONMENTAL STANDARDS SERIES				
Emissions				
GRI 305: Emissions				
				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 103)	EM-MM-120a.1	Particulate matter (PM ₁₀)
		Not applicable	EM-MM-120a.1	Mercury (Hg)
		Not applicable	EM-MM-120a.1	Lead (Pb)
		Not applicable	EM-MM-120a.1	Volatile organic compounds (VOCs)
Effluents and Waste				
GRI 3: Material Topics				
3-3	Management of material topics	Sustainability Approach > Sustainability Governance (see page 34) Sustainability Approach > Tailings Stewardship (see page 40) Sustainability Approach > Materiality (see page 46) Environment > Our Approach > Waste and Tailings (see page 81) Environmental Health, Safety and Sustainability Policy		

GRI Standard	Disclosure	Response, Page Number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 300: ENVIRONMENTAL STANDARDS SERIES				
Effluents and Waste				
GRI 306: Waste				
306-1	Waste generation and significant waste-related impacts	Sustainability Approach > Tailings Stewardship (see page 40) Environment > Our Approach > Waste and Tailings (see page 81)		
306-2	Management of significant waste-related impacts	Sustainability Approach > Tailings Stewardship (see page 40) Environment > Our Approach > Waste and Tailings (see page 81)		
306-3	Waste generated	Sustainability Performance > Key Performance Data (see page 104)		
306-4	Waste diverted from disposal	Sustainability Performance > Key Performance Data (see page 104)		
306-5	Waste directed to disposal	Sustainability Performance > Key Performance Data (see page 104)		
		Mine Tailings Disclosure Table	EM-MM-540a.1	Tailings storage facility inventory table
		Sustainability Approach > Tailings Stewardship (see page 40) Environment > Our Approach > Waste and Tailings (see page 81)	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 104)	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				
Employment				
GRI 3: Material Topics				
3-3	Management of material topics	Sustainability Approach > Sustainability Governance (see page 34) Sustainability Approach > Materiality (see page 46) Our People > Our Approach > Employee Relations (see page 57) Our People > Our Approach > Organizational and Leadership Effectiveness (see page 57) Our People > Our Approach > Diversity and Inclusion (see page 58) Our People > Manitoba (see page 59) Our People > Peru (see page 61) Our People > Arizona and Nevada (see page 63)		
GRI 401: Employment				
401-1	New employee hires and employee turnover	Sustainability Performance > Key Performance Data (see pages 93–94)		
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 98)		
401-3	Parental leave	Sustainability Performance > Key Performance Data (see page 98) Parental leave is tracked by business unit and employment level.		
Labour/Management Relations				
GRI 3: Material Topics				
3-3	Management of material topics	Sustainability Approach > Sustainability Governance (see page 34) Sustainability Approach > Materiality (see page 46) Our People > Our Approach > Employee Relations (see page 57) Our People > Manitoba (see page 59) Our People > Peru (see page 61) Our People > Arizona and Nevada (see page 63)		
GRI 402: Labour/Management Relations				
402-1	Minimum notice periods regarding operational changes	Sustainability Performance > Key Performance Data (see page 93)	EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by US and foreign employees

GRI Standard	Disclosure	Response, Page Number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 400: SOCIAL STANDARDS				
Labour/Management Relations				
MM4: Labour/Management Relations				
MM4	Number of strikes and lockouts exceeding one week's duration, by country	Sustainability Performance > Key Performance Data (see page 93)	EM-MM-310a.2	Number and duration of strikes and lockouts
Occupational Health and Safety				
GRI 3: Material Topics				
3-3	Management of material topics	Our Company > Risk Management > Emergency Response and Crisis Management (see page 19) Sustainability Approach > Sustainability Governance (see page 34) Sustainability Approach > Materiality (see page 46) Our People (see page 53) Our People > Our Approach > Health and Safety (see page 56) Our People > Our Approach > Employee Relations (see page 57) Sustainability Performance > 2022 Targets and Achievements (see page 107) Sustainability Performance > 2023 Targets (see page 108) Environmental Health, Safety and Sustainability Policy		
Security Practices				
GRI 3: Material Topics				
3-3	Management of material topics	Our Company > Risk Management (see page 19) Sustainability Approach > Sustainability Governance (see page 34) Sustainability Approach > Human Rights and Security > Security Practices (see page 39) Sustainability Approach > Materiality (see page 46) Environmental Health, Safety and Sustainability Policy Human Rights Policy		
GRI 410: Security Practices				
410-1	Security personnel trained in human rights policies or procedures	Sustainability Performance > Key Performance Data (see page 100)		

GRI Standard	Disclosure	Response, Page Number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 400: SOCIAL STANDARDS				
Rights of Indigenous Peoples				
GRI 3: Material Topics				
3-3	Management of material topics	<p>Sustainability Approach > Sustainability Governance (see page 34)</p> <p>Sustainability Approach > Human Rights and Security (see page 38)</p> <p>Sustainability Approach > Stakeholder Engagement (see page 43)</p> <p>Sustainability Approach > Materiality (see page 46)</p> <p>Our People > Our Approach > Diversity and Inclusion (see page 58)</p> <p>Social Impact > Manitoba > Engaging with Indigenous Communities (see page 71)</p> <p>Human Rights Policy</p>	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				
411-1	Incidents of violations involving rights of Indigenous peoples	There were zero violations in 2022.		
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 101)	EM-MM-210a.2	Percentage of (1) proved and (2) probable reserves in or near Indigenous land

GRI Standard	Disclosure	Response, Page Number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 400: SOCIAL STANDARDS				
Human Rights Assessment				
GRI 3: Material Topics				
3-3	Management of material topics	Our Company > Business Conduct > Risks, Issues or Complaints (see page 18) Our Company > Risk Management (see page 19) Sustainability Approach > Sustainability Governance (see page 34) Sustainability Approach > Human Rights and Security (see page 38) Sustainability Approach > Materiality (see page 46) Sustainability Approach > Responsible Supply Chain (see page 48) Our People > Our Approach > Diversity and Inclusion (see page 58) Human Rights Policy		
GRI 412: Human Rights Assessment				
412-2	Employee training on human rights policies or procedures	Sustainability Performance > Key Performance Data (see page 100)		
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Supplier Code of Conduct and Ethics Customer Code of Conduct and Ethics		
Local Communities				
GRI 3: Material Topics				
3-3	Management of material topics	Our Company > Business Conduct > Risks, Issues or Complaints (see page 18) Our Company > Risk Management (see page 19) Sustainability Approach > Sustainability Governance (see page 34) Sustainability Approach > Materiality (see page 46) Sustainability Approach > Responsible Supply Chain (see page 48) Our People > Our Approach > Diversity and Inclusion (see page 58) Social Impact > Our Approach > Community Relations (see page 69) Social Impact > Our Approach > Local Hiring and Procurement (see page 69) Social Impact > Our Approach > Community Development (see page 69)	EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests

GRI Standard	Disclosure	Response, Page Number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 400: SOCIAL STANDARDS				
Local Communities				
GRI 413: Local Communities				
413-2	Operations with significant actual and potential negative impacts on local communities	Sustainability Performance > Key Performance Data (see page 101)		
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 99)	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 100)		
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 101)		
Resettlement				
GRI 3: Material Topics				
3-3	Management of material topics	Sustainability Approach > Sustainability Governance (see page 34) Sustainability Approach > Materiality (see page 46) Social Impact > Our Approach > Resettlement and Land Use (see page 69)		
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 99)		

GRI Standard	Disclosure	Response, Page Number(s) and/or URL(s)	SASB Code	SASB Metric
GRI 400: SOCIAL STANDARDS				
Closure Planning				
GRI 3: Material Topics				
3-3	Management of material topics	Sustainability Approach > Sustainability Governance (see page 34) Sustainability Approach > Materiality (see page 46) Social Impact > Our Approach (see page 68) Environment > Our Approach > Land and Biodiversity (see page 79) Environment > Our Approach > Closure and Reclamation (see page 81) Environmental Health, Safety and Sustainability Policy		
MM10: Closure Planning				
MM10	Number and percentage of operations with closure plans	Sustainability Performance > Key Performance Data (see page 101)		

TCFD Index

Category	Recommended Disclosures	In Place at Hudbay
Governance	Describe the Board's oversight of climate-related risks and opportunities	This is disclosed in our updated EHSS Committee Charter . Further information is provided under Sustainability Approach > Sustainability Governance > Sustainability Management Framework (page 34) and in our Management Information Circular .
	Describe management's role in assessing and managing climate-related risks and opportunities	Climate-related opportunities are anticipated to be market based and are tracked by our Vice President, Business Planning and Reclamation. This is disclosed in our Management Information Circular . Our enterprise risk management (ERM) system allows operations to record and make visible risks and opportunities across the organization. Our CSR function monitors and supports awareness and inclusion of climate risk factors. See Environment > Our Approach > Climate Change (page 80).
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	Climate-related opportunities are a focus of our strategy, which is to provide copper for the energy transition. This is disclosed in our February 2023 Investor Presentation . We have not identified short- or medium-term climate risks – our last survey of our locations showed limited medium-term change expected. We have identified medium-term GHG emissions-related risks of cost of carbon, regulatory risk and product market risk, particularly related to emissions intensity per unit of product. Risks have been disclosed under Environment > Our Approach > Climate Change (page 80) and in our Annual Information Form (page 41).
	Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning	Market opportunity: We are working to grow our copper business, which is disclosed in our February 2023 Investor Presentation . GHG mitigation risks: We have identified a reduction roadmap that we do not expect to negatively impact our business performance. This is disclosed under Our Feature Stories > Committed to Net Zero (page 6) and in our Annual Information Form (page 41).
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	We believe our strategy is resilient – the need for copper to support the energy transition is robust, and our GHG reduction roadmap is consistent with a 2°C or lower scenario. This is disclosed under Our Feature Stories > Committed to Net Zero (page 6).

Category	Recommended Disclosures	In Place at Hudbay
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks	Risks are identified through our ERM; the corporate CSR group provides climate scenarios. See our Environmental, Health, Safety and Sustainability Committee Charter and our Environmental Health, Safety and Sustainability Policy .
	Describe the organization's processes for managing climate-related risks	Climate-related impacts are managed through our ERM. The Corporate Steering Committee manages the GHG emissions reduction roadmap. General disclosure is provided under Environment > Our Approach > Climate Change (page 80).
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	This process is included in the scope of our ERM. See our Environmental, Health, Safety and Sustainability Committee Charter and our Environmental Health, Safety and Sustainability Policy .
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Market opportunity: Copper production, copper reserves and resources, which are disclosed in our February 2023 Investor Presentation . GHG emissions reduction roadmap: We disclose our direct (Scope 1) and indirect (Scope 2) emissions. GHG intensity is measured as tonnes of GHG emissions per kilotonne of metal in concentrate. This is disclosed under Sustainability Performance > Key Performance Data (page 103).
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks	See Sustainability Performance > Key Performance Data (page 102).
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Market opportunity: Targets are set through our Business Development group and corporate strategy. GHG emissions reduction roadmap: In 2022, we announced our commitment to achieve net zero GHG emissions by 2050, in line with the Paris Agreement, while adopting interim GHG reduction targets for 2030 to support this commitment. See Our Feature Stories > Committed to Net Zero (page 6). Disclosure is provided under Sustainability Performance > 2022 Targets and Achievements (page 107) and Sustainability Performance > 2023 Targets (page 108).



ABOUT THIS REPORT

About This Report

This report presents 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 these results in a single report presents a holistic account of the Company's activities.

On February 23, 2023, 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, 2022. The reports are posted on our website. The **Business and Financial Review** section of this report is based on 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 15th report based on the GRI Sustainability Reporting Guidelines. Our most recent previous report was released in June 2022. 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 2022 calendar year. Sustainability report content is defined based on our materiality analysis and aspects identification process, which apply 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 was approved by Olivier Tavchandjian, P. Eng., Hudbay's Senior Vice President, Exploration and Technical Services. Mr. Tavchandjian is a qualified person pursuant to National Instrument 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 the System for Electronic Document Analysis and Retrieval (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 Annual Sustainability 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 Sustainability Report is qualified by this cautionary note.

Forward-looking information includes, but is not limited to, our ability to meet our greenhouse gas reduction and emission targets, the strengths, characteristics and potential operating efficiencies and corporate synergies resulting from the Transaction (as defined below); the impact of the Transaction on our shareholders and Copper Mountain Mining Corporation's shareholders and other stakeholders and other anticipated benefits of the Transaction, statements regarding our production, cost and capital and exploration expenditure guidance, anticipated environmental, health and safety performance, anticipated social development programs, anticipated production at our mines and processing facilities, financial conditions and prospects, and our ability to

effectively engage with local communities in Manitoba and Peru and other stakeholders, the new 10-year agreement for 100% renewable energy supply to Constanca, expectations regarding the Copper World project, including with respect to our plans for a pre-feasibility study, the estimated timelines and prerequisites for sanctioning the project, expectations regarding the permitting requirements for the Copper World project and permitting related litigation, our ability to increase the mining rate at Lalor, the anticipated timing for completing the Stall recovery improvement program and anticipated benefits therefrom, our evaluation of opportunities to reprocess tailings, expectations regarding the prospective nature of the Maria Reyna and Caballito properties, the anticipated impact of brownfield growth projects on our performance, anticipated expansion opportunities in Snow Lake, anticipated drill programs and exploration activities, anticipated mine plans, anticipated metals prices and the anticipated sensitivity of our financial performance to metals prices, events that may affect our operations and development projects, anticipated cash flows from operations and related liquidity requirements, the anticipated effect of external factors on revenue, such as commodity prices, estimation of mineral reserves and resources, mine life projections, reclamation costs, economic outlook, environmental regulation and legislation and other government regulation of mining operations, and business and acquisition strategies. Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, are

inherently subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information.

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

- the ability to satisfy the conditions to closing the proposed acquisition of Copper Mountain Mining Corporation (the “Transaction”), including the receipt of shareholder, regulatory and court approvals;
- that no third party would make a superior proposal to the Transaction;
- that the arrangement agreement entered into with Copper Mountain Mining Corporation (the “Arrangement Agreement”) would not be terminated in certain circumstances;
- the ability to achieve production and cost guidance;
- the ability to achieve discretionary spending reductions without impacting operations;
- no significant interruptions to operations due to social or political unrest in the regions Hudbay operates, including the navigation of the complex environment in Peru;
- no interruptions to our plans for advancing the Copper World project;
- the ability to ramp up exploration in respect of the Maria Reyna and Caballito properties and to advance related drill plans;
- the ability to increase the mining rate at Lalor;
- 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 or health and safety matters;
- no significant unanticipated changes to the various international and national standards we adhere to;
- no significant unanticipated changes to our water usage, emissions intensity or energy intensity;
- no significant unanticipated changes in the political climate in the various jurisdictions in which we currently or plan to explore or operate;
- the ability to contemplate the effects of climate change at our sites, on our operations and on the extractive industry in general;
- no contests over title to our properties including as a result of rights or claimed rights of Indigenous peoples or challenges to the validity of our unpatented mining claims;
- the timing and possible outcome of pending litigation and no significant unanticipated litigation;
- certain tax matters, including, but not limited to, current tax laws and regulations, 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, political and social risks in the regions Hudbay operates, risks related to the failure to receive approval of the Transaction by our or Copper Mountain Mining Corporation’s shareholders; the likelihood of receiving required court, regulatory and other consents and approvals to effect the Transaction, the potential of a third party making a superior proposal to the Transaction, the possibility that the Arrangement Agreement could be terminated in certain circumstances, 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 Copper World project, including in relation to permitting, litigation, project delivery and financing risks, risk related to the Lalor mine plan, including the ability to convert inferred mineral resource estimates to higher confidence categories, 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 our 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 and under the heading “Financial Risk Management” in our most recent management’s discussion and analysis, and otherwise throughout this Annual Sustainability 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 Sustainability 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 Annual Sustainability Report has been prepared in accordance with the requirements of the securities laws in effect in Canada, which may differ materially from the requirements of United States securities laws applicable to US issuers.

Contact Us

We invite your comments and questions about this report.

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

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

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

Grant-in-lieu – an amount paid instead of property taxes

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

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

Scope 1 emissions – direct greenhouse gas (GHG) emissions from sources that are owned or controlled by an organization

Scope 2 emissions – indirect GHG emissions from the generation of purchased electricity, steam, heating and cooling, including from electricity purchased from the grid

Scope 3 emissions – indirect GHG emissions not included in Scope 1 or 2 that are generated from activities not owned or controlled by Hudbay but that are included in our value chain

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