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CEO Message

2019 was a year of transition and positioning for Hudbay. I was named interim Chief Executive Officer in July, and in early 2020 I was appointed as Hudbay’s President and CEO. Stephen Lang, a veteran executive with experience in virtually every aspect of mining, joined our Board as its Chair in October.

In my first letter as CEO, I am pleased to report that 2019 was also a year of considerable achievements for Hudbay. Through a combination of operational know-how and technical sophistication, all driven by the energy, expertise and commitment of our people, Hudbay delivered impressive results and improved performance at our existing mines.

Opportunities for Growth

We also laid the foundation for increased performance near our operating mines through a mix of prudent, targeted enhancements, which included increasing the capacity at our Stall mill, initiating the refurbishment of our New Britannia mill and further optimizing processes at our Constancia mine. Additionally, we extended the resource potential in Snow Lake with the discovery of the 1901 deposit and our work on the Lalor gold zone. We also set the stage for expanding our operating footprint in Peru through acquiring the surface rights to Pampacancha and by deepening our relationships with the local communities that hold the surface rights over our prospective land package within trucking distance of Constancia. Through these efforts, we helped position Hudbay for long-term growth in both copper and gold through exploration and development.

Of course, 2019 also contained one undeniable disappointment: after successfully completing the permitting process and initiating an early works program at our Rosemont project in Arizona, an unexpected judicial order halted our progress. This stoppage was the result of an unprecedented judicial decision, which we are appealing, alongside government agencies involved in issuing the permits. We are optimistic of our eventual success on appeal and, in parallel, are pursuing a variety of options to maximize Rosemont’s potential.

With construction work currently on hold at Rosemont, we moved to advance exploration activities at Mason, our advanced exploration project in Nevada. Mason is one of the largest undeveloped copper resources in the Americas. We believe it will make a significant addition to our robust copper pipeline in the future.

A History of Extending Value

Hudbay can trace its origins as a company back to 1927, when it started mining operations in northern Manitoba. Since then, the Company’s history of finding, developing and repeatedly extending the life of orebodies has been simply phenomenal, and we continue to build on it everywhere we operate.

Manitoba

At our Lalor mine, production ramped up from 3,600 tonnes per day to a targeted capacity of 4,500 tonnes per day. Along with enhanced performance, we also delivered an updated mine plan for Lalor that will substantially increase gold production once the New Britannia mill is commissioned and that positions Lalor as one of the lowest cost gold mines in Canada. The mine plan lays out our approach for refurbishing the New Britannia mill, which will significantly enhance gold recoveries at Lalor while providing additional processing capacity in Snow Lake. Creating a new gold business gives Hudbay greater flexibility through commodity diversification and value maximizing opportunities.
As already mentioned, our team discovered a new deposit in the Snow Lake region that we named 1901, and we subsequently completed our initial resource estimate just six months after that discovery. The 1901 deposit is located near our existing mining and processing infrastructure and is now part of our long-term growth pipeline.

As we expanded operations at Snow Lake, we communicated openly with the communities of Flin Flon, Creighton and Denare Beach about the confirmed shutdown of the 777 mine in 2022, even as we kept looking for efficiencies at the mine to enhance the viability of the operation. Hudbay will continue to support the community during this transition while reinforcing our ties to northern Manitoba. Transition plans are in place to move some employees to our Snow Lake operations, where the refurbishment of the New Britannia mill will help to ensure that Hudbay remains a reliable partner in the region for many years to come.

Peru
Thanks to the efforts of both mine and technical teams, the story of Constancia in 2019 was one of continuous improvement, with copper recoveries increasing throughout the year. Enhanced recovery effectively gives us more copper without markedly growing costs. During the year, our activities were occasionally affected by road blockades and port closures related to community actions against other mines in the region. We were never the target of these actions and were able to adjust to and recover from their impact quickly. Establishing and maintaining good relations with neighbouring communities has always been a priority for Hudbay, and this has been rewarded in many ways, including a social acceptance. Over 2019, we made notable progress in securing land access at Pampacancha and advanced discussions with communities to the north of Constancia in relation to the additional satellite mineral rights we acquired in 2018. Our efforts are focused on further expanding Hudbay’s sizable growth pipeline.

A Company with Diverse Strengths

As we shift from 2019 to 2020, I think it is worthwhile to enumerate Hudbay’s diverse strengths. We are a Canadian copper company with assets in jurisdictions with sound regulatory and business environments. Our assets, both those in operation and those in our pipeline, lend themselves to expansion, and Hudbay has the in-house skills needed to deliver on that potential at every stage of the mining cycle – from exploration and development to operation and reclamation. Very few of our peers can point to a comparable mix of assets and abilities.

One of Hudbay’s greatest strengths is the culture of safety we have built across our company. It encompasses our assets, our people, communities and the environment and is expressed in our commitment to zero harm, across everything we do, everywhere we operate. As you will see in this report, in both Manitoba and Peru we delivered strong safety performance in 2019. However, in this case, good is not good enough, and our focus in 2020 will be to aim for perfect safety records.

The Strengths of Copper

Copper has been a valuable metal for centuries, but, in the face of climate change and other challenges, it is becoming the essential metal. It is absolutely required for the electric infrastructure and vehicles that are needed to meet the world’s decarbonization or green objectives. And Hudbay is well positioned to deliver sustainable and dependable copper production for many years to come. We have the pipeline, and we have the people. The skills we have and the assets we own will enable us to grow progressively while investing judiciously. It is a compelling proposition.

Hudbay’s Response to COVID-19

While the focus of this integrated report is Hudbay’s overall performance in 2019, it is written during the early months of 2020. So I felt it would be appropriate to say something about Hudbay’s initial response to the COVID-19 pandemic. We have kept an eye on the rapidly evolving situation across all of our operations, and our company-wide business preparedness plans were activated in mid-March 2020. At the business unit level, the response plans have been developed based on the dynamics and context of the local situation. We have been engaging with local communities, health authorities, government and other stakeholders in each of our regions. It is an uncertain time, but we remain vigilant and ready to respond to the ever-changing circumstances to ensure we protect all of our stakeholders and the continuity of our business.

Hudbay is an iconic Canadian company that has successfully weathered many storms. It has been around for 90 years, and I am confident it will be around for 90 more. I am proud and excited to be a part of it. I want to thank our Board for their guidance, and my colleagues across the Company for their warm welcome and continued support.

Sincerely,

Peter Kukielski
President and Chief Executive Officer
Constancia embodies Hudbay’s diverse strengths and capabilities in every aspect of mining. In a challenging, mountainous geography, we went from acquisition in 2011 to completed construction in 2014. Subsequently, Hudbay moved from initial production to full production in only five months – all while maintaining a clear focus on safety and a close rein on costs.
Constancia: Record Results

In 2019, Constancia delivered record performance in terms of the tonnes of ore the mine processed, increasing from the original daily rate of approximately 76,000 tonnes to a record of almost 86,000 tonnes per day for the year. At the same time, we increased the amount of copper we recover from that ore, moving from an average 80% recovery to consistent recoveries of 85% or higher.

Our safety performance was also solid in 2019, with only one lost time injury over the year. Constancia is a recognized sector leader for safety in South America, and our performance is driven by a commitment to continuous improvement. In 2019, we expanded the mine-wide Behaviour-Based Safety program we introduced in 2018, and implemented new safety technologies and protocols for our highway fleet.

Optimizing Performance

The team at Constancia drove performance improvements by finding ways to optimize technical processes related to recovery and by re-examining our approach to daily operations. On the technical side, we initiated enhancements at the concentrator and to our overall recovery circuit. Many of these improvements were only made possible by the knowledge we have gained over several years of operation, which, from a metallurgical perspective, has given us greater insight into the nature of the resource at Constancia.

With respect to day-to-day operations, one of the most significant improvements we made was the introduction of a central control centre – imagine an air traffic control tower for a mine.

This enhanced perspective allows managers at Constancia to see challenges, often before they happen, and, through collaboration, to resolve problems quickly when they do arise, all of which contributes to a more efficient and productive mine.

Focused on Continuous Improvement

The commitment to continuous improvement at Constancia will deliver further benefits, as, over the next several years, Hudbay begins to capitalize on the area’s regional potential. Constancia is at the centre of several highly prospective properties, including Pampacancha, to which Hudbay has both the surface and mineral rights. As these properties are developed, ore from the sites will be processed using existing facilities at Constancia, providing another example of Hudbay’s exceptional capacity for extending the productivity and value of its assets.

Rather than working in separate offices, mining and processing staff now work together in a central office that uses on-site cameras to provide them with a 360-degree, 24/7 picture of everything occurring on the mine site.
In a history that extends back over 90 years, Hudbay has developed a notable record for using innovation, teamwork and hard-earned mining insight to get the most out of its properties.
Lalor: Hitting Its Stride

The increase to 4,500 tonnes per day, up from a previous average of 3,600–3,700 tonnes per day, is not due to any single change or enhancement. Rather, it is attributable to a number of thoughtfully applied improvements to procedures and processes across all of the mine’s activities, including mine design changes, contract strategies, asset integrity and work management programs.

**Improving Efficiency**

Lalor also adopted a new system for refueling its scoop that delivered noteworthy results. Rather than keeping fuel at central bays that scoops had to visit whenever they needed fuel, the mine invested in a fuel truck that can go directly to the scoops on an as-needed basis, eliminating wasted travel time and increasing effective mucking hours. A number of continuous improvement Kaizen events were held at Lalor in 2019 and were key to getting employee input into the successful production ramp-up.

This simple improvement allowed drivers and their scoops to spend an additional hour and a half at the ore face, which, based on a 12-hour shift, is a significant increase of productive time spent actively mining. This, and other such improvements, speaks to a culture of continuous improvement, and in many cases, the changes were suggested by the miners at Lalor.

**Making the Most of Our Mills**

In addition to changes at the mine site, in 2019 Hudbay undertook a series of incremental process and equipment enhancements to further increase throughput at our Stall mill. The New Britannia mill, which Hudbay acquired in 2015, was another important area of focus in 2019. Engineering and other technical work was done on a new copper flotation circuit, along with other upgrades to the plant, which will enable New Britannia to contribute to significantly enhanced recoveries from the Lalor gold and copper-gold zones when the mill goes into operation in late 2021.

In 2019, the Company extended its record of achievement when it ramped up to producing 4,500 tonnes of ore per day at the Lalor mine in northern Manitoba.
A Challenging Path to a World-Class Mine
Rosemont: A Challenging Path to a World-Class Mine

Early in 2019, after a comprehensive process of consultation and review, Hudbay received the final federal permits for its Rosemont project in Arizona: the Section 404 Water Permit from the US Army Corps of Engineers and approval of the Mine Plan of Operations from the US Forest Service. At that point, Hudbay was ready to embark on developing one of the most environmentally innovative and highly productive low-cost copper mines in the world.

In July 2019, however, the US District Court for Arizona overturned the permits and approvals for the project in an unprecedented ruling, and effectively halted development from moving forward. A strong regulatory regime creates clear criteria for a project to achieve acceptable environmental performance, and in return for meeting these criteria should create predictability for companies with respect to the permitting process and timelines. We believe the Rosemont design included significant investments that more than addressed the regulatory criteria to represent a state-of-the-art project, and we are disappointed this did not deliver the corresponding certainty of timelines. Hudbay and the federal agencies are appealing the decision that overturned the federal permits. Since acquiring Rosemont in 2014, we have successfully defended seven lawsuits relating to the project – the first six at the trial court level and the seventh on appeal. Based on decades of established precedent, we are optimistic that we will eventually move forward in developing Rosemont.

Guided by that belief, Hudbay’s Arizona Business Unit continues to look for ways to optimize the project, as well as evaluating other options to advance it. Our intention is still to build a world-class mine at Rosemont, and we will keep stakeholders informed through the process. We are also using insights gained from the Rosemont process to help guide planning for future development at Mason.

One program we will continue is Hudbay Rosemont Copper School Grant Program. The grant program awards between $500 and $5,000 to local public schools’ STEEAM (Science, Technology, Engineering, Environment, Agriculture and Math) programs for students. In 2019, we awarded 20 grants totalling nearly $20,000.
Hudbay is a diversified mining company primarily producing copper concentrate (containing copper, gold and silver) and zinc metal. Directly and through its subsidiaries, Hudbay owns three polymetallic mines, four ore concentrators and a zinc production facility in northern Manitoba and Saskatchewan (Canada) and Chumbivilcas (Peru), and copper projects in Arizona and Nevada (United States). The Company’s growth strategy is focused on the exploration, development, operation and optimization of properties it already controls, as well as other mineral assets it may acquire that fit its strategic criteria. The Company is governed by the Canada Business Corporations Act and its shares are listed under the symbol “HBM” on the Toronto Stock Exchange, New York Stock Exchange and Bolsa de Valores de Lima.
Chumbivilcas, Peru

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

**Pampacancha**
- 100% ownership
- Proposed open pit copper/gold mine

Manitoba, Canada

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

**777**
- 100% ownership
- Underground copper/zinc/gold/silver mine
- Flin Flon concentrator
- Hydrometallurgical zinc plant

Arizona, USA

**Rosemont**
- 100% ownership
- Open pit copper project

Exploration properties
- Peru
- Chile
- Nevada, USA
- New Mexico, USA
- Manitoba, Canada
- Saskatchewan, Canada

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1 We completed the acquisition of the United Copper & Moly Rosemont interest (7.95%) on April 25, 2019, providing us with 100% ownership of Rosemont.
**Vision, Mission, Values**

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

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

**Values**
**Dignity & Respect:** We treat each other in ways that bring out the very best in each of us.

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

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

**Trustworthiness:** We can count on each other to do the right thing, and we follow through on our commitments.
Corporate Governance

Good corporate governance is the foundation of any successful business, and it supports a company’s ability to mitigate risk, protect stakeholders’ interests and operate more efficiently and effectively.

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

With a refreshed Board, including a new Chair, a new CEO and a total of five new directors, we have reaffirmed our corporate strategy and established the necessary ingredients for a sustainable long-term future.

Members of our Board are highly skilled individuals with qualifications that include having sound judgment, integrity and strong character, as well as expertise and knowledge useful in the oversight and safeguarding of the Company’s business. Our Board members also represent a diversity of viewpoints, backgrounds and experiences.

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

See our Management Information Circular to learn more.
As of December 31, 2019, the following were members of Hudbay’s Board of Directors:

**STEPHEN A. LANG**
- Chair
- Compensation and Human Resources Committee
- Corporate Governance and Nominating Committee
- Technical Committee

**CAROL T. BANDUCCI**
- Audit Committee (Chair)
- Environmental, Health, Safety and Sustainability Committee

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

**RICHARD HOWES**
- Compensation and Human Resources Committee
- Technical Committee

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

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

**PETER KUKIELSKI**
- President and Chief Executive Officer

**COLIN OSBORNE**
- Technical Committee (Chair)
- Audit Committee

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

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

* Independent

Note: After assisting with the Chair transition and the CEO search, Alan Hibben stepped down as a director in February 2020. Mr. Hibben joined the Board in 2009 and served as Chair from 2017 to 2019.

More information on our Board of Directors

Learn more:
- Governance policies, standards, guidelines and committee charters
- Management Information Circular
Business Conduct

Reflected in our values of dignity, respect, caring, openness and trustworthiness is an understanding that how we do our work is as important as what we do.

Our values are also expressed in our Code of Business Conduct and Ethics (the Code of Business Conduct or the Code), which states the principles of ethical conduct expected of everyone working on behalf of Hudbay, its subsidiaries and its affiliates. These principles include avoiding conflicts of interest; complying in good faith with all applicable laws, rules and regulations; protecting Hudbay’s confidential and proprietary information, assets, systems and property; and fostering a work environment of respect and dignity.

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

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

Hudbay personnel may participate in the political process as private citizens; however, our Code prohibits political contributions made on Hudbay’s behalf.

Compliance Training

We provide compliance training on our Code and related policies to all employees with a Hudbay email address, as well as to the Board. Training on the Canadian Corruption of Foreign Public Officials Act (CFPOA) and the US Foreign Corrupt Practices Act (FCPA) is given to specific groups or across the organization as the Company deems appropriate.

In 2019, the Code underwent several changes, which were approved in December by the Board. As such, the annual compliance process for employees was deferred until early 2020. In early 2020, we completed an online certification and training campaign in which all active employees were provided copies of the Code and our key compliance policies (including anti-corruption policies), asked to e-sign the policies to certify their compliance therewith and complete a training program in respect of such policies. In addition, in late 2019, our COO and Vice President and General Counsel carried out a compliance training program for the senior leadership team in Peru. Of the individuals required to participate in the training, 100% (representing 56% of our workforce) completed the course. For individuals who failed to comply by April 30, 2020, the Company suspended their email access until they completed the training.

Risks, Issues or Complaints

An assessment of corruption risks at our three business units and our corporate office identified that potential for the violation of the CFPOA and the FCPA constitutes a significant risk in Peru, due to difficulties in monitoring the compliance of contractors and agents (and, potentially, employees as the Company grows), as well as the increased enforcement of anti-corruption legislation.
There were no incidents of corruption reported in 2019, and no accusations of corruption involving employees, business partners or legal cases were brought against the Company. Through our third-party whistleblower reporting service, six incidents were reported in 2019, all of which were investigated and resolved with corrective action where necessary. None of these incidents involved significant allegations of fraud or violations of our Code; however, some allegations were brought forward related to business, health, safety and environmental practices, conduct, and violations of company policies or procedures, and potential conflicts of interest.

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

- Contact our Board of Directors by mail or email at chair@hudbay.com.
- Submit a confidential report to the Chair of Hudbay’s Audit Committee about any perceived violation 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 by calling +1 877 457-7318 or visiting clearviewconnects.com. Reports are handled under our Whistleblower Policy, and the Chair of the Audit Committee is responsible for ensuring that they are appropriately investigated.
- Canada’s National Contact Point (NCP) for the Organisation for Economic Co-operation and Development (OECD) provides a forum where multinational enterprises, Canadian businesses, non-governmental organisations and labour organizations can voice their views and concerns. Canada’s NCP can be reached by email at ncp.pcn@international.gc.ca or by telephone at +1 343 203-2341.
- The independent Canadian Ombudsperson for Responsible Enterprise (CORE), which replaced the office of the CSR Councillor, is in the process of establishing mechanisms to investigate human rights complaints related to Canadian companies operating overseas. More information about the development of the CORE’s roles and responsibilities is available on the Government of Canada’s website.
- Community concerns are addressed through our grievance process at each project and operating site. For details about community concerns during 2019, see the Community Relations section of this report or look for locally available information on initiating agreements.

**Risk Management**

As a mining company operating and exploring in multiple jurisdictions, Hudbay’s top risks go beyond financial and operational, and include, but are not limited to, geopolitical, social and environmental. We have a risk-smart workforce that identifies and manages risk to ensure the successful achievement of our business objectives.

Our enterprise risk management (ERM) processes:

- Help identify existing and emerging risks to our business
- Promote alignment across the organization
- Embed effective risk management practices and tools into our culture, systems and processes
- Provide assurance to our executives and relevant committees of the Board of Directors on the effectiveness of the ERM process

At the Board level, risk oversight practices are maintained, with responsibilities outlined in the Board’s and related committees’ charters. The Board of Directors’ charter makes clear its responsibility for reviewing principal risks and, with the assistance of the Audit Committee, implementing policies and overseeing the design of systems to effectively monitor such risks.

Hudbay executives are responsible for:

- Ensuring business is conducted in accordance with the risk appetite set by the Board of Directors
- Integrating risk management into their strategic business planning, budget and resource allocation, operating performance, and human resources, financial and compliance processes
- Ensuring principal risks are actively monitored and managed

As they are identified, risks are assigned to individuals who have the most knowledge and experience to effectively manage and monitor said risks. Each individual business unit has a risk register, which is managed by the VP of the business unit and includes risks such as environmental and corruption. An aggregation of our risk information from each register is performed to identify the high-level risks.

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

We discuss long-term and emerging risks and their potential business impacts in the Risk Factors section of our Annual Information Form.
Hudbay’s proven record of discovering, building and operating world-class mines is a reflection of the women and men who work on Hudbay’s behalf. They are led by the Company’s skilled and experienced management team, which sets the tone for a culture of integrity and compliance, and oversees the Company’s long-range goals, strategies, plans and policies, subject to the Board’s direction and oversight.

As of December 31, 2019, the following were members of Hudbay’s management team:

- **Management Team**

  Hudbay's proven record of discovering, building and operating world-class mines is a reflection of the women and men who work on Hudbay's behalf. They are led by the Company's skilled and experienced management team, which sets the tone for a culture of integrity and compliance, and oversees the Company's long-range goals, strategies, plans and policies, subject to the Board's direction and oversight.

  As of December 31, 2019, the following were members of Hudbay's management team:

  **PETER KUKIELSKI**  
  President and Chief Executive Officer

  **CASHEL MEAGHER**  
  Senior Vice President and Chief Operating Officer

  **EUGENE LEI**  
  Senior Vice President, Corporate Development & Strategy and Interim Chief Financial Officer

  **PETER ADAMEK**  
  Vice President, Finance

  **PETER AMELUNXEN**  
  Vice President, Technical Services

  **ROBERT ASSABGUI**  
  Vice President, Manitoba Business Unit

  **DAVID CLARRY**  
  Vice President, Corporate Social Responsibility

  **JAVIER DEL RIO**  
  Vice President, South America Business Unit

  **PATRICK DONNELLY**  
  Vice President and General Counsel

  **JON DOUGLAS**  
  Vice President and Treasurer

  **ELIZABETH GITAJN**  
  Vice President, Risk Management

  **OLIVIER TAVCHANDJIAN**  
  Vice President, Exploration and Geology

  **ANDRÉ LAUZON**  
  Vice President, Arizona Business Unit

  *Note: David Bryson, Chief Financial Officer, retired March 31, 2020.*

  Learn more

  - Management team biographies
Throughout 2019, Hudbay drew upon our strengths across the mining lifecycle and upon our focus on continuous improvement, to deliver reliable operating results. Along with achieving full-year production and unit cost guidance in both Peru and Manitoba, we stayed on track for meeting our copper production guidance for the fifth consecutive year. At Constancia, thanks in part to metallurgical enhancements at our mill, we achieved record throughput and record copper recoveries. Our constant focus on community relations paved the way for securing surface rights to Pampacancha in early 2020, enabling us to proceed with negotiations with individual land users. At Lalor, we also delivered record throughput, after successfully completing the ramp-up to 4,500 tonnes per day. Our 777 mine successfully implemented several efficiency initiatives, which helped drive zinc production above the top end of the guidance ranges. Early in 2019, we announced the first phase of our Snow Lake gold strategy, which resulted in a significant increase in gold reserves and an updated mine plan for Lalor. Supported by the refurbishment of the New Britannia mill and related infrastructure upgrades in Snow Lake, Lalor’s annual gold production is expected to increase to 140,000 ounces. In early 2020, we further optimized the Lalor mine plan and incorporated other regional gold deposits, resulting in the second phase of our Snow Lake gold strategy and a further increase in annual gold production to over 150,000 ounces, along with a mine life extension to 18 years. Our focus in 2020 will be on implementing low-risk, quick-return investments – in exploration, infrastructure and operational efficiency – targeted at or near to our existing assets. We have committed $25 million to exploration in the coming year.
Key Accomplishments

- Achieved production and unit cost guidance in both Peru and Manitoba. Additionally, strong performance at the Lalor and 777 mines resulted in zinc production exceeding the top end of the guidance range.
- Constancia achieved record mill throughput and copper recoveries in 2019.
- Lalor and 777 increased mine output by 22% and 15%, respectively, on a year-over-year basis.
- Reached a community agreement to acquire Pampacancha surface rights.
- Refurbishing of the New Britannia mill is on track for completion in 2021; Hudbay expects this will increase Lalor’s annual gold production to over 150,000 ounces in 2022.
- Cash and cash equivalents of $396.1 million, as at December 31, 2019, position the Company well for executing future growth initiatives.

2019 Summary

Operations Summary
For the years ended December 31

<table>
<thead>
<tr>
<th>Production (contained metal in concentrate)¹</th>
<th>2019</th>
<th>2018</th>
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<tbody>
<tr>
<td>Copper (000 tonnes)</td>
<td>137.2</td>
<td>154.6</td>
</tr>
<tr>
<td>Zinc (000 tonnes)</td>
<td>119.1</td>
<td>115.6</td>
</tr>
<tr>
<td>Gold (000 ounces)</td>
<td>114.7</td>
<td>119.9</td>
</tr>
<tr>
<td>Silver (000 ounces)</td>
<td>3,585.3</td>
<td>3,954.5</td>
</tr>
</tbody>
</table>

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

Financial Summary
Financial Condition
(in $000s)

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2019</th>
<th>Dec. 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 396,146</td>
<td>$ 515,497</td>
</tr>
<tr>
<td>Working capital</td>
<td>271,284</td>
<td>445,228</td>
</tr>
<tr>
<td>Total assets</td>
<td>4,455,961</td>
<td>4,685,635</td>
</tr>
<tr>
<td>Total long-term debt</td>
<td>985,255</td>
<td>981,030</td>
</tr>
<tr>
<td>Equity</td>
<td>1,848,123</td>
<td>2,178,856</td>
</tr>
</tbody>
</table>
## Financial Performance
*(in $000s, except per share amounts)*

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2019</th>
<th>Dec. 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,237,439</td>
<td>$1,472,366</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>(452,763)</td>
<td>170,837</td>
</tr>
<tr>
<td>Basic and diluted earnings (loss) per share¹</td>
<td>(1.32)</td>
<td>0.33</td>
</tr>
<tr>
<td>Profit (loss)</td>
<td>(343,810)</td>
<td>85,416</td>
</tr>
<tr>
<td>Operating cash flows before change in non-cash working capital</td>
<td>307,284</td>
<td>501,352</td>
</tr>
</tbody>
</table>

### Production
- **Contained metal in concentrate²**
  - Copper (tonnes): 137,179 (154,550)
  - Gold (ounces): 114,692 (119,882)
  - Silver (ounces): 3,585,330 (3,954,469)
  - Zinc (tonnes): 119,106 (115,588)

### Metal sold
- **Payable in metal in concentrate²**
  - Copper (tonnes): 128,519 (147,923)
  - Gold (ounces): 108,999 (113,097)
  - Silver (ounces): 3,452,926 (3,372,353)
  - Refined zinc (tonnes): 104,319 (115,723)

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¹ Attributable to owners of the Company.
² Metal reported in concentrate is prior to deductions associated with smelter contract terms.

2019 copper production benefited from increased throughput and recoveries at Constancia despite expected lower planned grades. Strong zinc production was as a result of Lalor achieving its ramp-up to 4,500 tonnes per day and the 777 mine implementing operational improvements.
Our mission is to create sustainable value through acquiring, developing and operating high-quality, long-life deposits with exploration potential in jurisdictions that support responsible mining. Ensuring that regions and communities in which we operate benefit from our presence is key to creating value for all of Hudbay’s stakeholders.

We believe the best way to create shareholder value in the mining industry is by discovering and successfully developing new mineral deposits while maintaining efficient, low-cost operations for profitably extracting ore from those deposits. We also believe that our strong track record, which includes the development, ramp-up and operation of the Constancia mine in Peru and our 90-year history of mining in northern Manitoba, gives us a competitive edge when compared to similar-sized peers in mining.

Hudbay has built a world-class asset base over the last decade by employing a consistent strategy. We are pursuing sustainable growth through exploring and developing our robust project pipeline and by acquiring other properties that fit our strategic criteria.

To create sustainable value for stakeholders, we have clear criteria for evaluating mineral property opportunities. These include:

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

- **Quality**: We are focused on adding long-life, low-cost assets to our existing portfolio of high-quality assets.

- **Potential**: Regardless of the stage of development, we look for mineral assets that we believe offer significant incremental potential for exploration, development and optimization beyond the stated resources and mine plan.

- **Process**: Through a robust due diligence and capital allocation process, we develop a clear understanding of how we can create value through acquisition or by investment in existing properties.

- **Operatorship**: We believe real value is created through leading efficient project development and operations.

- **Financial**: Investments and acquisitions should be accretive to Hudbay on a per share basis.

**Financial and Business Objectives for 2020**

Looking forward to 2020, we will build on our commitment to creating sustainable value with a focus on low capital intensity, high-return brownfield projects, such as beginning development in Pampacancha and making further progress on refurbishing the New Britannia mill in Manitoba. We will also continue exploration activities related to the Mason project in Nevada.

**Geography**: Our geographic focus is on select countries in the Americas, with strong rule of law and respect for human rights consistent with our long-standing focus on environmental, social and governance principles.
We intend to:

• Continue to exercise stringent cost discipline across our business while still generating positive cash flow
• Progress on the refurbishment of the New Britannia mill
• Reach agreements with individual community members that currently use portions of the acquired Pampacancha lands and move forward with development at Pampacancha
• Continue to drill Lalor gold to further add to reserves and extend mine life
• Conduct further testing of Constancia regional exploration targets, and work to identify and unlock future value
• Advance preliminary economic studies at Mason
• In conjunction with relevant US federal agencies, will pursue appeal of Rosemont decision through the US Ninth Circuit Court of Appeals

Business Activities

Throughout 2019, we pursued continuous improvement at all of our operations. For the fifth year in a row, our focus helped us to meet our guidance expectations in Peru and Manitoba, and in the case of zinc, to exceed the top end of our 2019 guidance range. In a constrained price environment where base metals were impacted by global trade volatility, we were able to generate positive free cash flow. At Constancia, we delivered record mill throughput and copper recoveries. We also made vital progress in the negotiations that enabled us to reach a community agreement for surface rights to Pampacancha in early 2020. In Manitoba, both Lalor and 777 achieved increased mine output. At Lalor, we made notable progress in terms of our mine plan and in updating the New Britannia mill, which will enable us to significantly increase gold production starting in 2022.

• Across Hudbay, produced 137,179 tonnes of copper in concentrate, 119,106 tonnes of zinc in concentrate and 114,692 ounces of gold in concentrate
• Maintained our focus on efficiency, with a consolidated cash cost per pound of copper produced of $1.14 and an all-in sustaining cost of $2.17 per pound
• Generated $310.9 million from operating activities in 2019, with an ending cash balance of $396.1 million, and are well positioned for future growth initiatives
• Continued our strong sustainability performance
• Fully refreshed our Board and appointed new CEO

1 All-in sustaining cash cost per pound of copper produced, net of byproduct credits, is a non-IFRS financial performance measure with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under “Non-IFRS Financial Performance Measures” beginning on page 42 of Hudbay’s Management’s Discussion and Analysis filed February 20, 2020.
Manitoba Business Unit

- Lalor and 777 increased mine output by 22% and 15%, respectively, year-over-year
- Received the Mining Association of Canada’s Towards Sustainable Mining (TSM) Leadership Award for meeting or exceeding a Level A ranking across six key areas of performance: aboriginal and community outreach, crisis management and communications planning, safety and health, tailings management, biodiversity conservation management, and energy and greenhouse gas emissions management
- Discovered the 1901 deposit and published an initial resource estimate six months later
- Announced updated mine plan for Lalor, more than doubling the annual gold production
- Progressed on refurbishment of New Britannia mill
- Achieved full-year unit cost guidance

Peru Business Unit

- Achieved record mill throughput and copper recoveries at Constancia, although throughput was capped by operating permit levels
- 2019 negotiations with Chilloroya laid the foundation for securing a community agreement for surface rights at Pampacancha in February 2020
- Moved forward with integration of an automated, advance process control system
- Constancia remains one of the lowest cost copper mines in South America

Corporate Exploration

- Committed $25 million, which includes option payments, toward exploration in 2020; will focus our efforts on exploration near existing processing infrastructure in Peru and Manitoba
- Exploration portfolio of owned or optioned mineral properties comprises approximately 850,000 hectares across Canada, Peru, the United States and Chile

1 Source: Wood Mackenzie Q4 2019 dataset, primary copper, open pit sulphide mines in South America. Operating costs include mining, processing and general and administrative expenditures on a per tonne basis. Wood Mackenzie’s costing methodology may be different than the methodology reported by Hudbay or its peers in their public disclosure. For details regarding Hudbay’s costs, refer to Hudbay’s Management’s Discussion and Analysis for the year ended December 31, 2019.

2 All-in sustaining cash cost per pound of copper produced, net of byproduct credits, is a non-IFRS financial performance measure with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under “Non-IFRS Financial Performance Measures” beginning on page 42 of Hudbay’s Management’s Discussion and Analysis filed February 20, 2020.
Sustainability Approach

Critical to Hudbay’s success is our team of dedicated, experienced professionals who are committed to operating sustainably, as measured by our ability to manage the social, environmental and economic risks, impacts and opportunities associated with our activities.

86%

Reduced lost time injuries by 10% and severity of injuries by 86% in Manitoba

$8.1 MILLION

contributed toward community investments and charitable donations
Ensuring Suppliers Share Our Goals and Values

Working in partnership with suppliers that share our goals, values and commitments to local communities and other key stakeholders supports our ability to mine more efficiently and responsibly, which is essential to our success. In Peru, the team at our Constancia operation established a formal contractor evaluation program to measure crucial aspects of the operation’s relationship with key suppliers.

To evaluate suppliers that vary in size and in the type of goods and services they provide Hudbay, Constancia has developed indicators that can be consistently reviewed in all cases, so that decision-making is as objective as possible. These include:

- Engagement – Attendance at weekly and monthly meetings
- Performance – Compliance with agreements
- Delivery of timely information on activities at the end of every month
- Thoroughness and quality of the supplier’s reports to the Company
- The performance of suppliers is ranked and categorized as being excellent, good, fair or poor

Hudbay’s mining operations generate a type of waste called tailings, which are contained in engineered facilities. Tailings management has long been a focus of the industry, governments and communities, and it is one of Hudbay’s material sustainability issues due to the risk that a tailings facility breach or failure could pose to the environment and/or human health and life. Recent catastrophic tailings dam collapses at other mining companies have heightened the need for a step-change in the industry’s performance. While the mining industry has come a long way in improving its tailings management approach, there is still much to do, and it requires global co-operation among mining companies, experts and stakeholders around the globe.

In early 2019, representatives from Hudbay and Vale held a joint training session in Snow Lake for the teams at Hudbay’s Manitoba operations and Vale’s Thompson mine. The session supported a broader global effort to raise the bar on how the industry manages tailings storage facilities (TSFs) and to progress toward a target of zero tailings dam failures.

In 2017, the Mining Association of Canada (MAC), of which Hudbay is a member, released a new Tailings Management Protocol that aims to further improve tailings management and continually work toward minimizing harm. In preparation for reporting our 2019 performance against the new protocol, Hudbay and Vale (also a MAC member) provided team members with an in-depth review of the new protocol and the changes from previous reporting requirements. The training session also discussed gaps that might exist and action plans to close them. Although not yet confirmed, it is anticipated that the TSM level achieved for 2019 was maintained.

Working Together for Tailings Safety

CASE STUDY

Hudbay's 2019 Annual and Sustainability Report | Sustainability Approach
To ensure a sustainable approach is integrated throughout the business and across the mine lifecycle, our Board of Directors and senior leaders have a dedicated focus on sustainability issues and social and environmental risk mitigation programs.

The Board of Directors’ Environmental, Health, Safety and Sustainability (EHSS) Committee provides oversight of the Company’s human rights, environmental, health and safety policies, programs and systems. The Committee meets quarterly to review the Company’s performance and management of key EHSS risks. It also tracks the effectiveness of Hudbay’s management systems through the external ISO 14001 and OHSAS 18001 certification and TSM performance assessment processes. Our Vice President, Corporate Social Responsibility, supports and oversees the Company’s overall performance while personnel at each operation are dedicated to the day-to-day management of health, safety, environmental, and social matters.

Hudbay’s Code of Business Conduct, Human Rights Policy, Environmental Health and Safety Policy and Supplier Code of Conduct state our social, environmental and ethical commitments across our business, including our supply chain.

Our operating sites and corporate office use management systems to support decision-making and performance. Each operation must maintain ISO 14001 certification (for environmental management systems) and OHSAS 18001 (for health and safety management systems). New sites are expected to achieve certification within two years of the start of commercial operations or acquisition by Hudbay. Both our Manitoba and Peru business units maintained ISO 14001 and OHSAS 18001 throughout the year.
We use a company-wide integrated information management system to set objectives and identify risks. This software tracks health, safety and environmental incidents; captures stakeholder engagement activities and commitments; and documents corrective actions at the sites, providing assurance to corporate personnel and Board members that EHSS matters are being managed accordingly.

As a member of the MAC, Hudbay participates in the organization’s Towards Sustainable Mining (TSM) program. TSM aims to improve the industry’s performance and help companies evaluate and manage their environmental and social responsibilities. The program is based on guiding principles and supported by a set of tools and performance indicators to ensure key mining risks are being effectively managed. Participation in TSM supports accountability, transparency and credibility by evaluating and publicly reporting our performance across the following protocols and frameworks:

- Aboriginal and Community Outreach (revised to Indigenous and Community Relationships)
- Safety and Health
- Crisis Management and Communications Planning
- Preventing Child and Forced Labour
- Biodiversity Conservation Management
- Tailings Management
- Energy and Greenhouse Gas (GHG) Emissions Management
- Water Stewardship
- Mine Closure Framework

In 2017, the TSM program enhanced the Tailings Management protocol, and members are required to report against the updated protocol beginning with their 2019 assessments. In 2018, the Water Stewardship Policy Framework was incorporated into a new Water Stewardship protocol, which we will begin to report against in 2021.

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

In 2019, MAC transitioned from its annual TSM Progress Report – which was published as a single document in the spring – to a new public TSM reporting website that presents TSM scores and company profiles in a digital format. The new site publishes scores as they are submitted, allowing members to update their results throughout the year. The results of our latest assessment – which were externally verified – are available on the MAC website.

**International Best Practice Standards**

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

- ISO 14001 environmental management standard
- OHSAS 18001 health and safety management standard
- ISO 9001 quality management standard for the production and supply of cast zinc products

**Precautionary Approach**

From early exploration through closure, Hudbay operates under the precautionary principle: the duty to prevent harm, when it is within our power to do so and when harm is scientifically plausible but uncertain. We use baseline environmental and social impact studies to evaluate how to avoid, mitigate or control potentially significant impacts; implement appropriate monitoring and management systems; and address the need for mine closure. In all cases, we make provisions for public consultation and input.

**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

**Global Reporting Initiative (GRI)** – the generally accepted framework for reporting on an organization’s economic, environmental and social performance

**CDP** (formerly called the Carbon Disclosure Project) – the non-profit that runs the global disclosure system for thousands of organizations to manage environmental matters such as greenhouse gas emissions, water use and climate change strategies

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

- Aboriginal Chamber of Commerce (Manitoba)
- Alianza para Obras por Impuestos – ALOXI
- American Exploration and Mining Association
- Arizona Mining Association
- Arizona Small Business Association
- Arizona Trail Association
- Several Arizona Chambers of Commerce – Benson San Pedro Valley, Greater Oro Valley, Greater Vail Area, Green Valley/Sahuarita, Marana, Nogales–Santa Cruz, Sierra Vista Area, Tucson Hispanic, Tucson Metro
- Asociación Vida Perú (a non-profit organization that donates medical equipment and medicines)
- Business for Social Responsibility (BSR) (a non-profit business network and consultancy dedicated to sustainability)
- Cámara de Comercio Canadá Perú
- Canadian Council for Aboriginal Business
- Canadian Institute of Mining, Metallurgy and Petroleum and relevant societies
- Centro Peruano de Promoción del Cobre – Procobre
- Confederación Nacional de Instituciones Empresariales Privadas, CONFIEP (National Confederation of Private Business Institutions in Peru)
- Cusco Chamber of Commerce
- Devonshire Initiative (a Canadian forum for leading international development, NGOs and mining companies to engage on mining and community development issues)
- EITI – Extractive Industries Transparency Initiative
- Empresarios por la Educación (a Peruvian private sector organization to promote and develop educational projects)
- Flin Flon Chamber of Commerce
- Grupo de Diálogo, Minería y Desarrollo Sostenible (multi-stakeholder group promoting open and transparent dialogue on mining, environmental protection and sustainable development in Peru)
- International Zinc Association
- Manitoba Employers Council
- Metropolitan Pima Alliance
- Mining Association of Canada
- Mining Association of Manitoba Inc.
- Mining Foundation of the Southwest (US)
- Mining Safety Round Table (a collaborative group of safety-committed mining companies that share experiences and identify best practices)
- National Mining Association (US)
- Saskatchewan Mining Association
- Snow Lake Chamber of Commerce
- Sociedad Geológica del Perú – SGP (Peruvian geological association)
- Sociedad Nacional de Minería, Petróleo y Energía – SNMPE (Peruvian Mining Society)
- Southeast Arizona Economic Development Group
- Southeastern Arizona Contractors Association
- Southern Arizona Business Coalition
- WAAIME (The Women’s Auxiliary to the American Institute of Mining, Metallurgical, and Petroleum Engineers – Peruvian Section)
- Women in Mining Peru – WiM PERU
- Hudson Bay Mining and Smelting Company
- WAAIME (The Women’s Auxiliary to the American Institute of Mining, Metallurgical, and Petroleum Engineers – Peruvian Section)

Sustainability Approach

Human Rights and Security
Reflected in our values is respect for the rights of the people who work on our behalf and those who live in the communities near our operations. Our Human Rights Policy includes an explicit statement of 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 respect for human rights through our business activities and practices.

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

The UN Guiding Principles on Business and Human Rights provides a blueprint for businesses that includes a public commitment, a due diligence process that assesses risks, and a method for providing a remedy to anyone who is impacted. Throughout 2018 and 2019, we developed guidance materials to identify and mitigate social, security and human rights risks and to better integrate these considerations into our enterprise risk management program. In 2020, we plan to apply the guidance while performing assessments in the Manitoba Business Unit. Insights will be used to inform any necessary enhancements and/or modifications to the guidance.

Concerns about human rights issues within our business can be reported via site grievance mechanisms or directly to our Board of Directors through our corporate website or third-party ethics hotline, as explained in the Risks, Issues or Complaints section. In 2019, there were no human rights issues raised or reported through our Board, hotline or site grievance mechanisms.

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

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- Alianza para Obras por Impuestos – ALOXI
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- Centro Peruano de Promoción del Cobre – Procobre
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- Women in Mining Peru – WiM PERU
- Hudson Bay Mining and Smelting Company
- WAAIME (The Women’s Auxiliary to the American Institute of Mining, Metallurgical, and Petroleum Engineers – Peruvian Section)
Security Practices
Respecting the human rights of neighbouring communities while providing a secure work environment and protecting our employees, contractors and physical assets defines our security approach.

Our Security Policy and Corporate Plan expands on the commitments in our Human Rights Policy and details how these commitments are consistently put into practice. This policy recognizes the importance of measured and appropriate responses to security threats in reducing conflicts and building relationships with communities and other stakeholders.

The operations, projects and exploration sites where we employ security personnel apply the Voluntary Principles on Security and Human Rights (the VPs), which prioritize relationship building and provide a framework for understanding the operating context, identifying security-related human rights risks, and taking meaningful steps to ensure we respect human rights and fundamental freedoms. All contracts with security services include a requirement to work within the VPs 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, the VPs apply to those cases where we use public security providers to ensure their actions are consistent with the protection of human rights.

We conduct high-level corporate risk assessments to rank the security risk level of each operation, and we develop detailed risk assessments at each location to define 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 of security management on the VPs; and raising awareness of the VPs with contracted private and public security personnel.
- **Medium risk** – at least an annual audit of site security practices using the Global Compact Canada VP framework, and at least one annual advisory visit; a structured program at the site, including training of security personnel, to implement the VPs; a grievance mechanism to record and respond to security complaints; and active participation in forums that promote security and human rights.
- **High risk** – an annual audit by an independent Voluntary Principles Organization (VPO)-recognized auditor; a grievance mechanism to record and respond to security complaints; and engagement with national and international organizations on security practices.

Currently, all our operating and exploration sites are considered low risk except for Constancia in Peru, which is classified as medium risk.

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

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

An uncontained release of tailings not only poses an environmental risk, but there are also potentially catastrophic consequences should a TSF fail, as evidenced by the TSF failure at Vale’s Córrego do Feijão mine in Brumadinho, Brazil, in January 2019, which killed more than 250 people.

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

Tailings Management Protocol

As a member of MAC, we implement TSM’s updated Tailings Management protocol, which aims to achieve the goal of zero catastrophic failures of tailings facilities and no significant adverse effects on human health and the environment. The protocol emphasizes management processes, senior executive oversight, and expert third-party reviews that ensure appropriate technical standards of construction, maintenance and operation.

The protocol requires all locations with TSFs to have a third-party independent review that conducts, at a minimum, an annual review of each facility and the associated tailings management practices. Our 2019 assessment was the first year of reporting against the protocol. In preparation for the new reporting requirements, our Manitoba and Peru business units updated their tailings management processes and held training sessions. One of our public targets was for both business units to maintain a score of A or higher for the protocol. Although not yet confirmed, it is anticipated that this TSM level has been achieved for 2019. Details on our business unit performance are discussed below.

In 2019, the International Council on Mining and Metals (ICMM), the United Nations Environment Programme (UNEP) and Principles for Responsible Investment (PRI) initiated a Global Tailings Review following Córrego do Feijão’s catastrophic TSF failure. The review’s purpose was to create a robust, fit-for-purpose international standard for the safer management of tailings. Feedback from stakeholders (including Hudbay, through our MAC membership) on a draft Global Tailings Standard was collected through the end of 2019. The suggestions and insights are being incorporated into a final standard that is expected to be published in the first half of 2020.

Tailings Governance Charter

Our Tailings Governance Charter further strengthens our internal governance structure to ensure appropriate corporate oversight regarding the safe management of tailings facilities. The charter details existing controls, including a Tailings Management System at the site or business unit that supports day-to-day activities – such as planning, monitoring, risk identification and reporting – associated with the management of tailings construction and operation.

One important expectation among stakeholders is that a company’s governance includes oversight by the Board of Directors. The Charter details our Corporate Tailings Governance System, which includes a Tailings Governance Team (TGT) composed of individuals from the business units and relevant corporate functions. The mission of the TGT is to serve in a monitoring and advisory role to assure the CEO, COO and Board of Directors that appropriate processes are in place and that all TSFs are constructed and operated in a manner that protects public health and safety.
On-the-Ground Approach to Tailings Stewardship

In 2019, there were no incidents at any of our TSFs that threatened human health or the environment.

Hudbay manages, in accordance with the requirements of the Charter, four tailings and water retention facilities – three (including one inactive) in our Manitoba Business Unit and one at our Constancia operation in Peru.

In Manitoba, we have initiated several projects to improve our tailings management facilities. We highlight the activities at the Flin Flon facility in the Improving Tailings Safety in Manitoba case study.

Our Anderson tailings impoundment area (TIA) in Snow Lake has historically used subaqueous deposition of tailings in Anderson Lake. To accommodate ongoing production from our Lalor mine, we are investing in an expansion of the facility that raises the dam around Anderson using the downstream method. Following a multi-year permitting process in which we received approval in mid-2018, we initiated construction in early 2019 that is expected to continue into the second half of 2020.

In Peru, an independent review of our Constancia tailings facility found it to be in compliance with our standards and good practices.

The proposed mine plan for our Rosemont project in Arizona includes an alternative method of tailings disposal called dry-stack or filtered tailings. This method – which involves additional process equipment to dewater tailings prior to placing in a storage facility – offers numerous advantages over other tailings storage options (provided climatic conditions support the technology). These include reduced requirements for water consumption and land, and an ability to conduct concurrent reclamation. Dry stack also nearly eliminates the risk of groundwater contamination and catastrophic tailings dam breaches. If the federal permits are reinstated after completion of legal challenges, Rosemont’s proposed state-of-the-art dry-stack tailings facility would be one of the largest in the world, requiring half as much water as conventional processing technologies.

In April 2019, the Church of England Pensions Board and the Council on Ethics of the Swedish National Pension Funds (CoE) requested nearly 700 mining firms, including Hudbay, to disclose details on each tailings facility. Our response to this request, which includes a full inventory and details on each facility, is published on our website.

Stakeholder Engagement

All individuals and groups 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 make better decisions and continuously improve. Through transparent, ongoing dialogue with our stakeholders, we work to better understand their needs and expectations. The frequency and channel of engagement vary depending on the stakeholder, topic or concern.

Our Stakeholder Engagement Standard and the supporting guidance document detail the requirements and expectations for understanding stakeholder perspectives and addressing concerns. 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.
## 2019 Engagement Activities and Topics

The following table lists key stakeholders and how we engaged with them in 2019:

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>How we engaged in 2019</th>
<th>Priorities and concerns</th>
</tr>
</thead>
</table>
| Shareholders, debtholders, investors and analysts | • Conferences, including participation in ESG panel (11 events)  
• Investor meetings, road shows and conference calls (more than 330 events)  
• Annual General Meeting of Shareholders  
• Analyst and investor site visit to Manitoba operation | • Upcoming closure of the 777 mine, mill and zinc plant in Flin Flon  
• Rosemont legal ruling  
• Lalor gold results  
• Pampacancha land access  
• Mergers and acquisitions |
| Employees and contractors                       | • Quarterly CEO email messages  
• Senior management site visits  
• Town hall meetings  
• Orientation and training programs  
• One-on-one and small group manager/staff meetings  
• Video messages  
• Health and wellness committees and activities  
• Hudbay intranet | • Health and safety  
• Work processes  
• Business performance  
• Understanding of compensation and benefits  
• Opportunities for personal development  
• Environmental requirements  
• Training for policies, permits or other requirements |
| Unions                                           | • Meetings with union leaders on outstanding issues  
• Formal grievance processes  
• Joint health and safety committees | • Updates on mine life and activities related to closure  
• Mobility  
• Seniority  
• Outstanding grievances  
• Health and safety |
### Stakeholder group: Local communities and Native American/indigenous groups

- 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

### How we engaged in 2019

- 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

### Priorities and concerns

- Development project updates
- Community and area activities and investment
- Safety and environmental concerns
- Land use
- Water use and quality
- Local employment and procurement
- Training programs for community members
- Cultural protection, awareness and dissemination
- Educating employees on intercultural competency, conflict resolution, human rights and anti-racism
- Future operations plans (operating life)

### Stakeholder group: Customers

- Direct contact
- Industry and business forums

### Priorities and concerns

- Achieving agreed-on terms of delivery for products
- Provision of information on product safety and product origin
- Compliance with environmentally and socially responsible performance and risk management
We define our material CSR issues as those economic, environmental and social issues most important to our stakeholders and our business.

Every three years, we carry out a review of our priorities in relation to what we are hearing from our key stakeholder groups. The latest review in 2017 evaluated the environmental, health, safety and community (EHSC) matters that are most significant to Hudbay in terms of business impact and degree of stakeholder interest.

Materiality Matrix

During the 2017 materiality review, 11 priority issues were identified. Click on each issue in the diagram below to learn how we are managing it and how we performed in 2019.
The following table indicates how our priority issues align with the GRI Sustainability Reporting Standards reported in the GRI content index:

<table>
<thead>
<tr>
<th>Priority issue</th>
<th>GRI Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics</td>
<td>Ethics and integrity</td>
</tr>
<tr>
<td></td>
<td>Anti-corruption</td>
</tr>
<tr>
<td>Human rights</td>
<td>Security practices</td>
</tr>
<tr>
<td></td>
<td>Human rights grievance mechanisms</td>
</tr>
<tr>
<td>Stakeholder engagement</td>
<td>Stakeholder engagement</td>
</tr>
<tr>
<td></td>
<td>Environmental grievance mechanisms</td>
</tr>
<tr>
<td></td>
<td>Grievance mechanisms for impacts on society</td>
</tr>
<tr>
<td>Indigenous relations</td>
<td>Indigenous rights</td>
</tr>
<tr>
<td>Health and safety</td>
<td>Occupational health and safety</td>
</tr>
<tr>
<td>Employee relations</td>
<td>Labour/management relations</td>
</tr>
<tr>
<td>Economic performance</td>
<td>Economic performance</td>
</tr>
<tr>
<td></td>
<td>Indirect economic impacts</td>
</tr>
<tr>
<td></td>
<td>Procurement practices</td>
</tr>
<tr>
<td>Local market presence</td>
<td>Employment</td>
</tr>
<tr>
<td></td>
<td>Closure planning</td>
</tr>
<tr>
<td></td>
<td>Resettlement</td>
</tr>
<tr>
<td>Land and biodiversity</td>
<td>Biodiversity</td>
</tr>
<tr>
<td>Water</td>
<td>Water</td>
</tr>
<tr>
<td>Tailings</td>
<td>Effluents and waste</td>
</tr>
</tbody>
</table>

**Boundaries**

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

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

Exploration sites have special considerations in our reporting:

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

Mining is the first stage of a long supply 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 (in Manitoba at the plant gate, and in Peru at the port loading facility). Our legal function mitigates third-party risks by conducting due diligence on all elevated risk suppliers, and our internal audit function reviews the contract/supplier screening process. Each operation conducts additional monitoring of on-site and local suppliers.

We seek suppliers that share our values and work in partnership with us to continuously improve our performance. In 2019, our Peru Business Unit implemented a supplier evaluation program that we highlight in the Ensuring Suppliers Share Our Goals and Values case study.

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

- Reading, accepting and complying with the Supplier Code of Conduct and all applicable policies
- Complying with all applicable laws, rules and regulations
- Conducting business honestly, ethically and in accordance with social codes
- Complying with anti-corruption laws and informing Hudbay of any conflicts of interest
- Protecting confidential information
- Respecting human rights and observing Hudbay’s Human Rights Policy
- Establishing practices and procedures that protect the health and safety of workers and the environment
- Accepting Hudbay’s supplier due diligence process
- Reporting suspected violations of the Supplier Code of Conduct and applicable compliance policies by any supplier or Hudbay personnel
Supply Chain Performance

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

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

- In Peru, our top 50 suppliers accounted for 81% of our spending, and 95% of our spending was with suppliers based in Peru.
- In Manitoba, our supplier base relates to production operations and capital projects. Our top 50 suppliers represented 76% of our spending in 2019, and 98% of 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 2019, representing 34% of procured value, were (in alphabetical order):

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

Products

The two main products we produce are copper and zinc. Copper is essential in today’s society, serving as a vital component in electronics and electrical transmission. In health care, new applications for copper are being identified due to its ability to kill bacteria. Zinc is vital to the endurance of metals in manufacturing. Both metals are important to the renewable energy industry.

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

- Hudbay sold and delivered 65% of its copper concentrate to traders and smelters in Asia and 35% to traders and smelters in the Americas and Europe. From there, several stages of smelting and refining the copper content ultimately result in 99.99% pure copper, an essential metal for modern living.
- We ship cast zinc metal produced at our Flin Flon zinc plant by rail and truck to industrial customers throughout North America (primarily to galvanizers who use it to protect steel from corrosion).

The safety data sheets (SDS) that accompany copper and zinc products provide details of their composition, toxicology, handling, storage and exposure issues. We further meet our product stewardship commitments by collaborating with governments and industry associations, including the International Zinc Association and the European Copper Institute, to guide our compliance with international requirements such as those provided by the International Maritime Organization (IMO).
Hudbay recognizes the opportunity the mining industry has to positively contribute to the 17 UN Sustainable Development Goals (SDGs) that are a part of the UN’s 2030 Agenda for Sustainable Development. There are several SDGs for which we consider the industry a natural fit for taking on a leadership role, and others where we feel our company can make progress by working alongside government, civil society and other organizations. We continue to explore opportunities to measure and report our contributions to the SDGs and integrate the SDGs 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.
<table>
<thead>
<tr>
<th>Sustainable Development Goals</th>
<th>Link to topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment &gt; Our Approach</td>
<td>- Water</td>
</tr>
<tr>
<td>Environment &gt; Peru</td>
<td>- Achieving Key Environmental Objectives</td>
</tr>
<tr>
<td>Sustainability Approach</td>
<td>- Ensuring Suppliers Share Our Goals and Values</td>
</tr>
<tr>
<td>Sustainability Approach &gt; Responsible Supply Chain</td>
<td>- Supply Chain Performance</td>
</tr>
<tr>
<td>Environment &gt; Our Approach</td>
<td>- Land and Biodiversity</td>
</tr>
<tr>
<td>Environment &gt; Manitoba</td>
<td>- Adapting Activities to Protect Species</td>
</tr>
<tr>
<td>Environment &gt; Peru</td>
<td>- Conserving and Protecting Biodiversity</td>
</tr>
<tr>
<td>Environment &gt; Arizona</td>
<td>- Demonstrating Commitment to Environmental Stewardship</td>
</tr>
<tr>
<td>Key Performance Data Table (Environment)</td>
<td>- Land Use</td>
</tr>
</tbody>
</table>
Recognizing that the SDGs represent national-level governmental commitments, we will continue to work to design our activities with relevant goals and to help connect national processes to local needs, as represented in SDG 17 (Partnerships for the goals).
Our People

Hudbay’s team of experienced and dedicated personnel has a proven record of responsibly exploring, developing, operating and closing mines. To ensure our employees and our organization are positioned for future success in a business environment that is more complex, competitive and ever-changing, we are building new capabilities, creating efficiencies and striving for a healthier and safer workplace.

![Image of worker in safety gear]

**LOST TIME ACCIDENT FREQUENCY**
(lost time accidents per 200,000 hours worked)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.4</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>9.3</td>
<td>8.4</td>
<td>14.3</td>
<td>4.1</td>
</tr>
</tbody>
</table>

- **15%** indigenous employment in Manitoba
- **16%** overall female employment
- **30%** of Board members are women
Mining activities (e.g., drilling, blasting, working with chemicals, operating machinery) present risks that must be identified and effectively managed to keep people safe. Hudbay’s success is underpinned by our ability to build a culture of safety and keep our people, assets, communities and the environment free from harm. Although we are proud of our safety performance, and our Constancia mine is a sector leader in safety, we still experience incidents that have high potential for causing serious harm and for being life-altering.

In 2019, our Manitoba Business Unit adjusted its focus to better understand what tasks are contributing to workplace injuries and what controls are needed to mitigate the risks. Along with holding workshops, our Health and Safety department studied fatality and injury trends across the industry and in Canada. From the incident investigations and workshops, they identified nine top risks most applicable to the business and developed clear, rigorous and practical rules – known as Life Saving Rules (LSRs) – that must be followed to prevent injuries and save lives:

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

Each LSR has controls that must be in place before a task may be completed. We started rolling out the LSR program across the business unit at the end of 2019. In 2020, we plan to conduct training and evaluate the effectiveness of the program by testing the controls and performing thorough investigations and inspections to ensure everyone is working in a way that complies with rules that save lives.
One of the ways we measure employee engagement and sentiment is by surveying personnel and asking them what is working well and what needs improvement. In 2019, feedback on one of our newest initiatives – the manager-once-removed relationship – was overwhelmingly positive, with many of those surveyed wanting it to be continued.

The manager-once-removed (MoR) relationship is part of the three-tier management style aimed at producing greater insight about the work and the people on a team. The team includes an MoR, a manager (who reports to the MoR) and an employee-once-removed (EoR). Each member of the team holds different accountabilities. The MoR is accountable for the quality, effectiveness and viability of the team.

The overall goal of the MoR relationship is to encourage communication, openness and trust across multiple levels. Other benefits include:

- Separates the MoR’s accountability for career development from the manager’s accountability for coaching direct reports, which helps managers balance priorities and eliminates potential conflicts between a manager’s interest in maintaining a strong team and the organization’s interest in developing people for new roles.
- Provides MoRs insight on the organization’s health through MoR-EoR conversations and mentoring.
- Helps MoRs assess their direct reports’ managerial leadership skills.
- Promotes frank conversations without fear of reprisal.

To support MoRs in establishing and maintaining effective and trusting relationships with their team members, we developed a Manager-once-Removed (MoR) Accountability Toolkit that provides guidance to those who may be new to the MoR role and serves as a reference for more experienced MoRs. The toolkit gives managers the theoretical and practical knowledge needed to help them establish and maintain trust-based relationships with their team members and develop their EoRs.

Our focus in 2020 is to further strengthen MoR relationships across the organization so that frontline personnel view their MoR as an additional level of support, in addition to their manager.
Our Approach

Health and Safety

First and foremost among Hudbay’s priorities is the safety and health of our people.

Our Environmental Health and Safety Policy states our commitment to control risks, transparently report our performance, and continuously improve the systems and practices that protect people. Within two years of reaching commercial production, all operations are required to be certified to OHSAS 18001, an internationally accepted standard for occupational health and safety management systems, and this certification must be maintained throughout the life of the operation. In 2018, ISO published a new ISO 45001 standard, which will replace OHSAS 18001, to further improve worker safety across all sectors around the globe. Hudbay will work to transition to ISO 45001 by 2021.

We also apply the Mining Association of Canada’s (MAC) Towards Sustainable Mining (TSM) Safety and Health protocol, which assesses and measures our performance. Regular monitoring, self-assessments and triennial third-party verifications ensure operations remain in compliance with these standards and protocols throughout the life of the operation. To foster transparency and hold ourselves accountable for our safety performance, we set public safety targets related to achieving a year-over-year improvement in our recordable injury rate and recordable injury severity rate.

Building a culture dedicated to zero harm requires that everyone who works at our sites has the knowledge, skills and equipment needed to work safely and that our leaders empower their teams and actively encourage them to speak up when they have concerns. Initiatives – such as the supervisor mentor program in Manitoba – aim to support supervisors in effectively engaging with their teams so that everyone understands the risks associated with tasks and the work environment. Our safety programs provide training for activities undertaken, whether at an operation, exploration site or office location, or for visitors to the mine site. Emergency response teams receive specialized training that prepares them to mobilize quickly and effectively during an event at a mine site.

Although we are proud of our safety performance, we continue to drive improvements in our ability to prevent fatalities. Our operations employ processes and tools to help identify the top fatality risks and the controls that are most effective in managing them.

We record, investigate and analyze incidents and conformance to our standards using our company-wide integrated information system. Significant incidents, based on criteria set by the Board, are reported to our Board quarterly. High-potential incidents – those that could have resulted in a fatality or serious injury – are registered in our systems and investigated in depth to analyze the cause as well as the controls and corrective actions needed to prevent a similar incident from happening again.

Other efforts to continuously improve our safety and health performance include the Visible Felt Leadership program, where leaders engage with employees and take accountability for their teams’ safety, and our occupational health programs, which monitor exposures to health risks such as hearing loss and illnesses caused by airborne agents. As an active member of the Mining Safety Round Table, we engage with other mining companies throughout the year to share lessons learned and best practices to raise the safety performance of the entire industry.
Employee Relations

We want to be recognized as an employer of choice everywhere we operate. This requires us to offer fair wages and compensation and to invest in our people through opportunities for career development and growth.

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

Approximately 1,238 full-time, part-time and contract employees (55% of our workforce) are represented by a union, and we respect the right of our employees to join a union and engage in the collective bargaining process. We work to constructively engage with the eight unions that represent our employees and to partner with them on solutions that create mutual benefit.

We engage employees and keep them informed about important business matters through various channels and tools. These include town hall meetings, workshops, internal emails and videos from senior leaders, and our company intranet, where we post employee-focused news and resources.

With a large number of employees eligible for retirement, especially in our Manitoba Business Unit, our retirement readiness programs provide information and tools that prepare employees for success once they leave the workforce.

Transforming the Way We Work

Capitalizing on new business opportunities requires us to have a highly effective organization that prioritizes the development and career progression of all employees. Through our “OneHudbay: How we work” managerial leadership system, we are focused on the following four main objectives for building a more efficient and competitive organization:

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

Embedding OneHudbay throughout the business is a continuous process, and in 2019 we continued to define and reinforce how we work and support one another in an accountability-based organization.

Following a successful pilot of the Performance Effectiveness Process at the corporate office in 2018, we rolled it out to the manager level in Manitoba, to the superintendent level in Peru and to a select group in Arizona. The process involves ongoing conversations between managers and employees, a year-end performance evaluation procedure that improves effectiveness and fairness, and a coaching program where managers learn to ask questions and listen in a way that creates awareness and invites action. The process, which is now consistent across the Company, supports our broader talent management and succession objectives to understand people’s goals and place them in roles that best suit their abilities and development aspirations.
In 2019, we formalized a manager-once-removed (MoR) concept, which links the entire organization through conversations managers have with the people who report to their direct reports. This three-tiered approach – which we highlight in the case study Building a Culture of Continuous Feedback – is designed to set context, build trust and develop our employees. A key feature of the MoR concept is ensuring managers demonstrate effective Managerial Leadership Practices (MLPs), which are the behaviours that build trust in manager–employee relationships and increase the willingness of employees to efficiently and effectively execute the business strategy. In 2019, we conducted training sessions with managers on the 10 MLPs to help them meet their managerial accountabilities.

To support OneHudbay and other human resources efforts, we are developing a comprehensive Human Resources Management System (HRMS) based on SAP’s SuccessFactors software. We set a 2019 public target of implementing the HRMS company-wide, to establish globally integrated employee information. Given the greater-than-expected scope of the project, our focus in 2019 was on designing the system to meet the organization’s needs. Once fully implemented by mid-2020, our HRMS will, for the first time, give us a consolidated view of the organization and provide the foundation for standardizing personal performance metrics.

Diversity and Inclusion

We recognize that an inclusive workplace embraces diverse backgrounds, experience and perspectives, makes us stronger, and cultivates collaboration toward shared goals. Our OneHudbay approach provides a crucial foundation for attracting and retaining diverse talent. By embedding our values of dignity and respect, caring, openness and trustworthiness throughout the organization and clarifying roles and accountabilities, we aim to further foster trust, which supports a more open and diverse workforce.

We support the Catalyst Accord 2022 and the 30% Club, both of which call for the advancement of women in business. Female representation on our Board of Directors is currently 30%. We continue to identify opportunities to increase the percentage of women on our Board, in management and across the business. This includes engaging with two universities – the University of Waterloo and Wilfrid Laurier University – on a co-op program for second- and third-year finance students who alternate a semester of school with a semester of working in Hudbay’s finance department. Since the program’s inception, 31% of the participants have been women. Our global Diversity Policy is available on our website.

Fulfilling our mission requires a workforce that reflects the communities near our operations. Each site prioritizes employment opportunities for members of the local communities and indigenous groups.
Manitoba

Employees in our Manitoba Business Unit primarily work at two operation centres. The Flin Flon site includes the 777 mine, Flin Flon mill and zinc plant, and the Lalor operation in Snow Lake consists of the Lalor mine, Stall mill and New Britannia mill. At year-end, Flin Flon employed 937 people, and Snow Lake employed 474. Of the employees who work at Lalor, 346 (36%) live in Snow Lake. Around 15% of our employees in Manitoba identify as indigenous and 16% are women.

Preparing for Mine Closure

Over the last several years, the team in our Manitoba Business Unit has worked to optimize operations and uncover opportunities to extend the life of the 777 mine in Flin Flon. These efforts have pushed out the expected closure date of the mine and Flin Flon mill and zinc plant; however, we have initiated planning for closure by mid-2022. The good news is that our other operation in Manitoba is growing. The increased production at the Lalor mine and the refurbishment of the New Britannia mill provide an opportunity to transition part of the Flin Flon workforce to Snow Lake over the next several years.

We are applying our OneHudbay approach to these changes to ensure people are in the right roles, where they can thrive, and that everyone is treated fairly during the process. At Flin Flon, we continued with the video series launched in 2017 that featured Hudbay’s CEO and other company leaders providing updates on the mine’s future. The videos were supported by letters and face-to-face engagement between site leaders and employees and with community leaders, and the topic in 2019 largely focused on the transition plan.

Focusing on Workplace Safety Culture

The business unit’s safety performance significantly improved for the year, with our total recordable injury frequency down by 0.1 and our lost time injury severity also down, by 0.9.

A significant contributor to this performance is the business unit’s focus on implementing a risk-based culture. Since 2018, more than 1,400 employees have been trained on conducting effective field risk assessments that involve analyzing the hazards in the workplace and then mitigating the risks by putting controls in place before beginning work. In 2019, we incorporated feedback from users into the field risk assessment form and continued to train employees to increase adoption and acceptance of the process.

As part of meeting our corporate target to identify and propose improvements to our fatality prevention approach, we introduced a program around our Life Saving Rules (LSR) – those rules that if not followed can lead to someone being injured or worse. We discuss this program more in the case study on Leading a More Efficient and Proactive Approach to Safety.

We continued our supervisor mentoring program where Hudbay’s Safety Specialist – who has a keen ability to identify hazards in the workplace – partners with frontline supervisors at the mine site to help them identify safety hazards. He coaches and trains the supervisors on how to effectively respond to issues and concerns by engaging team members, so everyone understands the risks and safety measures. The program includes coaching supervisors on tough conversations and on critically examining and modifying their own behaviour.
The most significant safety event during the year was a kitchen fire at the Lalor camp in July. No one was injured, but the fire destroyed the camp kitchen. We conducted an Incident Cause Analysis Method (ICAM) investigation and identified the cause as a camp employee smoking near a combustible material. Corrective actions included establishing a smoking policy for the camp and kitchen, including designated smoking areas, and reviewing hazards (i.e., storage of combustibles) and controls. In 2020, we will also expand our Security department at Flin Flon to Snow Lake to ensure all of our employees and contractors are adhering to our safety requirements.

Our wellness committee, which meets monthly, includes representatives from our Human Resources and Health and Safety departments, and union co-chairs, as well as external medical professionals. As part of a broader mental wellness program to support the transitional work related to the closure of the Flin Flon operations, in 2019 we engaged a third party to conduct a full-day mental first aid course that was open to all employees. The course’s objective was aimed at recognizing mental health issues and crises when they develop and learning how to help guide people toward getting professional help. We also held a two-hour mental health awareness training course for supervisors to help them identify signs and provide tools to make sure employees get the proper care.

**Hiring Local and Diverse Talent**

The business unit conducted extensive recruiting from the local and indigenous communities near our operations, particularly in the Snow Lake area near Lalor. In 2018, we partnered with the Manitoba government’s Northern Manitoba Sector Council on an indigenous hiring project at Lalor. The Council selected 12 participants from the Pimicikamak Cree Nation near Cross Lake who went through an eight-week program that introduced them to mining. Following their graduation in May 2019, Hudbay offered all graduates a conditional letter of employment. At the end of 2019, five of the 12 graduates still worked at Hudbay. To address the primary reason why graduates left Hudbay (separation from their community), we incorporated improvements into the program such as a mentorship program and providing employees greater transportation options between their home and workplace. In June, Manitoba premier Brian Pallister met with the graduates and discussed the program’s attributes.

The Hudbay Women’s Network (HBWN), founded in 2018 by two female employees in our Manitoba Business Unit, continued to grow and be a positive influence across the business unit. The HBWN’s founding principle is gender inclusion, and its goal is to support, connect and empower Hudbay employees by providing a vehicle for professional growth and a strong voice. During the year, a member of the group presented on its success at the corporate office, where a similar organization is under consideration. We also continued our support of Diamonds in the Rough – the world’s first all-female mine rescue team, which competed in the 2018 International Mine Rescue Competition in Russia and includes Hudbay’s Jodi Brasch. In 2019, the team competed in the National Western Regionals Mine Rescue Competition in British Columbia and conducted outreach to several organizations about opportunities for women in the mining industry.

In 2019, the Manitoba Business Unit received the Government of Canada’s Employment Equity Achievement Award, which recognizes the Company’s efforts to champion employment equity in the workplace for four designated groups – women, indigenous people, persons with disabilities and members of visible minority groups. In addition to the programs mentioned above and in the discussion on Creating Long-Term Relationships with First Nations and Communities of Interest, these efforts include employing a Disability Awareness Coordinator, who identifies innovative ways to provide meaningful work for persons with disabilities, such as with the newly created Fleet Vehicle Dispatcher role.

At the 2019 Manitoba Provincial Mine Rescue Competition, Hudbay’s Flin Flon team came in first place and the Snow Lake team took second place. The competition, which has been held annually since 1961, tests the completeness of emergency response plans and the abilities of emergency response personnel. The Flin Flon team will represent Hudbay at the National Western Region Mine Rescue Championship in 2021.
Our workforce in the Peru Business Unit includes staff members at our office in Lima and those who work at the Constancia operation, which is located in a remote part of southern Peru. The operating and support personnel work multi-day shifts, staying at Constancia’s accommodation camp during their rotation. The camp amenities include a dining hall, a medical centre and recreational facilities.

At the end of 2019, the Peru Business Unit had 881 employees, including 130 term employees (defined as those with contracts that end on a specific date). Of our full-time employees, 99.6% are from Peru, 15% are from local communities and 10% are women. Around 30% of the term employees are from the local communities of Uchucarco and Chilloroya.

Focus on Safety
Our Peru Business Unit’s safety performance continued to be strong, with only one lost time injury (LTI) at the mine site related to a fractured leg that occurred during a drill bit change. The business unit’s attention on health and safety is often noted in feedback from third-party inspectors and has been a positive contributor in the land access negotiations with the communities that have land rights related to Pampacancha and the other satellite deposits.

Constancia expanded its Behaviour-Based Safety (BBS) program, which the site introduced in 2018. BBS is a proven process aimed at reducing injuries through observations and positive feedback that reinforces safe behaviours. During the year, all plant and mine personnel were trained as BBS observers, and nearly 13,000 BBS behavioural observations were recorded during the year.

In 2019, Constancia implemented new safety technologies in both the highway fleet that transports concentrate from the site to the port and the mining operation’s haul truck fleet. All trucks now have GPS tracking and anti-fatigue sensors. Alarms are monitored by a central dispatch group that alerts an operator if they are exceeding speeds or if they are showing signs of fatigue. The technology has reduced the number of incidents within our haul fleet and significantly improved our incident reporting.

Employees and contractors completed more than 39,000 hours of health and safety induction training and over 73,000 hours toward the annual occupational health and safety training requirement.
**Enhancing Employee Engagement**

A major initiative in the Peru Business Unit during 2019 was the launch and rollout of a retention strategy, which includes two pillars – engagement and development.

Under the engagement pillar are five areas of focus:

- **Leadership** – ensuring people managers are adding value to their teams by skillfully applying 10 managerial leadership practices (MLPs) that include coaching, holding regular team meetings and continually improving processes
- **OneHudbay “How we work”** – aligning with the four objectives of the Company’s broader managerial leadership system
- **Needs** – addressing compensation and other workplace incentives such as work-life balance
- **Environment** – surveying employees on their perceptions of their workplace climate
- **Recognition** – formally recognizing the valuable contributions of team members

The development element of the strategy includes:

- **Growth** – implementing development plans, on-the-job growth opportunities and training programs
- **Realization** – providing identifiable career paths, facilitating promotions and creating succession plans
- **Effectiveness** – helping employees evaluate where they succeed and how they can improve
- **Awareness** – building more effective teams and developing leadership skills
- **Transformation** – learning new skills, managing through change and continuously improving

The strategy is supported by action plans and metrics that are tracked. Among the highlights in 2019:

- Succession planning identified 12 employees to develop as key leaders.
- We invested more than $90,000 in specialized training courses for 20 “high potential” employees, and we promoted 121 employees.
- We provided 96% of employees at least one hour of training at an investment of around $413 per person.
- In support of the target to implement the performance effectiveness process, we conducted training sessions and continued to reinforce the change through ongoing communications.
- We conducted sessions on the 10 MLPs and developed a system for managers to track the use of the MLPs.
- Manager-once-removed (MoR) discussions continued to be cascaded throughout the business unit, with MoRs holding conversations with 70% of their employees-once-removed.

**Collaborating with Our Unions**

We have a collective bargaining agreement with the Unified Workers Union of Constancia Hudbay (SUTRAMICOH). The agreement establishes the working rules and other terms and conditions of employment that apply to approximately 30% of the employees in our Peru Business Unit. To date, we have met all the contractual conditions of the agreement.

In March, we held a “shared vision” workshop with union leaders to promote teamwork based on our common objectives and to further strengthen the relationship between management and union leadership. The Labour Relations Committee – which includes representatives from both the Company and the union – held 11 meetings during the year to review issues and work together on improving processes. Outcomes from these meetings include a new Health and Safety Committee, in which elections were held to select members, and a satisfaction survey regarding the food service.
Arizona

At the end of 2019, we had 25 employees in our Arizona Business Unit.

Soon after receiving the Section 404 Water Permit from the US Army Corps of Engineers and approval of the Mine Plan of Operations from the US Forest Service in March 2019, our Arizona Human Resources team initiated hiring for the project’s early works program, which involved engineering and geotechnical work and the construction of the site’s water and power infrastructure. Around 50 people were employed directly by Hudbay when, in July, a US District Court judge issued a ruling that overturned the federal permits and halted construction on the project. Hudbay is appealing the ruling to the Ninth Circuit Court of Appeals; however, because no construction can take place during the appeals process (which is expected to take approximately two years), we significantly reduced our workforce in the business unit and put on hold hiring up to 2,500 people for the project’s construction phase. Four employees were transitioned to other projects, including the New Britannia mill refurbishment in Snow Lake, Manitoba, and the Mason project in central Nevada. The current team in Arizona is primarily focused on supporting litigations and other ways to advance the project, while maintaining continuing obligations including ongoing environmental monitoring.

Because some of the environmental monitoring activities are conducted by personnel working alone, we developed a lone-worker policy to minimize the related risk and put in place measures to ensure their safety.

No lost time injuries occurred during 2019; however, there were a few minor heat-related incidents with personnel working on clearing the utility corridor during the early works phase. These incidents highlighted the need to ensure contractors were aware of, and complying with, our policies and procedures.

Under the US Mine Safety and Health Act (MSHA), personnel that work at a mine site in the US must complete a three-day training program upon being hired and an eight-hour refresher course every year thereafter. During the ramp-up period, we held MSHA training classes for new hires to ensure everyone had been properly trained before going on site. Following the court ruling, a Hudbay employee, who is an MSHA-certified trainer, conducted all the refresher training internally. During the year, all personnel maintained compliance with this training requirement.
Social Impact

We recognize the positive impact we can make in building more sustainable and healthier communities where we have a presence. To drive positive social impact, Hudbay invests in socio-economic development opportunities and works to build lasting relationships with those who live near our operations or are impacted by our activities.

$202.1 MILLION paid in employee wages and benefits

$8.1 MILLION in community investments and charitable donations

Peru’s Ministry of Agriculture and Irrigation recognized the Chumbivilcas milk processing plant for its outstanding performance and contribution to the regional agriculture industry.
Since 2015, we have supported the North-South Exchange Program – an example of international co-operation that develops the capacity of rural communities in Peru so that they lead their own change. This unique program brings local community leaders from the Chumbivilcas province in Peru to Canada to see best practices in mining and business.

The program complements the Sustainable and Inclusive Communities in Latin America (CISAL) project – an initiative of the Federation of Canadian Municipalities (FCM) that works to empower and strengthen the capacity of local governments in Colombia and Peru to achieve greater social benefits and sustainable economic development for communities near mining operations.

In 2019, 10 participants from the communities of Uchucarco and Chilloroya and the districts of Velille, Chamaca and Livitaca in the province of Chumbivilcas travelled to Canada seeking partnerships for economic empowerment and learning about how mining, sustainable development and thriving communities can coexist. During the visit, participants exchanged ideas about how to build sustainable communities and engage with mining companies to advance social, economic and educational opportunities.

Because agriculture is an important livelihood in the Chumbivilcas province, the group visited Harmony Organic Dairy Products, Saugeen Country Dairy, Glencolton Farms and Mapleton’s Organic Dairy Farm in Kincardine, Ontario, to learn more about organic dairy production methods.

In Timmins, Ontario, the group visited Newmont’s Porcupine mine, where they met with the Chief of Matachewan First Nation, the Timmins Police Service Indigenous Advisory Committee and representatives from Eighth Fire Solutions – a social enterprise that encourages excellence in indigenous-led land reclamation strategies – to discuss Porcupine’s comprehensive closure plan, which aims to reclaim historic mining sites to a state where the land can be used productively by the local communities.

As in past years (and under an agreement between the Institutes of Chumbivilcas and Northern College), participants visited the Northern College of Applied Arts and Technology facilities in Timmins to explore and develop education and training opportunities. The group also met with representatives of the National Indigenous Economic Development and the Progressive Aboriginal Relations, and members of Hudbay’s senior management team.

Since 2015, 50 Chumbivilcanos leaders have participated in the program.

Showing Gratitude for Community Support after Camp Fire

At our Lalor operation near Snow Lake, Manitoba, many of the people who work at the mine live far enough away that they stay at Lalor’s accommodation camp during their work shift. In July 2019, a fire outside the camp’s kitchen not only destroyed the kitchen, but also caused significant damage to the sleeping accommodations, leaving more than 250 Hudbay employees and contractors with nowhere to stay.

The residents of Snow Lake – a town of about 900 people – immediately stepped in to help, preparing meals and opening up their homes to anyone in need. The actions and support of the community members were pivotal in helping Hudbay quickly return to normal operations.

To thank the town, we held a barbecue in September as a way to reach as many people as possible. Large mining machines were on display, and the local fire department brought a fire truck as an attraction for kids and adults alike. Games, prizes and other activities took place throughout the day. Hudbay employees volunteered their time and talents, including baking a party-sized cake, grilling burgers and painting fun art on kids’ faces. The event attracted more people than expected, with over 400 people attending.
Our Approach

Economic Contributions

Our positive contribution to sustainable development includes providing jobs, contracting with suppliers, paying taxes and royalties, and investing in the development programs and infrastructure priorities that address the challenges most relevant to the communities in which we operate.

Under our Code of Business Conduct and Ethics and Statement on Anti-Corruption, all government payments must comply with the laws of the jurisdictions where we operate, including Canada’s Corruption of Foreign Public Officials Act and the US Foreign Corrupt Practices Act. We support global initiatives to improve revenue transparency and fight corruption. The Extractive Industries Transparency Initiative (EITI) aims to enhance revenue transparency and accountability in the extractive sector, and as a member of the Peruvian Mining Society, we support the EITI process in Peru, where the government has implemented significant aspects of the EITI requirements and is fulfilling its broader objectives. In Canada, the government’s Extractive Sector Transparency Measures Act (ESTMA) provides an equivalent level of reporting to the EITI standard. In accordance with the Act, we filed our annual ESTMA report, which details our government payments for the 2018 fiscal year, in May 2019.

Community Relations

Our ability to conduct mining activities is closely tied to the strength of our relationships with the communities near our operations, projects and exploration sites. Our reputation as a leader in community relations in Peru – a country where civil unrest is not uncommon – is evidence of our commitment. In Canada, our culture of building genuine relationships with First Nations communities is reflected in our ability to gain acceptance and navigate potential conflicts that may arise during all stages of the mine lifecycle.

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

Indigenous Engagement

Our community relations and stakeholder engagement approach includes respecting the cultures and heritage of all communities near our operations and activities, and ensuring we understand that indigenous peoples have distinct rights, culture and history as well as unique connections to the land and water.

At our operations and exploration sites, we develop archaeological monitoring and cultural resource plans, in consultation with relevant community members and groups, to identify and protect cultural artifacts discovered at our sites.
As part of our membership in the Mining Association of Canada (MAC), we have been applying the Towards Sustainable Mining (TSM) Aboriginal and Community Outreach protocol to assess and measure our performance in the areas of engaging communities of interest, including indigenous groups, in meaningful dialogue and decision-making. In December 2019, MAC adopted a new TSM Indigenous and Community Relationships protocol, which is an extensive update to the current protocol. The update seeks to improve performance through new indicators that measure the effectiveness of indigenous engagement. It adds an explicit commitment to strive to obtain free, prior and informed consent (FPIC) of indigenous peoples directly affected by new projects and expansions. It also incorporates Canada’s Truth and Reconciliation Commission’s Call to Action 92.iii, which urges businesses to educate personnel on indigenous history and provide skills-based training on intercultural competency and human rights. Hudbay will begin reporting on the revised protocol in 2022 using 2021 performance data, in accordance with the scheduled implementation timeline.

**Local Hiring and Procurement**

We recognize that employment and business opportunities are high priorities for community and government stakeholders. We prioritize local employment, and we work to build capacity among local workers and suppliers to generate economic benefits and create stronger relationships.

Under our Local Procurement and Employment (LP&E) Standard, each site identifies opportunities for hiring and sourcing goods and services from the local communities.

We engage local stakeholders to maximize local job and procurement opportunities and often incorporate these commitments into formal community agreements. We also support government programs, as well as opportunities prioritized by the communities, to build local capacity for both mining jobs and other livelihoods suitable for the community. This includes investments in agricultural industries, and in training and skills development programs conducted by Hudbay and through partnerships with universities, technical institutes and other organizations.

**Community Development**

Our presence in a community can stimulate social and economic development and catalyze the diversification of the local economy.

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

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

Our Corporate Office Giving Plan applies the Community Giving and Investment Standard at the corporate level. The plan offers employees paid time off one day each year to volunteer, and includes guidelines related to matching donations. Under the plan, we support Youth Without Shield (YWS), a Toronto-based charitable organization that provides shelter, education and training to homeless youth. YWS was selected due to its alignment with Hudbay’s values, the broad support of our employees, and our ability to make a positive impact on the organization’s goals. In 2019, Hudbay sponsored the “Cover Me Urban” annual event, which raised funds for YWS’s Life Skills and After-Care programs that, together, have helped more than 1,000 youth find a safe place they can call home.

**Resettlement and Land Use**

We seek to avoid the need for resettlement. However, when resettlement is unavoidable, we engage with those impacted – 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. No resettlement activities took place in 2019.
Manitoba

Hudbay has discovered, mined and closed more than 25 mines in Manitoba over the past 90 years. We recognize that our activities can have a positive socio-economic impact on the communities near our operations in northern Manitoba and Saskatchewan, as well as presenting challenges when mining operations cease. We are committed to building long-term relationships, creating partnerships and developing programs to ensure a lasting, positive impact.

Maintaining Roots and Planning for the Future
Hudbay has been mining in Flin Flon, Manitoba, for more than 90 years and processing zinc since 1930. Because Hudbay is the primary contributor to the Flin Flon economy, we explored all options to maximize the existing assets in Flin Flon and maintain a presence that supports jobs and the broader economy. However, the Company determined that, based on the depletion of available ore, mining at the 777 mine would cease by the end of 2022, at which time the Flin Flon mill and zinc plant would cease operations. The mill will be put on care and maintenance to maintain regional optionality, but this is not expected for the zinc plant.

A key aspect of our closure planning is engaging the community on a plan to support the social and economic transition. In 2019, we continued a process that began in 2018, meeting with the nearby communities’ mayors and local officials to update them on our closure activities and discuss opportunities to minimize the impacts of closure to the greatest extent possible.

We are planning as far as possible in advance for closure. In 2022, with operations ceasing in Flin Flon, we expect to have a smaller presence in Flin Flon for some administrative, exploration and environmental functions, with the transition to a larger Snow Lake operation, which includes Hudbay taking over the development, drilling and maintenance activities currently being completed by contractors at Lalor mine, and the restart of the New Britannia mill. With the New Britannia mill refurbishment project, the recently discovered 1901 deposit and increased production at Lalor, we are building a future in northern Manitoba that is centred around our activities in Snow Lake.

As we expanded our presence in the Snow Lake region, we demonstrated our commitment to support the town of Snow Lake with a new five-year grant-in-lieu (GIL) agreement. Previous agreements had been for only one year, which made it challenging for both the town and Hudbay to plan for the long term. The five-year pact provides additional funds for the community’s operating budget, as well as a contribution toward the town’s infrastructure projects. We also committed to strengthening the relationship with the town’s council through ongoing meetings.

Creating Long-Term Relationships with First Nations and Communities of Interest
In our Manitoba Business Unit, we engage with several First Nations communities of interest near our mining operations and exploration activities.

Our dedicated Indigenous Liaison Officer (ILO) works to build mutual understanding and positive relationships between Hudbay and First Nations communities near our operations. The ILO works to bridge cultural gaps through meetings and job fairs, indigenous community activities and events, cultural awareness training for employees, and conflict resolution. The Manitoba operations have stakeholder engagement plans, and the ILO supports the completion of the indigenous-specific plans.
In support of our indigenous engagement strategy, we aim to meet with the five First Nations communities of interest near our operations at least twice per year to improve our understanding of their concerns and capacity. Outcomes from these activities include being invited to meet with the Mathias Colomb Cree Nation, an important step toward resolving a previous conflict in 2013. The meeting was key to establishing a relationship that we are committed to strengthening. As a positive sign of progress, the community asked Hudbay representatives to attend the graduation ceremony for students from the community.

Fostering economic opportunities is a key element of our engagement strategy. In addition to the indigenous hiring project at Lalor that we discuss in the Our People section of this report, we developed a northern procurement policy. The policy includes a rating system and aims to help increase opportunities for indigenous contractors or indigenous-owned businesses to work with Hudbay. To ensure potential suppliers understand our local procurement standards and processes, we hosted two economic development workshops (one in the spring and one in the fall) with indigenous communities. A focus for 2020 is continuing to identify and build indigenous business capacity and qualified workers. In 2019, payments to suppliers in northern Manitoba and northwest Saskatchewan totalled $188.7 million, of which approximately $4.1 million was awarded to indigenous businesses.

We continued to address Canada’s Truth and Reconciliation Commission’s Call to Action No. 92, which directs corporations to play a role in reconciliation through actions and participation in events that build cultural awareness and mutual understanding. Our traditional knowledge holders program at New Britannia invites traditional knowledge holders to help assess the impacts of our activities on the environment and the community. In 2018, the program involved traditional knowledge holders joining biologists to walk the entire length of a proposed pipeline corridor between Lalor and the New Britannia mill. In 2019, we held additional outings in Snow Lake. For 2020, we are looking to expand the program to include marginalized voices within the community including women and youth.

In 2019, our ILO led six one-day Indigenous Cultural Awareness workshops with 74 employees that addressed historical and contemporary indigenous issues (e.g., treaties, foods, traditions, protocols). Indigenous elders were also invited to participate in the workshops to improve employees’ understanding. Through our partnership with the Flin Flon Aboriginal Friendship Centre, employees, along with their families and friends, participated in two sweat lodge ceremonies over the summer months that expanded their knowledge about the indigenous approach to wellness. In 2020, we hope to obtain land so we can expand the sweat lodge ceremonies to the Snow Lake area. In September, Canada’s Governor General Julie Payette toured Hudbay’s Flin Flon facilities and helped celebrate Culture Days by joining a walk with community members along the shores of the town’s Ross Lake.

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

For the 2018 TSM Progress Report’s Aboriginal and Community Outreach protocol, our Manitoba Business Unit addressed the gaps related to stakeholder engagement recordkeeping, bringing our B rating in the 2017 report back up to the A level that we expect to achieve.

2019 Performance
We invested $301,900 to support a wide range of community programs. Major contributions during the year included:

- $30,000 corporate donation to the Flin Flon Bombers
- $25,000 to the Town of Creighton Economic Development Commission
- $10,000 to the Snow Lake Centre on Family Violence
- C$25,000 toward Indspire, an indigenous-led charitable organization that invests in education for indigenous people, including scholarships for indigenous students from Ontario and Manitoba

There were a total of 111 complaints registered in 2019, of which 109 were union labour grievances, and two were community grievances related to property concerns and unscheduled blasting. Labour grievances related to collective agreements are managed through a different process than that used to address community grievances.
In Peru, our commitment to creating shared value and building strong, long-term relationships with the communities near our operations and other key stakeholders is evidenced by the more than 90 agreements we have entered into with local communities and governments since 2011.

Holistic Approach to Shared Value and Community Relationships
During 2019, roadblocks by those protesting other mining operations in the southern Peru region highlighted the effectiveness of Hudbay’s focus on building shared value and addressing potential social conflicts before they arise. Although the blockades temporarily delayed the transport of concentrate to the port of Matarani, there were no community protests that directly impacted our Constancia operation.

Constancia is in a very rural part of Peru, and we recognize that the communities in both our direct and indirect areas of influence have needs that employment and direct contributions alone cannot solve. Our approach to shared value includes formalizing short-term and long-term commitments and expectations through stakeholder agreements. Rather than having one agreement that covers all stakeholders in the region, we have separate agreements at all levels – national, regional, provincial, district, local and community. These agreements go beyond local jobs and business opportunities and articulate the long-term vision for the communities. This includes supporting efforts to bring the resources of the national, regional and local governments closer to the communities, and partnering with organizations that have the expertise needed to deliver the programs the communities have prioritized.

We applied this approach with the community of Chilloroya, with which we successfully reached an agreement on the Pampacancha surface rights in early 2020. The same approach is being implemented with the communities near the exploration targets close to the mine as we work to consolidate the land package around Constancia. During the year, we continued to expand our social base of support by identifying and engaging with as many stakeholder groups as possible in addition to community leaders. These stakeholders included elders, women, former resettled families and youth groups.

Having a Direct Economic Impact through Jobs
Our commitment to the communities near our Constancia operation includes identifying and providing local employment and procurement opportunities. Nearly 20% of the economically active population of the nearby communities (mainly from Uchucarco and Chilloroya) works at Constancia, and their combined monthly earnings of around $204,000 significantly contribute to the local economy. Additionally, Hudbay and its contractors procured around $14 million in goods and services from local businesses during 2019. We continue to identify additional opportunities to expand our local employment and procurement efforts.

For example, we are working with our main contractor (Stracon) to train local personnel (30 people) on operating heavy equipment. If participants complete the program, Stracon will hire them. Currently, more than 40% of our mining operators belong to nearby communities.
Developing Independent Communities
To fulfill the commitments in our stakeholder agreements, we use a multi-stakeholder approach based on sharing responsibility, generating further opportunities and empowering communities in their development.

One of the most successful efforts to support economic diversification is the Cullahuata Dairy Processing Plant, which is located in the province of Chumbivilcas. In collaboration with the local government, Hudbay built the dairy plant, trained community members to develop the technical skills required to efficiently run the plant and worked with the national government to co-fund the plant’s machinery and equipment. The plant, which processes milk, cheeses and yogurts, develops aptitudes and provides employment opportunities that are independent of mining operations. In 2019, the plant was recognized for outstanding performance by Peru’s Ministry of Agriculture and Irrigation, and it was awarded the best Tilsit cheese in the country at the XVI National Cheese Festival.

Under the country’s “Works for Taxes” – an innovative public–private funding mechanism – companies can pay a portion of income taxes in advance by funding public works and then receive a tax certificate for 100% of the investment once the project is delivered. In 2020, we will begin developing our second “Works for Taxes” project – an integrated health system to serve approximately 70,000 people who live in the province of Chumbivilcas. The project, which is supported by Peru’s Health Ministry, includes rural health care, transportation (e.g., ambulances) and telemedicine.

2019 Performance
We invested more than $4.5 million to support a wide range of community programs. Notable contributions and efforts during the year included:

- Investments of $1.91 million in heavy equipment and agricultural trucks and $1.17 million in street and sidewalk improvements in the district municipality of Livitaca
- $1.07 million in heavy equipment for road maintenance in the district municipality of Chamaca

There were 76 grievances registered in 2019, 49 of which were related to procurement matters between Hudbay and its suppliers, including issues related to delays in payments or reimbursements.
Arizona

Our Rosemont copper project is near the communities of Green Valley, Sahuarita and Vail as well as Tucson, a large metropolitan city in southern Arizona. With more than 1 million people living in the Tucson area, the project has numerous stakeholder groups, and our approach must deal with the challenge of managing diverse – and at times conflicting – interests.

Engaging Stakeholders during Early Works

Following a 12-year permitting and public review process involving 18 governmental agencies, more than 1,000 studies and 43,000 comments from the public, in March 2019 the Rosemont project was cleared to move forward with construction upon receipt of the Section 404 Permit from the US Army Corps of Engineers and approval of Rosemont's Mine Plan of Operations from the US Forest Service.

Soon after, we commenced an early works program to construct a water pipeline and power transmission line, advance engineering and geotechnical work, and initiate archaeological site work and mitigation activities. In tandem with these efforts were significant stakeholder communications and outreach, including presentations to community groups about specific projects and plans for the remainder of the year. We also launched social media sites to engage with the public and keep them informed about the project's progress. To gauge public sentiment about the proposed mine, we commissioned two polls that asked residents if they supported or opposed the project. Both polls showed greater public support for the project than opposition.
Making Adjustments after Court Ruling

Despite our efforts to assemble what we believe is an exceptional mine plan with innovative mining techniques and environmental mitigation measures, a federal court ruling at the end of July suspended work on the proposed mine. In December, the US Department of Justice joined Hudbay in filing a formal notice appealing the ruling, and we are optimistic that we will ultimately prevail, but the appeals process will take approximately two years. While we have maintained our stakeholder engagement approach, we have had to discontinue some community programs and sponsorships as part of our need to contain costs.

One program impacted by the court decision is the Residential Water Well Protection Plan, which we have suspended during the appeals process. The program covered the cost of insurance, monitoring and repairs for more than 300 families on 144 residential wells near the town of Sahuarita. Given that there will be no construction or groundwater pumping for several years, there will be no potential impact on wells from the project.

Other social commitments that are on hold pending the outcome of the legal challenge to the court ruling:
- $650,000 to relocate approximately 10 miles of the Arizona Trail
- Between $6.5 million and $7.5 million on road infrastructure improvements on a 12-mile stretch of the state highway leading to the project’s entrance road
- $25 million endowment trust fund, managed by a Board of Trustees, to fund priority community projects including recreation, cultural, and environmental conservation projects
- $500,000 in annual community donations per year (following the start of operations) to support community giving programs

Our team in Arizona is applying the knowledge we have gained with Rosemont to the Mason project in central Nevada. During the year, we conducted a stakeholder assessment, developed a stakeholder map and donated $5,250 to charitable organizations directly benefiting the town of Yerington, which is the closest community to the project.

2019 Performance

Spending on local procurement during the year was $7.0 million with local businesses and $10.79 million to suppliers throughout Arizona, with 80% of that spending occurring before the court ruling. We invested $120,000 in 2019 to support a wide range of community programs.

One program we will continue is Hudbay Rosemont Copper School Grant Program. The grant program awards between $500 and $5,000 to local public schools’ STEEAM (Science, Technology, Engineering, Environment, Agriculture and Math) programs for students. In 2019, we awarded 20 grants totalling nearly $20,000.

No complaints were formally registered through our grievance system in 2019. However, we addressed an issue raised by community members in Sahuarita, where one of our contractors driving a truck caused damage to a curve while taking a turn too fast.
Environment

Our success in developing, operating and closing mines depends on our ability to minimize our environmental impacts, comply with applicable environmental laws and regulations, and apply best practices and innovative approaches.

**Total Greenhouse Gas Emissions**

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**Direct Energy Consumption by Primary Energy Source**

- Propane: 26% (615 TJ)
- Diesel: 74% (1,794 TJ)

**Results**

- Decrease in water consumption: 9.1%
- Decrease in energy consumption: 1.0%

Manitoba Business Unit received the Mining Association of Canada Leadership Award for its 2018 performance against the Towards Sustainable Mining initiative.
In Manitoba, our Flin Flon tailings impoundment system (FFTIS) has been in service for 90 years. Part of the original FFTIS was constructed using the upstream method. The dam’s north and west expansions were constructed using the more robust downstream method.

We are taking steps toward further improvements in line with higher industry-wide standards for tailings dam safety. In the spring of 2019, we held a public meeting with local community leaders and members to present our tailings management approach, listen to their concerns and receive feedback. We are incorporating this input into our plans, as well as insights from recent tailings storage facility failures at other mining operations, and are working with our engineer of record to identify opportunities that will further improve dam stability, particularly in the areas previously constructed using the upstream method.

Construction work to implement these improvements and enhance the factor of safety (a measure that compares the design strength of a structure to the stresses put on it) associated with the FFTIS is underway, and will involve spending of approximately $20 million per year from 2020 to 2022. These upgrades align with the anticipated revisions to the Canadian Dam Association’s (CDA) Dam Safety Guidelines.

In addition to the multitude of measures in place to prevent a tailings dam breach, we have emergency response plans should such an unlikely event occur. In 2019, we ran inundation models (i.e., an analysis of impacts from a hypothetical dam failure) that incorporated updated data from recent dam failures at other companies to improve our emergency response plans and identify opportunities to reduce or mitigate risks. As a result of the study in Manitoba, we began constructing diversion berms that would redirect the flow of slurry and water away from residential and other public areas in the unlikely event of a dam failure. Construction of the berms is expected to be completed by mid-2020.
Our Approach

Hudbay’s commitments to safeguarding the environment and being good stewards of natural resources are expressly stated in our **Environmental Health and Safety Policy**. The policy requires all operations and exploration sites to 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.

One measure of the effectiveness of our approach is ensuring compliance against our corporate management standards, which are largely aligned to the Mining Association of Canada’s (MAC) Towards Sustainable Mining (TSM) environmental protocols and frameworks.

As a member of MAC, we commit to annually assess our performance against the TSM indicators at our Canadian operations, and we voluntarily do so at our operations outside of Canada. The goal is for each facility to achieve a level A or higher (on a five-point scale, from level C to AAA) for all protocols within two years of reaching commercial production or beginning operations under Hudbay’s control.

Our performance is also reflected in productivity and efficiency improvements that often go hand-in-hand with improved environmental management. For example, reduced fresh water use and higher recycling/reuse rates help lower costs and reduce maintenance requirements, and fewer idling haul trucks lower fuel costs and GHG emissions.

Land and Biodiversity

We recognize that our business activities can impact biological diversity, and stakeholders expect us to maintain healthy ecosystems and conserve biodiversity from the earliest stages of exploration and development through production and closure.

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

1. Avoid impacts by locating facilities and infrastructure away from significant biodiversity aspects and critical habitats.
2. Minimize impacts through the use of appropriate management systems, mine designs and operating plans that limit land disturbance throughout the mine life.
3. Restore ecosystems by progressively rehabilitating affected areas during operations and at closure to mitigate the impact over time through preservation or maintenance.
4. Offset residual impacts through programs to compensate for biodiversity losses by enhancing ecosystems in nearby areas.
Our standard aligns to, and supports our implementation of, the TSM Biodiversity Conservation Management Framework and protocol, and the IFC Ecosystem Service Performance Standard. Included in the framework are commitments to engage with communities of interest about biodiversity policies and practices, to comply with the requirements of legally designated protected areas, and to not explore or mine in World Heritage sites. In 2019, the MAC Board reviewed the TSM Biodiversity Conservation Management Framework and protocol. Although some minor updates were added, the overall intent remained the same, and we do not expect the changes to impact how we assess our operations.

Through monitoring programs, we track the effectiveness of our management plans and continuously improve our performance.

**Energy Use and Greenhouse Gas Emissions**

Mining and mineral processing is energy-intensive, and Hudbay is committed to identifying and pursuing economically viable opportunities to improve energy efficiencies and reduce greenhouse gas (GHG) emissions at our operations to better manage climate-related risks and opportunities.

In alignment with the TSM Energy and GHG Emissions Management protocol, we annually report on the processes, management systems and reporting mechanisms we have in place to effectively manage our energy use and GHG emissions. Under the protocol, we set performance targets for each facility and annually report on our performance against those targets. We also report our global GHG emissions data and performance to the CDP (formerly the Carbon Disclosure Project).

Our energy use and GHG emissions are greatly impacted by factors outside of our control, including the availability of renewable energy sources, weather (particularly in Canada during the winter months) and operational inputs (such as mining deeper or further and changes in ore composition). Because it is very difficult to establish a "baseline" of energy efficiency, our targets are incremental annual objectives to improve our performance related to energy use, GHG intensity of our energy supply, water, mineral waste and land disturbed, and establish eco-efficiency measures in our capital approval process.

Compared to the prior year, our direct energy consumption decreased 6.2%, and indirect energy consumption increased 2.2%. Our total GHG emissions decreased 1.8%, and GHG intensity increased 2.9%, the latter largely due to a decrease in our ore grade, processing more ore, and the deeper mines resulting in hauling ore a farther distance.

**Air**

We do not have any major point source air emissions (i.e., stack emissions or releases through a confined air stream). Our primary air emissions are forms of particulate matter (such as dust and fuel emissions) generated by activities including blasting, excavating ore 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 dust management controls, conduct monitoring, and report our air emissions to ensure full compliance with air quality laws and regulations in the countries where we operate.

Our total particulate emissions increased 17% compared to 2018, largely due to a combination of less rainfall and snow cover in Manitoba in 2019, which significantly reduces dust mitigation on the roads.
**Water**

Water is vital for healthy communities and ecosystems, and it is also essential to our operations. Our water management approach aims to prevent unnecessary pressure on a shared resource, operate without conflict with other water users and minimize our impact on water resources.

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

In 2018, MAC added a new Water Stewardship protocol, which includes four performance indicators: water governance, operational water management, watershed-scale planning, and water reporting and performance indicators. The protocol requires that water-related plans and management systems include a water balance, a water monitoring program, and response and contingency plans for water-related risks and incidents. Sites must engage with other water users and communities of interest in the watershed and participate in watershed-scale planning. To achieve level A for one of the new indicators, the site must have a water-related objective or target to measure performance. As a member of MAC, we will implement the updated protocol over the next year and publicly report against the protocol beginning in 2021.

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

In 2019, the amount of total water withdrawn decreased 9% and water discharged decreased 15% compared to 2018. The amount of water our operations discharge can be impacted by precipitation. Total water recycled or reused was approximately 342% of our total water use.

**Waste and Tailings**

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

All Hudbay operations have plans in place to reduce, reuse, recycle and responsibly dispose of hazardous and non-hazardous waste, with a particular focus on managing waste rock and tailings (a more detailed discussion on the latter 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 (ARD), which is caused by a chemical reaction when certain minerals in the rock are exposed to air and water. Waste rock and tailings may be classified as potentially acid generating (PAG) or non-acid generating (NAG). To minimize and mitigate the potential impact of PAG-classified material, we reuse, where possible, or dispose of PAG material in contained areas that are engineered to prevent acidic runoff.

During the year, we generated 1% less overburden waste, approximately the same waste rock and 2.3% 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**

We believe successful mine closure begins during the design phase of a project’s development and continues throughout the mine’s lifecycle.

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

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

The Manitoba Business Unit’s total water consumption decreased by 5.3% compared to 2018, and water consumption intensity increased by 0.8%.

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

Our overall energy usage and energy intensity increased by 3.6% and 2.2%, respectively, compared to 2018.

One example of the business unit’s efforts to improve eco-efficiency was at Lalor, where they trialled mobile fueling. Rather than scoop operators spending time driving to fuel bays and waiting in line to refuel, we purchased a fuel truck operated by a mechanic apprentice who drives to where the scoop operators are mucking. The trial resulted in fuel savings from less idling and greater productivity, with operators spending around 0.5 more hours (in a 12-hour shift) scooping.

Investing in Safe Tailings Storage

In 2019, the business unit conducted a significant amount of work on the operations’ tailings storage facilities (TSFs). We discuss these updates in detail in the Tailings Stewardship section and the Improving Tailings Safety in Manitoba case study.

Another major project during the year was preparing and submitting the permit to establish a 6.8-kilometre-long pipeline corridor linking the New Britannia mill with the Anderson tailings impoundment area (TIA) via the Stall mill at Lalor.

The corridor will contain three surface pipelines, with one pipeline carrying tailings generated at the New Britannia mill to the Stall concentrator for deposit in the Anderson TIA or to Lalor’s paste backfill plant, which transforms tailings into a paste that is pumped underground to backfill and stabilize voids. A return water pipe will send water reclaimed from the Anderson TIA to the New Britannia mill. The copper concentrate produced at Stall will be pumped to the New Britannia mill via a third pipeline. The pipeline route is located along an existing hydro right-of-way, so the project requires very little site preparation work and minimal environmental impact. The required permit for this work has been obtained, and construction on the project is planned for the summer months in 2020.

Adapting Activities to Protect Species

Hudbay is a long-time supporter of Manitoba’s provincial Boreal Woodland Caribou Recovery Strategy. The comprehensive multi-year plan supports recovery efforts and protection of the woodland caribou in northern Manitoba and includes extensive research on caribou migration routes. We use the data from the studies to assess any impacts our exploration, development and operating activities have on the species.

Because the data indicated that there were caribou calving near our Snow Lake operations, we altered the construction plan for the Anderson tailings facility to avoid any impacts (e.g., blasting) during the calving season. We will also incorporate this approach into the New Britannia mill refurbishment work.
In Flin Flon, the tailings pond tends to thaw earlier in the spring than other water sources in the area, becoming the preferential landing spots for migratory birds. Because some of the facility’s areas store water that is low in pH (i.e., acidic) and can be harmful to birds, we use propane-powered bangers during the day to deter the birds from landing. However, this method can result in noise complaints since this area is close to the communities. In 2019, we completed the construction of a spillway that moves water away from the communities, so birds will no longer land in the area.

To help prevent dust events that can occur when temperatures drop, the tailings dry out and the winds pick up, we place straw on top of the tailings ponds. As a dust cover, the straw works better than any chemical or sand product. However, certain varieties can attract birds, and for the tailings areas with low pH, we have to be very selective with the type of straw we use. During the year, we continued to test varieties of straw to find the right type to use in the low-pH areas.

Ensuring a Lasting Legacy

At the Reed site, where operations ceased in mid-2018, we continued to apply best practices to achieve positive closure outcomes. In consultation with Manitoba Sustainable Development, we conducted environmental monitoring and analyzed the site conditions to ensure all waste rock and contaminated materials had been removed from the site before revegetating the area. To encourage natural revegetation, which is the Manitoba government’s preferred method, in 2020 we will conduct soil preparation work including scarification – a technique that breaks up the topsoil and allows for proper seed germination.

The successful approach to closure at Reed will be applied to our future closure plans. With the 777 mine expected to cease operations in 2022, we have begun to implement our closure plan. Because the Flin Flon complex crosses the Manitoba–Saskatchewan border, we are in the process of completing the five-year update to the decommissioning plan, which is a Saskatchewan regulatory requirement.
Peru

Achieving Key Environmental Objectives

The Peru Business Unit establishes annual key performance indicators (KPI) across three areas: environmental management, environmental quality and sustainability. The sub-indicators include inspections and audits, environmental incidents and training, water quality and consumption, and per capita energy use and GHG emissions. In 2019, the business unit achieved its overall target, but slightly missed its targets for both its energy and water consumption-to-occupancy ratio at the accommodation camp.

Our overall energy usage in Peru increased by 2%, and our energy intensity increased by 7% compared to the previous year.

Efforts to improve eco-efficiencies across four areas – energy use and GHG emissions, water, mineral waste and land disturbed – included use of mineral waste for construction of the tailings dam, and energy- and water-saving campaigns carried out at Constancia’s accommodation camp. Constancia is on track to maintain its level A rating across all indicators in TSM’s Energy and GHG Emissions Management protocol.

Total fresh water consumption decreased by 13% and fresh water consumption intensity decreased by 9% compared to the prior year. The operation’s surface and groundwater consumption were 24% and 73%, respectively, of the total maximum volume authorized by the licences that govern the site’s water use. We implemented actions to reduce sulphates and reduce algae for potable water, and addressed elevated levels of phosphorus and nitrogen in wastewater from the camp’s laundry facility.

Although there were no high-level environmental incidents at Constancia, there was one medium-level incident in January related to a hydrocarbon spill. No water bodies were affected by the uncontained release.

There were no exceedances of air quality parameters related to the site’s activities. The site continued to apply a dust suppressant to the roads at the accommodation camp and process plant and carried out testing of other options to control dust emissions, including an organic plant-based dust suppressant.

In preparation for constructing a wastewater treatment plant that will allow us to safely discharge tailings water as part of a water balance regulatory requirement, we worked on optimizing the size and design of the plant to meet the discharging needs and requirements during the rainy season. We have initiated the permitting elaboration process, and we estimate beginning construction in the dry season of 2021.
Conserving and Protecting Biodiversity

Constancia’s annual biodiversity management plan includes several objectives that aim to achieve the broader goal of no net loss of biodiversity as a result of mining activities. We achieved all plan objectives in 2019, the most notable actions being:

- Conducting progressive reclamation, which we highlight in the Preserving Biodiversity through Progressive Reclamation case study
- Delivering on the Cochapampa Bog Sustainable Use and Management program by supporting rainwater harvesting systems and strengthening capacity through installing 15 demonstration irrigation sprinkler modules, expanding 11 sprinkler irrigation systems, funding internships for members of the Santa Fé and Chuschi communities with the city of Ayacucho’s department of bog management, and conducting water harvesting training programs for bog users in Phuiza, a community in the district of Llusco
- Engaging with the Regional Government of Cusco through our participation in the Apurimac River Basin Council – which serves as a network for protecting and enhancing the resources in the basin that supplies water to the Cusco region – and conducting water harvesting studies in the headwaters of the Chilloroya basin

Engaging Employees on Environmental Conservation

We encourage everyone working on our behalf to demonstrate environmentally responsible practices and embrace the use of environmentally conscientious materials, practices and services.

During the year, we held 12 “cleaning campaigns”, which involve training personnel across the business unit on clearing trash from rivers and other water sources. During the “Week of the Environment” celebration at Constancia in June, employees participated in various activities including a cleaning campaign on the Chilloroya River, and the Civil Works area was awarded with the best environmental performance.

The “Hudbay Reduce” campaign, which encourages employees and contractors to properly segregate solid waste, resulted in a 68% reduction in plastic generation and 63% segregation at source in solid waste collection points.
Arizona

**Demonstrating Commitment to Environmental Stewardship**

The 4,000-plus-page Mine Plan of Operations for our Rosemont project in Arizona detailed the environmental management practices and advanced mining techniques that would be employed during development, operations and closure to meet the project commitments under state and federal permits. These included replacing 105% of the water used, using dry-stack tailings instead of a conventional tailings impoundment to reduce water consumption and risk, and a robust mitigation and conservation plan to preserve and protect local plant and animal species.

Although a US District Court ruling resulted in the suspension of early works at Rosemont, Hudbay has appealed the decision to the US Ninth Circuit Court of Appeals, and we are optimistic that, ultimately, the validity of the permitting process and conformance to environmental requirements will be confirmed. During the appeals process, which will take approximately two years, we will monitor emerging technologies and innovations and continue to optimize the project in support of our goal to build a world-class mine.

In 2019, we demonstrated our commitment to being responsible land stewards through early works along the utility corridor. Before the court ruling, we had commenced clearing and preparring the corridor for a water pipeline and other utility infrastructure. We worked with the Tucson Cactus and Succulent Society, who provided their expertise in identifying and relocating Saguaro cactus and other significant flora along the corridor. We also used tribal monitors to identify and protect archaeological artifacts.

After construction was suspended, we put our reclamation plan into action, contouring and reseeding the disturbed area with a custom mix of seeds that are native and common to the area. Following seeding, a thin layer of hydro mulch and tackifier was sprayed on top to prevent evaporation and protect against seed predators and environmental extremes while also providing erosion control.

Through an agreement with the Mescalero Apache Tribe, members came out to the Rosemont site and harvested culturally significant plants.

**Shifting Focus to Mason Project**

Because of the delay at Rosemont, team members in our Arizona Business Unit began shifting some of their focus to Mason – an advanced exploration project located approximately 85 kilometres southeast of Reno, Nevada, in the prolific Yerington Copper District.

The project has significant exploration potential, and much of the knowledge gained and lessons learned from the permitting process at Rosemont, as well as the best practices put in place at Constancia, is being transferred to progress Mason toward development.
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 metal processed. Safety data frequency rates are measured per 200,000 hours worked.

Data Measurement Techniques

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

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

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

Data for the indicators is collected and compiled using the information submitted on a standard template by each site. We provide instruction and criteria for GRI G4 and Towards Sustainable Mining (TSM), and we supply a GHG emissions worksheet developed by the Mining Association of Canada (MAC).
## Key Performance Data

### Economic

*(in 5000s, unless otherwise stated)*

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### Municipal taxes and grants

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### Penalties and interest paid

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### Payments to providers of capital

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### Other interest paid

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<td>Canada</td>
<td>1.7</td>
<td>3.6</td>
<td>6.6</td>
<td>49.4</td>
</tr>
<tr>
<td>Peru</td>
<td>24.4</td>
<td>17.0</td>
<td>20.0</td>
<td>20.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$26.1</strong></td>
<td><strong>$20.6</strong></td>
<td><strong>$26.6</strong></td>
<td><strong>$69.5</strong></td>
</tr>
</tbody>
</table>

### Capital expenditures – cash flow basis

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$259.2</strong></td>
<td><strong>$190.9</strong></td>
<td><strong>$249.8</strong></td>
<td><strong>$192.8</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Payments – local communities for land use

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>US</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Peru</td>
<td><strong>$3,355.0</strong></td>
<td><strong>$1,062.0</strong></td>
<td><strong>$2,149.0</strong></td>
<td><strong>$1,829.3</strong></td>
</tr>
<tr>
<td><strong>Total land use payments</strong></td>
<td><strong>$3,355.0</strong></td>
<td><strong>$1,062.0</strong></td>
<td><strong>$2,149.0</strong></td>
<td><strong>$1,829.3</strong></td>
</tr>
</tbody>
</table>

---

1 Hudbay has stopped reporting on other interest paid, due to its being $0 for the last four years.
### Public benefit

Community investment and charitable donations

<table>
<thead>
<tr>
<th>Region</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>373.8</td>
<td>395.6</td>
<td>287.5</td>
<td>345.1</td>
</tr>
<tr>
<td>US</td>
<td>162.0</td>
<td>204.5</td>
<td>178.7</td>
<td>147.1</td>
</tr>
<tr>
<td>Peru</td>
<td>7,572.0</td>
<td>4,499.7</td>
<td>5,941.2</td>
<td>3,738.3</td>
</tr>
<tr>
<td>Chile</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total community investments and donations</td>
<td>$8,107.8</td>
<td>$5,099.8</td>
<td>$6,407.4</td>
<td>$4,230.5</td>
</tr>
</tbody>
</table>

Resettlement investment (Peru) | $0.0 | $130.0 | $98.0 | $1,081.5 |

### Production (contained metal in concentrate)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper (000 tonnes)</td>
<td>137.2</td>
<td>154.6</td>
<td>159.2</td>
<td>174.5</td>
</tr>
<tr>
<td>Zinc (000 tonnes)</td>
<td>119.1</td>
<td>115.6</td>
<td>135.2</td>
<td>110.6</td>
</tr>
<tr>
<td>Gold (000 ounces)</td>
<td>114.7</td>
<td>119.9</td>
<td>108.6</td>
<td>114.3</td>
</tr>
<tr>
<td>Silver (000 ounces)</td>
<td>3,585.3</td>
<td>3,954.5</td>
<td>3,487.3</td>
<td>3,755.9</td>
</tr>
</tbody>
</table>

### Metal production

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Zinc (000 tonnes)</td>
<td>103.3</td>
<td>102.1</td>
<td>107.9</td>
<td>102.6</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total workforce</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manitoba</td>
<td>1,411</td>
<td>1,382</td>
<td>1,332</td>
<td>1,319</td>
</tr>
<tr>
<td>Corporate</td>
<td>69</td>
<td>74</td>
<td>70</td>
<td>67</td>
</tr>
<tr>
<td>Arizona</td>
<td>25</td>
<td>33</td>
<td>35</td>
<td>40</td>
</tr>
<tr>
<td>Peru</td>
<td>728</td>
<td>690</td>
<td>304</td>
<td>230</td>
</tr>
<tr>
<td><strong>Total full-time employees</strong></td>
<td>2,233</td>
<td>2,179</td>
<td>1,741</td>
<td>1,656</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-time employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manitoba</td>
<td>14</td>
<td>13</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Corporate</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Arizona</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Peru</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total part-time employees</strong></td>
<td>17</td>
<td>15</td>
<td>24</td>
<td>12</td>
</tr>
<tr>
<td>Contract (term) employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manitoba</td>
<td>64</td>
<td>34</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>Corporate</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Arizona</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Peru</td>
<td>130</td>
<td>165</td>
<td>444</td>
<td>363</td>
</tr>
<tr>
<td><strong>Total contract employees</strong></td>
<td>197</td>
<td>211</td>
<td>516</td>
<td>385</td>
</tr>
<tr>
<td>Co-op and summer students hired</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manitoba</td>
<td>13</td>
<td>27</td>
<td>26</td>
<td>21</td>
</tr>
<tr>
<td>Corporate</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Arizona</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Peru</td>
<td>23</td>
<td>12</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total co-op/summer students</strong></td>
<td>41</td>
<td>45</td>
<td>42</td>
<td>31</td>
</tr>
</tbody>
</table>
### Employee Turnover (Includes All Full-Time Employees)

<table>
<thead>
<tr>
<th>Location</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manitoba</td>
<td>168</td>
<td>189</td>
<td>192</td>
<td>201</td>
</tr>
<tr>
<td>Corporate</td>
<td>18</td>
<td>7</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Arizona</td>
<td>18</td>
<td>10</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Peru</td>
<td>84</td>
<td>108</td>
<td>128</td>
<td>64</td>
</tr>
<tr>
<td>Total</td>
<td>288</td>
<td>314</td>
<td>336</td>
<td>292</td>
</tr>
</tbody>
</table>

### Age Distribution

<table>
<thead>
<tr>
<th>Age</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30</td>
<td>18%</td>
<td>25%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>30-50</td>
<td>47%</td>
<td>44%</td>
<td>45%</td>
<td>39%</td>
</tr>
<tr>
<td>&gt;50</td>
<td>35%</td>
<td>31%</td>
<td>35%</td>
<td>41%</td>
</tr>
</tbody>
</table>

### Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>79%</td>
<td>76%</td>
<td>79%</td>
<td>80%</td>
</tr>
<tr>
<td>Female</td>
<td>21%</td>
<td>24%</td>
<td>21%</td>
<td>20%</td>
</tr>
</tbody>
</table>

### Voluntary Turnover Rate (Hudbay Total)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>9%</td>
<td>13%</td>
<td>10%</td>
<td>9%</td>
</tr>
</tbody>
</table>

### Involuntary Turnover Rate (Hudbay Total)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>4%</td>
<td>6%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>--------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Manitoba</td>
<td>233</td>
<td>222</td>
<td>220</td>
<td>141</td>
</tr>
<tr>
<td>Corporate</td>
<td>13</td>
<td>15</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>Arizona</td>
<td>8</td>
<td>3</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Peru</td>
<td>98</td>
<td>227</td>
<td>238</td>
<td>280</td>
</tr>
<tr>
<td>Total</td>
<td>352</td>
<td>467</td>
<td>477</td>
<td>427</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age distribution</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30</td>
<td>39%</td>
<td>35%</td>
<td>39%</td>
<td>33%</td>
</tr>
<tr>
<td>30–50</td>
<td>45%</td>
<td>59%</td>
<td>52%</td>
<td>55%</td>
</tr>
<tr>
<td>&gt;50</td>
<td>16%</td>
<td>12%</td>
<td>9%</td>
<td>13%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>78%</td>
<td>81%</td>
<td>81%</td>
<td>83%</td>
</tr>
<tr>
<td>Female</td>
<td>22%</td>
<td>19%</td>
<td>19%</td>
<td>17%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net number of full-time employees added (decreased)</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>24</td>
<td>54</td>
<td>16</td>
<td>(81)</td>
</tr>
<tr>
<td>US</td>
<td>(8)</td>
<td>(2)</td>
<td>(5)</td>
<td>(10)</td>
</tr>
<tr>
<td>Peru</td>
<td>38</td>
<td>386</td>
<td>74</td>
<td>47</td>
</tr>
<tr>
<td>Total</td>
<td>54</td>
<td>438</td>
<td>85</td>
<td>(44)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Senior management from local community</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4</td>
<td>6</td>
<td>5</td>
<td>9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of contractor full-time equivalent staff</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manitoba</td>
<td>407</td>
<td>429</td>
<td>284</td>
<td>175</td>
</tr>
<tr>
<td>Peru</td>
<td>2,283</td>
<td>1,737</td>
<td>2,780</td>
<td>2,974</td>
</tr>
<tr>
<td>Arizona</td>
<td>15</td>
<td>13</td>
<td>9</td>
<td>15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Person-hours of work (including contractors)</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>3,750,575</td>
<td>3,701,855</td>
<td>3,232,379</td>
<td>3,073,646</td>
</tr>
<tr>
<td>South America</td>
<td>7,146,600</td>
<td>5,992,125</td>
<td>7,867,939</td>
<td>7,589,501</td>
</tr>
<tr>
<td>Total person-hours</td>
<td>10,897,175</td>
<td>9,693,980</td>
<td>11,100,318</td>
<td>10,663,147</td>
</tr>
</tbody>
</table>
Employees receiving regular performance and career development reviews
(includes all full-time employees)

<table>
<thead>
<tr>
<th>Percentage reviewed</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>53%</td>
<td>46%</td>
<td>40%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Hudbay total workforce age distribution (includes all full-time employees)

<table>
<thead>
<tr>
<th>Age group</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30</td>
<td>17%</td>
<td>17%</td>
<td>15%</td>
<td>14%</td>
</tr>
<tr>
<td>30-50</td>
<td>64%</td>
<td>62%</td>
<td>53%</td>
<td>53%</td>
</tr>
<tr>
<td>&gt;50</td>
<td>27%</td>
<td>31%</td>
<td>33%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Composition of employees

Workforce diversity (includes all full-time employees)

Female (Hudbay)

<table>
<thead>
<tr>
<th>Location</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manitoba</td>
<td>223</td>
<td>213</td>
<td>195</td>
<td>189</td>
</tr>
<tr>
<td>Corporate</td>
<td>33</td>
<td>32</td>
<td>33</td>
<td>32</td>
</tr>
<tr>
<td>Arizona</td>
<td>7</td>
<td>15</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Peru</td>
<td>88</td>
<td>83</td>
<td>76</td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td>351</td>
<td>343</td>
<td>321</td>
<td>298</td>
</tr>
</tbody>
</table>

Percentage of workforce that are female

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>16%</td>
</tr>
<tr>
<td>2018</td>
<td>16%</td>
</tr>
<tr>
<td>2017</td>
<td>18%</td>
</tr>
<tr>
<td>2016</td>
<td>18%</td>
</tr>
</tbody>
</table>

Percentage of workforce that are indigenous (MBU only)

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>15%</td>
</tr>
<tr>
<td>2018</td>
<td>15%</td>
</tr>
<tr>
<td>2017</td>
<td>14%</td>
</tr>
<tr>
<td>2016</td>
<td>13%</td>
</tr>
</tbody>
</table>

Percentage of workforce that are disabled (MBU only)

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>4%</td>
</tr>
<tr>
<td>2018</td>
<td>4%</td>
</tr>
<tr>
<td>2017</td>
<td>5%</td>
</tr>
<tr>
<td>2016</td>
<td>5%</td>
</tr>
</tbody>
</table>

Percentage of workforce that are visible minorities (MBU only)

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>6%</td>
</tr>
<tr>
<td>2018</td>
<td>6%</td>
</tr>
<tr>
<td>2017</td>
<td>6%</td>
</tr>
<tr>
<td>2016</td>
<td>6%</td>
</tr>
</tbody>
</table>

Composition of executive management and corporate governance bodies

Board of Directors

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.7:1</td>
<td>2.5:1</td>
<td>2.3:1</td>
<td>4:1</td>
</tr>
</tbody>
</table>

Age distribution

<table>
<thead>
<tr>
<th>Age group</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>30-50</td>
<td>9%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>&gt;50</td>
<td>91%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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</tbody>
</table>

Executive management (ratio male to female)

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13.0:1</td>
<td>7:1</td>
<td>5:1</td>
<td>6.5:1</td>
</tr>
</tbody>
</table>

1 Hudbay’s female representation increased in 2020 to 30% when Alan Hibben stepped down.
### CEO MESSAGE

### OUR FEATURE CASE STUDIES

### OUR COMPANY

### BUSINESS AND FINANCIAL REVIEW

### SUSTAINABILITY APPROACH

### OUR PEOPLE

### SOCIAL IMPACT

### ENVIRONMENT

#### Sustainability Performance

<table>
<thead>
<tr>
<th>Age distribution</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>30-50</td>
<td>43%</td>
<td>30%</td>
<td>29%</td>
<td>53%</td>
</tr>
<tr>
<td>&gt;50</td>
<td>57%</td>
<td>70%</td>
<td>71%</td>
<td>46%</td>
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</table>

#### Ratio of annual compensation of highest paid individual to mean total compensation (includes all full-time employees and Peru contract employees)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada (MBU, excluding Corporate office)</td>
<td>4.1:1</td>
<td>5.8:1</td>
<td>6.8:1</td>
<td>4.9:1</td>
</tr>
<tr>
<td>Canada (including Corporate office)</td>
<td>26.4:1</td>
<td>28.3:1</td>
<td>23.4:1</td>
<td>24.1:1</td>
</tr>
<tr>
<td>Peru</td>
<td>17.8:1</td>
<td>19.1:1</td>
<td>19.5:1</td>
<td>9.2:1</td>
</tr>
<tr>
<td>US (ABU)</td>
<td>4.4:1</td>
<td>5.5:1</td>
<td>4.8:1</td>
<td>4.3:1</td>
</tr>
</tbody>
</table>

#### Workforce represented in formal joint management–worker Health and Safety Committees

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage represented</td>
<td>99%¹</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### Health and safety performance (per 200,000 hours worked, except where noted)

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<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lost time accident frequency (LTA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manitoba</td>
<td>0.7</td>
<td>0.9</td>
<td>1.0</td>
<td>1.1</td>
</tr>
<tr>
<td>Manitoba contractors</td>
<td>0.0</td>
<td>0.0</td>
<td>0.7</td>
<td>0.0</td>
</tr>
<tr>
<td>Peru</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Peru contractors</td>
<td>0.0</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Arizona</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Arizona contractors</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Chile</td>
<td>0.0</td>
<td>0.0</td>
<td>N/av</td>
<td>N/av</td>
</tr>
<tr>
<td>Chile contractors</td>
<td>0.0</td>
<td>2.6</td>
<td>N/av</td>
<td>N/av</td>
</tr>
<tr>
<td>Other North America (not including MBU and ABU)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Other North America contractors (not including MBU and ABU)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Other South America (not including Peru and Chile)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Other South America contractors (not including Peru and Chile)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>0.2</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
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</tbody>
</table>

¹ Hudbay’s Arizona employees are currently not covered because the size of their office does not require it.
<table>
<thead>
<tr>
<th>Lost time accident severity (SEV)</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
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<tbody>
<tr>
<td>Manitoba</td>
<td>5.5</td>
<td>41.3</td>
<td>34.4</td>
<td>37.3</td>
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<td>Manitoba contractors</td>
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<td>0.0</td>
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<td>0.0</td>
</tr>
<tr>
<td>Peru</td>
<td>9.4</td>
<td>2.5</td>
<td>0.5</td>
<td>2.0</td>
</tr>
<tr>
<td>Peru contractors</td>
<td>1.6</td>
<td>3.3</td>
<td>0.0</td>
<td>0.6</td>
</tr>
<tr>
<td>Arizona</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Arizona contractors</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Chile</td>
<td>0.0</td>
<td>0.0</td>
<td>N/av</td>
<td>N/av</td>
</tr>
<tr>
<td>Chile contractors</td>
<td>0.0</td>
<td>178.7</td>
<td>N/av</td>
<td>N/av</td>
</tr>
<tr>
<td>North America (not including MBU and ABU)</td>
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<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>North America contractors (not including MBU and ABU)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>South America (not including Peru)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>South America contractors (not including Peru)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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<tr>
<td>Total</td>
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<td>13.1</td>
<td>8.4</td>
<td>9.3</td>
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<table>
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<th>Restricted work case frequency (RWC)</th>
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<th>2017</th>
<th>2016</th>
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<td>0.4</td>
<td>0.7</td>
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<tr>
<td>Peru</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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<tr>
<td>Peru contractors</td>
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<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Arizona</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Arizona contractors</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Chile</td>
<td>0.0</td>
<td>0.0</td>
<td>N/av</td>
<td>N/av</td>
</tr>
<tr>
<td>Chile contractors</td>
<td>0.0</td>
<td>0.0</td>
<td>N/av</td>
<td>N/av</td>
</tr>
<tr>
<td>North America (not including MBU and ABU)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>North America contractors (not including MBU and ABU)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>South America (not including Peru)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>South America contractors (not including Peru)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>0.2</td>
<td>0.2</td>
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### Medical aid (MA) frequency

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<td>2.4</td>
<td>10.9</td>
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<td>1.7</td>
<td>5.4</td>
<td>5.5</td>
</tr>
<tr>
<td>Peru</td>
<td>0.2</td>
<td>0.1</td>
<td>0.3</td>
<td>0.0</td>
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<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
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<td>0.0</td>
<td>3.4</td>
<td>0.0</td>
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<tr>
<td>Arizona contractors</td>
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<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Chile</td>
<td>0.0</td>
<td>0.0</td>
<td>N/av</td>
<td>N/av</td>
</tr>
<tr>
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<td>4.4</td>
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<td>N/av</td>
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<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>South America (not including Peru)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>South America contractors (not including Peru)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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<tr>
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<td>0.9</td>
<td>0.9</td>
<td>2.8</td>
<td>3.0</td>
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### First aid (FA) frequency

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<td>Manitoba</td>
<td>20.8</td>
<td>28.9</td>
<td>16.8</td>
<td>22.6</td>
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<td>2.4</td>
<td>4.4</td>
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<td>Peru</td>
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<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Peru contractors</td>
<td>0.9</td>
<td>1.3</td>
<td>0.7</td>
<td>0.4</td>
</tr>
<tr>
<td>Arizona</td>
<td>3.4</td>
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<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
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<td>10.5</td>
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<tr>
<td>Chile</td>
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<td>0.0</td>
<td>N/av</td>
<td>N/av</td>
</tr>
<tr>
<td>Chile contractors</td>
<td>0.0</td>
<td>0.0</td>
<td>N/av</td>
<td>N/av</td>
</tr>
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<td>0.0</td>
<td>0.0</td>
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<tr>
<td>South America (not including Peru)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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<tr>
<td>South America contractors (not including Peru)</td>
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<td>0.0</td>
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<td>8.6</td>
<td>4.3</td>
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## Benefits 2019

<table>
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<th>MBU</th>
<th>Peru</th>
<th>ABU</th>
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<tr>
<td></td>
<td>Full time</td>
<td>Full time</td>
<td>Part time</td>
<td>Full time</td>
</tr>
<tr>
<td>Life insurance</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Health care</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Disability and invalidity coverage</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Parental leave</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Retirement provision</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Stock ownership</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Other – critical illness insurance</td>
<td>Yes</td>
<td>Management only</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Other – accidental death and dismemberment insurance</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
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</table>
### Society

<table>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
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<tr>
<td><strong>Total number of incidents of discrimination (and actions taken)</strong></td>
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<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Land use disputes</strong></td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td><strong>Resettlements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of households (Peru only)</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Number of individuals (Peru only)</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Employees trained in anti-corruption policies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number – employees</td>
<td>1,245</td>
<td>1,064</td>
<td>952</td>
<td>66</td>
</tr>
<tr>
<td>Percentage of workforce</td>
<td>56%</td>
<td>49%</td>
<td>55%</td>
<td>4%</td>
</tr>
<tr>
<td>Percentage of Board and management given training</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Employees that anti-corruption policies have been communicated to</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number – management</td>
<td>562</td>
<td>564</td>
<td>580</td>
<td>534</td>
</tr>
<tr>
<td>Percentage</td>
<td>92%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Number – non-management</td>
<td>1,810</td>
<td>1,840</td>
<td>1,649</td>
<td>418</td>
</tr>
<tr>
<td>Percentage</td>
<td>99%</td>
<td>100%</td>
<td>100%</td>
<td>27%</td>
</tr>
<tr>
<td><strong>Number and percentage of operations assessed for corruption risks</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number – operations</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>N/av</td>
</tr>
<tr>
<td>Percentage</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>N/av</td>
</tr>
<tr>
<td><strong>Governance body members that anti-corruption policies have been communicated to</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
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<td>10</td>
</tr>
<tr>
<td>Percentage</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Governance body members that received training on anti-corruption</strong></td>
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</tr>
<tr>
<td>Number</td>
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<td>10</td>
<td>10</td>
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</tr>
<tr>
<td>Percentage</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

1 At our Constancia operation in August 2019, a 24-hour strike was generated, prompted by the Community Resettlement Association, which demanded compliance with commitments. The protest was resolved when the Company promised to fulfill each of the commitments according to schedule.
### Average hours of training (Peru and Arizona business units only)

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Males in management</td>
<td>32.35</td>
<td>65.69</td>
<td>60.70</td>
<td>6.86</td>
</tr>
<tr>
<td>Females in management</td>
<td>20.00</td>
<td>75.73</td>
<td>65.98</td>
<td>9.36</td>
</tr>
<tr>
<td>Males in non-management</td>
<td>42.92</td>
<td>118.09</td>
<td>100.09</td>
<td>9.59</td>
</tr>
<tr>
<td>Females in non-management</td>
<td>20.14</td>
<td>113.48</td>
<td>85.82</td>
<td>14.11</td>
</tr>
<tr>
<td>Average spend (DJSI)</td>
<td>$466</td>
<td>$208</td>
<td>$362</td>
<td>N/Av</td>
</tr>
</tbody>
</table>

### Security practices (security personnel training)

Hudbay security personnel trained in human rights policies and procedures

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>16</td>
<td>15</td>
<td>15</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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</tbody>
</table>

Contractor security personnel trained in human rights policies and procedures

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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>116</td>
<td>135</td>
<td>124</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage</td>
<td>100%</td>
<td>98%</td>
<td>98%</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Value of fines or sanctions for non-compliance with laws and regulations

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

### Grievances about impacts on society

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number filed through formal grievance mechanisms</td>
<td>78</td>
<td>15</td>
<td>20</td>
<td>32</td>
</tr>
<tr>
<td>Number addressed during reporting period</td>
<td>9</td>
<td>15</td>
<td>20</td>
<td>32</td>
</tr>
<tr>
<td>Number resolved during reporting period</td>
<td>69</td>
<td>1</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Number filed prior to the reporting period that were resolved during the reporting period</td>
<td>6</td>
<td>8</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Number of other concerns</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>5</td>
<td>0</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Labour and commercial practices</td>
<td>152</td>
<td>104</td>
<td>113</td>
<td>24</td>
</tr>
<tr>
<td>Resettlement/livelihood</td>
<td>4</td>
<td>0</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Human rights</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>25</td>
<td>4</td>
<td>1</td>
<td>4</td>
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</tbody>
</table>
### Closure plans

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify total number of operations</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Number of company operations that have closure plans</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Percentage of total operations with closure plans</td>
<td>100%</td>
<td>1</td>
<td>1</td>
<td>1.6</td>
</tr>
<tr>
<td>Number of advanced exploration projects that have closure plans</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Percentage of advanced exploration projects that have closure plans</td>
<td>100%</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Overall financial provision representing the present value of future cash flows relating to estimated closure costs per Canadian Generally Accepted Accounting Principles (in $000s)</td>
<td>$302,116</td>
<td>$202,024</td>
<td>$200,000</td>
<td>$177,296</td>
</tr>
</tbody>
</table>

### Operation has implemented local community engagement, impact assessments, and development programs in line with the Stakeholder Engagement Standard

<table>
<thead>
<tr>
<th>Location</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manitoba</td>
<td>Yes</td>
<td>Yes</td>
<td>Partially</td>
<td>Yes</td>
</tr>
<tr>
<td>Arizona</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Peru</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Chile</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Operation is taking place in or adjacent to indigenous peoples’ territories

<table>
<thead>
<tr>
<th>Location</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manitoba</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Arizona</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Peru</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Chile</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
### Artisanal mining

<table>
<thead>
<tr>
<th>Location</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toronto</td>
<td>N/ap</td>
<td>N/ap</td>
<td>N/ap</td>
<td>N/ap</td>
</tr>
<tr>
<td>Manitoba</td>
<td>No artisanal mining</td>
<td>No artisanal mining</td>
<td>No artisanal mining</td>
<td>N/ap</td>
</tr>
<tr>
<td>Arizona</td>
<td>No artisanal mining</td>
<td>No artisanal mining</td>
<td>No artisanal mining</td>
<td>N/ap</td>
</tr>
<tr>
<td>Peru</td>
<td>Yes¹</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Chile</td>
<td>Yes²</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

¹ Artisanal mining is active in the Pampacancha area. To mitigate the continuation of such practices, Hudbay is working to come to agreements with land owners in the community who carry out informal mining or rent their land for the development of informal mining.

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

### Direct energy consumption by primary energy source (terajoules)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Propane</td>
<td>615</td>
<td>793</td>
<td>629</td>
<td>579</td>
</tr>
<tr>
<td>Diesel</td>
<td>1,794</td>
<td>1,778</td>
<td>2,019</td>
<td>1,941</td>
</tr>
<tr>
<td>Light oil</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Gasoline</td>
<td>15</td>
<td>15</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,424</td>
<td>2,586</td>
<td>2,664</td>
<td>2,533</td>
</tr>
</tbody>
</table>

### Indirect energy consumption by primary energy source (terajoules)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total electricity consumed</td>
<td>5,905</td>
<td>5,820</td>
<td>5,652</td>
<td>5,263</td>
</tr>
</tbody>
</table>

### Indirect energy sold/credits (terajoules)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>0.84</td>
<td>0.42</td>
<td>0.47</td>
<td>0.49</td>
</tr>
</tbody>
</table>

### Total indirect energy consumed by organization (terajoules)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5,904</td>
<td>5,819</td>
<td>5,652</td>
<td>5,262</td>
</tr>
</tbody>
</table>

### Energy intensity (terajoules per kilotonne of metal in concentrate)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>23.08</td>
<td>22.58</td>
<td>20.83</td>
<td>20.11</td>
</tr>
</tbody>
</table>

### Total direct and indirect greenhouse gas emissions (kilotonnes of CO₂-equivalent)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>160.83</td>
<td>170.19</td>
<td>177.17</td>
<td>170.96</td>
</tr>
<tr>
<td>401.95</td>
<td>403.10</td>
<td>363.48</td>
<td>322.31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>562.78</strong></td>
<td><strong>573.29</strong></td>
<td><strong>540.65</strong></td>
</tr>
</tbody>
</table>

### GHG intensity (tonnes of GHG emissions per kilotonne of metal in concentrate)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.19</td>
<td>2.12</td>
<td>1.84</td>
<td>1.73</td>
</tr>
</tbody>
</table>

### NOₓ, SOₓ and other significant air emissions (in kilotonnes of particulate)

<table>
<thead>
<tr>
<th>Location</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBU</td>
<td>0.65</td>
<td>0.54</td>
<td>0.62</td>
<td>N/av</td>
</tr>
<tr>
<td>Peru</td>
<td>N/av</td>
<td>N/av</td>
<td>N/av</td>
<td>N/av</td>
</tr>
<tr>
<td>Arizona</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>N/av</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>0.65</td>
<td>0.54</td>
<td>0.62</td>
<td>0.44</td>
</tr>
</tbody>
</table>

1 Energy produced at our test solar panel plots, as described in our 2015 report.
2 In Manitoba, we collect and report on fugitive dust. Collection and reporting at the same level of detail is not required in Peru. Ambient monitoring is conducted, but total particulate release data is not collected.
## Sustainability Performance

### Total water withdrawal (000 cubic metres)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface water</td>
<td>12,692.62</td>
<td>13,770.01</td>
<td>11,058.15</td>
<td>10,632.45</td>
</tr>
<tr>
<td>Groundwater</td>
<td>4,144.37</td>
<td>4,154.87</td>
<td>2,746.90</td>
<td>3,582.05</td>
</tr>
<tr>
<td>Rainwater collected directly and stored by the organization</td>
<td>5,093.14</td>
<td>6,192.64</td>
<td>10,242.19</td>
<td>7,143.19</td>
</tr>
<tr>
<td>Waste water from another organization</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Municipal water supplies</td>
<td>0.14</td>
<td>0.01</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total water withdrawal</strong></td>
<td>21,930.27</td>
<td>24,117.52</td>
<td>24,047.24</td>
<td>21,306.23</td>
</tr>
</tbody>
</table>

### Percentage and total volume of water recycled and reused

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total volume (000 cubic metres)</td>
<td>75,088.41</td>
<td>65,698.20</td>
<td>53,474.40</td>
<td>56,291.74</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td>342.40%</td>
<td>272.41%</td>
<td>222.37%</td>
<td>264.20%</td>
</tr>
</tbody>
</table>

### Total water discharged (000 cubic metres)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>To Flin Flon Creek/Ross Lake/Schist Lake</td>
<td>12,500.88</td>
<td>15,897.13</td>
<td>13,941.01</td>
<td>14,352.85</td>
</tr>
<tr>
<td>To Anderson Creek/Wekusko Lake</td>
<td>4,383.57</td>
<td>4,383.57</td>
<td>9,066.54</td>
<td>8,024.91</td>
</tr>
<tr>
<td>To Woosey Creek/Morgan Lake</td>
<td>1,669.85</td>
<td>1,669.85</td>
<td>1,787.68</td>
<td>2,141.69</td>
</tr>
<tr>
<td>To Namew Lake</td>
<td>30.00</td>
<td>30.00</td>
<td>30.00</td>
<td>30.00</td>
</tr>
<tr>
<td>To Herblet Lake</td>
<td>595.19</td>
<td>5.28</td>
<td>784.06</td>
<td>926.49</td>
</tr>
<tr>
<td>To ground</td>
<td>0.00</td>
<td>181.34</td>
<td>297.22</td>
<td>247.31</td>
</tr>
<tr>
<td>To Chilloroya River (Peru)</td>
<td>861.54</td>
<td>1,358.34</td>
<td>294.02</td>
<td>187.84</td>
</tr>
<tr>
<td>Water treated (000 cubic metres)</td>
<td>20,041.03</td>
<td>23,525.51</td>
<td>26,200.52</td>
<td>25,911.09</td>
</tr>
<tr>
<td><strong>Total number of significant spills</strong></td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Volume (liquid) (m³)</td>
<td>0.00</td>
<td>0.00</td>
<td>286.02</td>
<td>516.48</td>
</tr>
<tr>
<td>Volume (solid) (tonnes)</td>
<td>0.00</td>
<td>0.00</td>
<td>120.00</td>
<td>N/av</td>
</tr>
<tr>
<td>Hazardous waste disposed of at external facility (tonnes)</td>
<td>926</td>
<td>1,166</td>
<td>1,944</td>
<td>1,520</td>
</tr>
<tr>
<td><strong>Total waste (tonnes)</strong></td>
<td>256,454.40</td>
<td>258,288.00</td>
<td>1,302,405.23</td>
<td>2,053,659.86</td>
</tr>
<tr>
<td>Overburden</td>
<td>37,005,883.18</td>
<td>37,055,344.00</td>
<td>32,432,668.54</td>
<td>51,426,208.82</td>
</tr>
<tr>
<td>Tailings</td>
<td>33,211,879.00</td>
<td>32,457,474.00</td>
<td>30,545,163.00</td>
<td>28,968,944.00</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Manitoba and Saskatchewan</td>
<td>518,030.37</td>
<td>241,809.86</td>
<td>121,241.37</td>
<td>122,639.37</td>
</tr>
<tr>
<td>Yukon</td>
<td>0.00</td>
<td>0.00</td>
<td>583.37</td>
<td>5,823.37</td>
</tr>
<tr>
<td>Nunavut</td>
<td>21.00</td>
<td>21.00</td>
<td>21.00</td>
<td>21.00</td>
</tr>
<tr>
<td>Total Canada</td>
<td>518,051.37</td>
<td>241,830.86</td>
<td>121,845.74</td>
<td>261,822.87</td>
</tr>
<tr>
<td>Arizona</td>
<td>7,284.00</td>
<td>7,284.00</td>
<td>7,284.00</td>
<td>7,284.00</td>
</tr>
<tr>
<td>Total USA</td>
<td>0.00</td>
<td>7,284.00</td>
<td>7,284.00</td>
<td>7,284.00</td>
</tr>
<tr>
<td>Chile</td>
<td>1,531.00</td>
<td>263,900.00</td>
<td>263,900.00</td>
<td>68,826.00</td>
</tr>
<tr>
<td>Peru</td>
<td>139,495.77</td>
<td>99,735.66</td>
<td>99,735.66</td>
<td>5,186.96</td>
</tr>
<tr>
<td>Total South/Central America</td>
<td>141,026.77</td>
<td>363,635.66</td>
<td>363,635.66</td>
<td>74,012.96</td>
</tr>
<tr>
<td>Total</td>
<td>659,078.14</td>
<td>612,750.52</td>
<td>492,765.40</td>
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<td>Manitoba and Saskatchewan</td>
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<td>7,314.10</td>
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<td>Peru</td>
<td>1,590.98</td>
<td>1,524.19</td>
<td>1,517.97</td>
<td>1,568.38</td>
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<td>Total South/Central America</td>
<td>3,121.98</td>
<td>1,524.19</td>
<td>1,517.97</td>
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<td>Total</td>
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### Sites requiring biodiversity management plans

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<td>Number of sites legally requiring plans</td>
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<tr>
<td>Percentage of sites with legally required plans in place</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>Number of sites with voluntary plans in place</td>
<td>1</td>
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### Habitats protected or restored (hectares)

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<td>Protected</td>
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<td>Restored</td>
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### Partnerships exist

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### Status at close of reporting period

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### IUCN Red List species and National Conservation List species

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<tr>
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<th>Critically endangered</th>
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<th>Vulnerable</th>
<th>Near threatened</th>
<th>Least concern</th>
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1 In 2019, our Peru Business Unit did a significant amount of reclamation around the Constancia mine, accounting for the majority of reclamation stated here.
## 2019 Targets and Achievements

<table>
<thead>
<tr>
<th>TARGET</th>
<th>ACHIEVEMENT</th>
<th>DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health and safety</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve on our current three-year average lost time accident severity of 10.5</td>
<td>Achieved</td>
<td>As of December 31, 2019, our three-year average lost time accident severity was 7.0.</td>
</tr>
<tr>
<td>Improve on our three-year total recordable injury frequency average of 3.7</td>
<td>Not achieved</td>
<td>While we stayed very close to our three-year average, we did not improve on it. As of December 31, 2019, our three-year average total recordable injury frequency was 3.8 (based on the same local regulatory classification criteria used in our historical data).</td>
</tr>
<tr>
<td>Fatality prevention – carry out a review of 2018 high-potential incident investigations in order to identify and propose investigation process improvement</td>
<td>Partially achieved</td>
<td>During the year, we revised our approach and encouraged each business unit to focus on fatality prevention priorities based on local context.</td>
</tr>
<tr>
<td><strong>Community</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Define a framework for tracking well-being of communities near Hudbay mines</td>
<td>Achieved</td>
<td>Framework has been defined. Next step will be implementation in site tracking and corporate reporting.</td>
</tr>
<tr>
<td>Perform gap assessments and create improvement plans at each main location in order to finalize social risk framework</td>
<td>Not achieved</td>
<td>Some aspects of the social risk framework have been incorporated in our corporate risk tracking, but a formal gap analysis was not carried out.</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintain a score of A or higher in the new MAC TSM Tailings Management protocol guidelines for Manitoba and Peru</td>
<td>On track, to be confirmed</td>
<td>The TSM scoring assessment is normally completed in the first quarter of the following year, the COVID-19 pandemic has delayed completion of these assessments. Final reporting will be available on the Mining Association of Canada website.</td>
</tr>
<tr>
<td>Establish eco-efficiency measures in AFE process</td>
<td>Partially achieved</td>
<td>Key measures and process to incorporate eco-efficiency measures were agreed upon, but we have not yet updated our process.</td>
</tr>
<tr>
<td>TARGET</td>
<td>ACHIEVEMENT</td>
<td>DETAILS</td>
</tr>
<tr>
<td>--------</td>
<td>-------------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implement a company-wide Human Resources Information System to support improved human capital management. The 2019 project will establish globally integrated employee information, which is the foundation for developing and assessing our workforce relative to our priority on people, inclusion and talent development.</td>
<td>Partially achieved</td>
<td>This continues to be a priority; however, due to technical difficulties, Hudbay is experiencing delays in the full rollout.</td>
</tr>
<tr>
<td>Implement a revised Performance Effectiveness Process at the manager level in Manitoba and at the superintendent level in Peru. This is the next phase of implementation of this process, emphasizing ongoing coaching, feedback and development in role conversations, which was piloted in the corporate office in 2018.</td>
<td>Achieved</td>
<td>Manitoba rolled out performance to all the VPs’ direct reports (14 employees in total). Peru rolled it out to supervisors and lower – assistants and some individual contributors.</td>
</tr>
<tr>
<td><strong>Financial excellence/growth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintain our industry-leading low-cost business to continue to generate positive cash flow</td>
<td>Achieved</td>
<td>The Company’s operations are favourably positioned on the lower end of the global cash cost curves and with cash and cash equivalents of $396.1 million as at December 31, 2019, the Company is well positioned for executing future growth initiatives.</td>
</tr>
<tr>
<td>Complete a new reserve and resource estimate for the Snow Lake operations, including our 100% owned Lalor, Pen, Wim and New Britannia properties, and advance plans for the refurbishment of the New Britannia mill</td>
<td>Achieved</td>
<td>Announced a 35% increase in Snow Lake gold reserves supporting a longer mine life; refurbishment of the New Britannia mill is on track for completion in late 2021.</td>
</tr>
<tr>
<td>Begin development of the Pampacancha satellite deposit</td>
<td>Partially achieved</td>
<td>In Q1 2020, reached a community agreement to acquire Pampacancha surface rights, enabling us to proceed with negotiations with individual land users.</td>
</tr>
<tr>
<td>Advance Rosemont through the final stage of permitting and initiate early works activities</td>
<td>Not achieved</td>
<td>While we did achieve our target of advancing Rosemont through the final stage of permitting and initiating early works activities, this accomplishment was set back in July 2019 when the US District Court for Arizona, in an unprecedented ruling, overturned the permits and approvals for the project.</td>
</tr>
<tr>
<td>Test promising exploration targets near Lalor and plan near-term exploration programs in Peru, Chile, British Columbia and Nevada</td>
<td>Achieved</td>
<td></td>
</tr>
</tbody>
</table>
2020 Targets

While the COVID-19 pandemic has created levels of uncertainty that make many normal aspects of financial forecasting impractical, we are still maintaining key objectives related to responsible performance.

**Health and Safety**
- Match or improve on our current three-year average lost time accident severity of 7.0
- Match or improve on our two-year total recordable injury frequency average of 1.3 (based on ICMM classification criteria, which we started tracking in 2018 and therefore only have two years of data)

**Environment**
- Complete the construction of the control berms and initiate phase II Flin Flon Dam legacy upgrades
- Initiate pilot plant testing for selection of best technology and progress to detailed engineering of the Constancia tailings water treatment facility

**Community**
- Reach agreements with individual community members that currently use portions of the acquired Pampacancha lands
- Continue to provide local communities with planning information and support for economic transition related to the closure of the 777 mine and metallurgical complex in 2022

**Governance**
- Implement revised Long-Term Incentive Plan for executive and employee compensation
- COVID-19: Effective implementation of corporate and business unit crisis response plans to maintain safe operations and business continuity

**Financial Excellence/Growth**
- Subject to maintaining sufficient financial liquidity, and ability to safely carry out exploration and project activities:
  - Progress the refurbishment of the New Britannia mill and pre-development of Lalor copper-gold zones, and drill Lalor gold to add to reserves and extend mine life
  - Continue evaluating Constancia regional exploration targets, and work to identify and unlock future value
- Advance preliminary economic studies at Mason
- In conjunction with relevant US Federal agencies, will pursue appeal of Rosemont decision through the US Ninth Circuit Court of Appeals
- Renegotiate debt covenants under revolving credit facility
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<th>Disclosure</th>
<th>Response, page number(s) and/or URL(s)</th>
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<td>General Disclosures</td>
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<td><strong>Organizational Profile</strong></td>
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<tr>
<td>102-1</td>
<td>Name of the organization</td>
<td>Our Company (see page 11)</td>
</tr>
<tr>
<td>102-2</td>
<td>Activities, brands, products and services</td>
<td>Our Company (see page 11)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Business and Financial Review (see page 19)</td>
</tr>
<tr>
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<td>Business and Financial Review &gt; Strategy (see page 22)</td>
</tr>
<tr>
<td>102-3</td>
<td>Location of headquarters</td>
<td>Our Company (see page 11)</td>
</tr>
<tr>
<td>102-4</td>
<td>Location of operations</td>
<td>Our Company (see page 12)</td>
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<td>102-5</td>
<td>Ownership and legal form</td>
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<td>102-6</td>
<td>Markets served</td>
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<td>Scale of the organization</td>
<td>Business and Financial Review (see page 19)</td>
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<tr>
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<td>Business and Financial Review &gt; Business Activities (see page 23)</td>
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<td>102-8</td>
<td>Information on employees and other workers</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 72)</td>
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<td>Supply chain</td>
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<td>Significant changes to the organization and its supply chain</td>
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<td>Business and Financial Review (see page 19)</td>
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<td>Business and Financial Review &gt; Business Activities (see page 23)</td>
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<td>Precautionary principle or approach</td>
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<td>Membership of associations</td>
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<td>Statement from senior decision-maker</td>
<td>CEO Message (see page 3)</td>
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<td>Key impacts, risks and opportunities</td>
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<td>Values, principles, standards, and norms of behaviour</td>
<td>Our Company &gt; Vision, Mission, Values (see page 13)</td>
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<td>Our Company &gt; Business Conduct (see page 16)</td>
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<td>Mechanisms for advice and concerns about ethics</td>
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<td>Our Company &gt; Business Conduct &gt; Risks, Issues or Complaints (see page 16)</td>
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<td>Executive-level responsibility for economic, environmental and social topics</td>
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<td>Consulting stakeholders on economic, environmental and social topics</td>
<td>Sustainability Approach &gt; Stakeholder Engagement (see page 32)</td>
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<td>Social Impact &gt; Exchanging Knowledge and Empowering Local Communities (see page 54)</td>
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<td>Social Impact &gt; Our Approach (see page 55)</td>
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<td>Composition of the highest governance body and its committees</td>
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<td>Chair of the highest governance body</td>
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<td>Management Information Circular</td>
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<td>Nominating and selecting the highest governance body</td>
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<td>Website &gt; Disclosure Centre &gt; Committees</td>
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<td>Conflicts of interest</td>
<td>Our Company &gt; Business Conduct (see page 16)</td>
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<td>Sustainability Approach &gt; Sustainability Governance (see page 27)</td>
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<td>Annual Information Form</td>
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<td>102-26</td>
<td>Role of highest governance body in setting purpose, values and strategy</td>
<td>Sustainability Approach &gt; Sustainability Governance (see page 27)</td>
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<td>Website &gt; About Us &gt; Governance &gt; Corporate Guidelines and Board Charter</td>
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<td>Collective knowledge of highest governance body</td>
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<td>Evaluating the highest governance body's performance</td>
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<td>102-29</td>
<td>Identifying and managing economic, environmental and social impacts</td>
<td>Sustainability Approach &gt; Sustainability Governance &gt; Sustainability Management Framework (see page 27)</td>
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<td>102-30</td>
<td>Effectiveness of risk management processes</td>
<td>Our Company &gt; Risk Management (see page 17)</td>
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<tr>
<td>102-31</td>
<td>Review of economic, environmental and social topics</td>
<td>Sustainability Approach &gt; Sustainability Governance (see page 27)</td>
</tr>
<tr>
<td>102-32</td>
<td>Highest governance body's role in sustainability reporting</td>
<td>Sustainability Approach &gt; Sustainability Governance (see page 27)</td>
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<tr>
<td></td>
<td></td>
<td>The EHSS Committee reviews and approves the content within the Annual and Sustainability Report.</td>
</tr>
<tr>
<td>102-33</td>
<td>Communicating critical concerns</td>
<td>Our Company &gt; Business Conduct &gt; Risks, Issues or Complaints (see page 16)</td>
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<td>Our Company &gt; Risk Management (see page 17)</td>
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<tr>
<td>102-34</td>
<td>Nature and total number of critical concerns</td>
<td>Our Company &gt; Business Conduct &gt; Risks, Issues or Complaints (see page 16)</td>
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<td>Sustainability Approach &gt; Human Rights and Security (see page 29)</td>
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<td>Sustainability Approach &gt; Stakeholder Engagement (see page 33)</td>
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<td>Social Impact &gt; Manitoba (see page 57)</td>
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<td>Social Impact &gt; Peru (see page 59)</td>
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<td>Social Impact &gt; Arizona (see page 61)</td>
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<td>Sustainability Performance &gt; Key Performance Data (see page 84)</td>
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<tr>
<td>102-35</td>
<td>Remuneration policies</td>
<td>Management Information Circular</td>
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<td>Website &gt; About Us &gt; Governance &gt; Corporate Governance Guidelines and Board Charter</td>
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<td>102-36</td>
<td>Process for determining remuneration</td>
<td>Management Information Circular</td>
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<td>102-37</td>
<td>Stakeholders’ involvement in remuneration</td>
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<tr>
<td>102-38</td>
<td>Annual total compensation ratio</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 81)</td>
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<tr>
<td>102-39</td>
<td>Percentage increase in annual total compensation ratio</td>
<td>Management Information Circular</td>
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### GRI Standard | Disclosure | Response, page number(s) and/or URL(s)

#### Stakeholder Engagement

102-40  | List of stakeholder groups  | Sustainability Approach > Stakeholder Engagement (see page 33)
102-41  | Collective bargaining agreements  | Sustainability Performance > Key Performance Data (see page 78)
102-42  | Identifying and selecting stakeholders  | Sustainability Approach > Stakeholder Engagement (see page 32)
102-43  | Approach to stakeholder engagement  | Sustainability Approach > Stakeholder Engagement (see page 32)
102-44  | Key topics and concerns raised  | Sustainability Approach > Materiality (see page 35), Sustainability Approach > Stakeholder Engagement (see page 32)

#### Reporting Practice

102-45  | Entities included in the consolidated financial statements  | About This Report (see page 111), Annual Information Form
102-46  | Defining report content and topic Boundaries  | Sustainability Approach > Materiality (see page 35), Sustainability Approach > Materiality > Boundaries (see page 36)
102-47  | List of material topics  | Sustainability Approach > Materiality (see page 35)
102-48  | Restatements of information  | There are no restatements of information from previous reports.
102-49  | Changes in reporting  | There are no significant changes from previous reporting in scope of priorities.
102-50  | Reporting period  | About This Report (see page 111)
102-51  | Date of most recent report  | About This Report (see page 111)
102-52  | Reporting cycle  | About This Report (see page 111)
102-53  | Contact point for questions regarding the report  | About This Report (see page 111)
102-54  | Claims of reporting in accordance with the GRI Standards  | About This Report (see page 111)
102-55  | GRI content index  | GRI Content Index (see page 96)
102-56  | External assurance  | Sustainability Approach > Sustainability Governance (see page 27), External assurance was conducted only for the financial data in the 2019 Annual and Sustainability Report.
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<td><strong>OUR FEATURE CASE STUDIES</strong></td>
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<td><strong>OUR COMPANY</strong></td>
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<td><strong>BUSINESS AND FINANCIAL REVIEW</strong></td>
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<td><strong>OUR PEOPLE</strong></td>
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<td><strong>SOCIAL IMPACT</strong></td>
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**GRI 200: Economic Standard Series**

**GRI 103: Management Approach 2016**

103 Management approach

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<tr>
<td>CEO Message (see page 3)</td>
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<td>Business and Financial Review &gt; Strategy (see page 22)</td>
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<td>Sustainability Approach &gt; Materiality (see page 36)</td>
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<td>Social Impact &gt; Our Approach (see page 55)</td>
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<td>Annual Information Form</td>
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</table>

**GRI 201: Economic Performance 2016**

201-1 Direct economic value generated and distributed

201-2 Financial implications and other risks and opportunities due to climate change

201-3 Defined benefit plan obligations and other retirement plans

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<tr>
<td>CDP Website</td>
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<tr>
<td>Management's Discussion and Analysis</td>
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**GRI 203: Indirect Economic Impacts 2016**

103 Management approach

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<td>Sustainability Approach &gt; Responsible Supply Chain &gt; Supply Chain Performance (see page 38)</td>
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<td>Social Impact &gt; Our Approach (see page 55)</td>
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<td>Social Impact &gt; Manitoba (see page 57)</td>
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<td>Social Impact &gt; Peru (see page 59)</td>
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<tr>
<td>Social Impact &gt; Arizona (see page 61)</td>
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Note: We re-evaluate our management approach every three years as part of our materiality review process; an evaluation was last conducted in 2017.
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<tr>
<td>Procurement Practices</td>
<td>Percentage of spending on local suppliers</td>
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<tr>
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<td>Proportion of spending on local suppliers</td>
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<td>Proportion of spending on local suppliers</td>
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<td>GRI 300: Environmental Standards Series</td>
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<td>GRI 103: Management Approach 2016</td>
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<td>Management approach</td>
<td>Sustainability Approach &gt; Sustainability Governance (see page 27)</td>
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<td>Sustainability Approach &gt; Materiality (see page 36)</td>
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<td>Environment &gt; Our Approach &gt; Water (see page 67)</td>
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<td>GRI 303: Water 2016</td>
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<td>303-1</td>
<td>Water withdrawal by source</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 90)</td>
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<tr>
<td>303-3</td>
<td>Water recycled and reused</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 90)</td>
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<tr>
<td>Biodiversity</td>
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<td>GRI 103: Management Approach 2016</td>
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<td>Sustainability Approach &gt; Materiality (see page 36)</td>
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<td>Environment &gt; Our Approach &gt; Land and Biodiversity (see page 65)</td>
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<tr>
<td>GRI 304: Biodiversity 2016</td>
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<tr>
<td>304-1</td>
<td>Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas</td>
<td>Environment &gt; Our Approach &gt; Land and Biodiversity (see page 65)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sustainability Performance &gt; Key Performance Data (see page 92)</td>
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<tr>
<td></td>
<td></td>
<td>There are no sites in protected areas, and no critically endangered or endangered species.</td>
</tr>
<tr>
<td>304-2</td>
<td>Significant impacts of activities, products and services on biodiversity</td>
<td>Environment &gt; Our Approach &gt; Land and Biodiversity (see page 65)</td>
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<tr>
<td>304-3</td>
<td>Habitats protected or restored</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 92)</td>
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<tr>
<td>304-4</td>
<td>IUCN Red List species and national conservation list species with habitats in areas affected by operations</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 92)</td>
</tr>
<tr>
<td>MM1: Biodiversity</td>
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<tr>
<td>MM1</td>
<td>Amount of land disturbed or rehabilitated</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 91)</td>
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<tr>
<td>MM2: Biodiversity</td>
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<tr>
<td>MM2</td>
<td>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</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 92)</td>
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<td><strong>Effluents and Waste</strong></td>
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<td><strong>GRI 103: Management Approach 2016</strong></td>
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| 103 | Management approach | Sustainability Approach > Sustainability Governance (see page 27)  
Sustainability Approach > Materiality (see page 36)  
Environment > Our Approach > Waste and Tailings (see page 67) |
| **GRI 306: Effluents and Waste 2016** | | |
| 306-1 | Water discharge by quality and destination | Sustainability Performance > Key Performance Data (see page 90) |
| 306-2 | Waste by type and disposal method | Sustainability Performance > Key Performance Data (see page 90) |
| 306-3 | Significant spills | Sustainability Performance > Key Performance Data (see page 90) |
| 306-4 | Transport of hazardous waste | Sustainability Performance > Key Performance Data (see page 90) |
| 306-5 | Water bodies affected by water discharges and/or runoff | Sustainability Performance > Key Performance Data (see page 90) |
| **MM3: Effluents and Waste** | | |
| MM3 | Total amount of overburden, rock, tailings and sludges and their associated risks | Sustainability Performance > Key Performance Data (see page 90) |
| **GRI 400: Social Standards Series** | | |
| **Employment** | | |
| **GRI 103: Management Approach 2016** | | |
| 103 | Management approach | Sustainability Approach > Sustainability Governance (see page 27)  
Sustainability Approach > Materiality (see page 36)  
Our People > Our Approach > Transforming the Way We Work (see page 46)  
Our People > Our Approach > Diversity and Inclusion (see page 47) |
| **GRI 401: Employment 2016** | | |
| 401-1 | New employee hires and employee turnover | Sustainability Performance > Key Performance Data (see page 79) |
| 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 84) |
| 401-3 | Parental leave | Sustainability Performance > Key Performance Data (see page 84)  
Parental leave is tracked by business unit and employment level. |
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Sustainability Approach > Materiality (see page 36)  
Our People > Building a Culture of Continuous Feedback (see page 44)  
Our People > Our Approach > Employee Relations (see page 46) |
| GRI 402: Labour/Management Relations 2016 | | |
| 402-1 | Minimum notice periods regarding operational changes | Sustainability Performance > Key Performance Data (see page 78) |
| MM4: Labour/Management Relations | | |
| MM4 | Number of strikes and lockouts exceeding one week's duration, by country | Sustainability Performance > Key Performance Data (see page 78) |
| Occupational Health and Safety | | |
| GRI 103: Management Approach 2016 | | |
| 103 | Management approach | Sustainability Approach > Sustainability Governance (see page 27)  
Sustainability Approach > Materiality (see page 36)  
Our People (see page 42)  
Our People > Our Approach > Health and Safety (see page 45)  
EHS Policy |
<p>| GRI 403: Occupational Health and Safety 2016 | | |
| 403-1 | Workers' representation in formal joint management–worker health and safety committees | Sustainability Performance &gt; Key Performance Data (see page 81) |
| 403-2 | Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities | Sustainability Performance &gt; Key Performance Data (see page 81) |</p>
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<td>GRI 410: Security Practices 2016</td>
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<td>Sustainability Performance &gt; Key Performance Data (see page 86)</td>
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<tr>
<td>410-1</td>
<td>Security personnel trained in human rights policies or procedures</td>
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<tr>
<td><strong>Rights of Indigenous Peoples</strong></td>
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<tr>
<td>103</td>
<td>Management approach</td>
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<tr>
<td>GRI 411: Rights of Indigenous Peoples 2016</td>
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<td>Note: There were zero violations in 2019.</td>
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<tr>
<td>411-1</td>
<td>Incidents of violations involving rights of indigenous peoples</td>
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<tr>
<td><strong>MMS: Indigenous Rights</strong></td>
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<tr>
<td>MMS</td>
<td>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</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 87)</td>
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<td><strong>Human Rights Assessment</strong></td>
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Our Company > Risk Management (see page 17)  
Sustainability Approach > Sustainability Governance (see page 27)  
Sustainability Approach > Human Rights and Security (see page 29)  
Sustainability Approach > Materiality (see page 36)  
Sustainability Approach > Responsible Supply Chain (see page 37)  
Human Rights Policy |
| **GRI 412: Human Rights Assessment 2016** | | |
| 412-2 | Employee training on human rights policies or procedures | Sustainability Performance > Key Performance Data (see page 86) |
| 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | Website > About Us > Governance > Supplier Code of Conduct and Ethics |
| **Local Communities** | | |
| **GRI 103: Management Approach 2016** | | |
| 103 | Management approach | Our Company > Business Conduct > Risks, Issues or Complaints (see page 16)  
Our Company > Risk Management (see page 17)  
Sustainability Approach > Sustainability Governance (see page 27)  
Sustainability Approach > Human Rights and Security (see page 29)  
Sustainability Approach > Materiality (see page 36)  
Sustainability Approach > Responsible Supply Chain (see page 37)  
Our People > Our Approach > Diversity and Inclusion (see page 47)  
Our People > Manitoba > Hiring Local and Diverse Talent (see page 49)  
Social Impact > Exchanging Knowledge and Empowering Local Communities (see page 54)  
Social Impact > Our Approach (see page 55)  
Social Impact > Our Approach > Community Development (see page 56) |
<p>| <strong>GRI 413: Local Communities 2016</strong> | | |
| 413-2 | Operations with significant actual and potential negative impacts on local communities | Sustainability Performance &gt; Key Performance Data (see page 86) |
| MM6: Local Communities | | |
| MM6 | Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples | Sustainability Performance &gt; Key Performance Data (see page 86) |</p>
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<tr>
<td>MM7: Local Communities</td>
<td>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</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 86)</td>
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<tr>
<td>Artisanal and Small-Scale Mining</td>
<td>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</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 88)</td>
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<td>Resettlement</td>
<td>GRI 103: Management Approach</td>
<td>Sustainability Approach &gt; Sustainability Governance (see page 27)</td>
</tr>
<tr>
<td>MM9: Resettlement</td>
<td>MM9 Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 85)</td>
</tr>
<tr>
<td>Closure Planning</td>
<td>GRI 103: Management Approach</td>
<td>Sustainability Approach &gt; Sustainability Governance (see page 27)</td>
</tr>
<tr>
<td>MM10: Closure Planning</td>
<td>MM10 Number and percentage of operations with closure plans</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 87)</td>
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## Sustainability Disclosure Topics and Accounting Metrics

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<th>Topic</th>
<th>Accounting metric</th>
<th>Category</th>
<th>Unit of measurement</th>
<th>Code</th>
<th>SASB response</th>
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<tbody>
<tr>
<td>Greenhouse gas emissions</td>
<td>Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations</td>
<td>Quantitative</td>
<td>Metric tons (t) CO₂-e, percentage (%)</td>
<td>EM-MM-110a.1</td>
<td>Environment &gt; Our Approach &gt; Energy Use and Greenhouse Gas Emissions (see page 66)</td>
</tr>
<tr>
<td></td>
<td>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</td>
<td>Discussion and analysis</td>
<td>N/ap</td>
<td>EM-MM-110a.2</td>
<td>Environment &gt; Our Approach &gt; Energy Use and Greenhouse Gas Emissions (see page 66)</td>
</tr>
<tr>
<td>Air quality</td>
<td>Air emissions of the following pollutants:</td>
<td></td>
<td></td>
<td></td>
<td>CDP Report</td>
</tr>
<tr>
<td>CO</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-MM-120a.1</td>
<td></td>
<td>Sustainability Performance &gt; Key Performance Data (see page 89)</td>
</tr>
<tr>
<td>NOx (excluding N₂O)</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-MM-120a.1</td>
<td>N/ap</td>
<td></td>
</tr>
<tr>
<td>SOx</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-MM-120a.1</td>
<td>N/ap</td>
<td></td>
</tr>
<tr>
<td>Particulate matter (PM₁₀)</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-MM-120a.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mercury (Hg)</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-MM-120a.1</td>
<td>N/ap</td>
<td></td>
</tr>
<tr>
<td>Lead (Pb)</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-MM-120a.1</td>
<td>N/ap</td>
<td></td>
</tr>
<tr>
<td>Volatile organic compounds (VOCs)</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-MM-120a.1</td>
<td>N/ap</td>
<td></td>
</tr>
<tr>
<td>Energy management</td>
<td>Total energy consumed</td>
<td>Quantitative</td>
<td>Gigajoules (GJ)</td>
<td>EM-MM-130a.1</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 89)</td>
</tr>
<tr>
<td>Percentage grid electricity</td>
<td>Quantitative</td>
<td>Percentage (%)</td>
<td>EM-MM-130a.1</td>
<td></td>
<td>CDP Report</td>
</tr>
<tr>
<td>Percentage renewable</td>
<td>Quantitative</td>
<td>Percentage (%)</td>
<td>EM-MM-130a.1</td>
<td></td>
<td>CDP Report</td>
</tr>
<tr>
<td>Water management</td>
<td>Total fresh water withdrawn, percentage of each in regions with high or extremely high baseline water stress</td>
<td>Quantitative</td>
<td>Thousand cubic metres (m³), percentage (%)</td>
<td>EM-MM-140a.1</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 90)</td>
</tr>
<tr>
<td></td>
<td>Total fresh water consumed, percentage of each in regions with high or extremely high baseline water stress</td>
<td>Quantitative</td>
<td>Thousand cubic metres (m³), percentage (%)</td>
<td>EM-MM-140a.1</td>
<td>CDP Water Report</td>
</tr>
<tr>
<td></td>
<td>Number of incidents of non-compliance associated with water quality permits, standards and regulations</td>
<td>Quantitative</td>
<td>Number</td>
<td>EM-MM-140a.2</td>
<td>CDP Water Report</td>
</tr>
<tr>
<td>Topic</td>
<td>Accounting metric</td>
<td>Category</td>
<td>Unit of measurement</td>
<td>Code</td>
<td>SASB response</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
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<td>--------------------------------</td>
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<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Waste and hazardous materials management</td>
<td>Total weight of tailings waste, percentage recycled</td>
<td>Quantitative</td>
<td>Metric tons (t), percentage (%)</td>
<td>EM-MM-150a.1</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 90)</td>
</tr>
<tr>
<td></td>
<td>Total weight of mineral processing waste, percentage recycled</td>
<td>Quantitative</td>
<td>Metric tons (t), percentage (%)</td>
<td>EM-MM-150a.2</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 90)</td>
</tr>
<tr>
<td></td>
<td>Number of tailings impoundments, broken down by MSHA hazard potential</td>
<td>Quantitative</td>
<td>Number</td>
<td>EM-MM-150a.3</td>
<td>Mine Tailings Disclosure table</td>
</tr>
<tr>
<td>Biodiversity impacts</td>
<td>Description of environmental management policies and practices for active sites</td>
<td>Discussion and analysis</td>
<td>N/ap</td>
<td>EM-MM-160a.1</td>
<td>Environment &gt; Our Approach (see page 65)</td>
</tr>
<tr>
<td></td>
<td>Percentage of mine sites where acid rock drainage is:</td>
<td>Quantitative</td>
<td>Percentage (%)</td>
<td>EM-MM-160a.2</td>
<td>Environment &gt; Our Approach &gt; Waste and Tailings (see page 67)</td>
</tr>
<tr>
<td></td>
<td>- predicted to occur</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- actively mitigated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- under treatment or remediation</td>
<td></td>
<td></td>
<td></td>
<td>If it is potentially contaminated by ARD, it is contoured to flow to our</td>
</tr>
<tr>
<td></td>
<td>Percentage of (1) proved and (2) probable reserves in or near indigenous land</td>
<td>Quantitative</td>
<td>Percentage (%)</td>
<td>EM-MM-210a.2</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 87)</td>
</tr>
</tbody>
</table>

Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict: Discussion and analysis (N/ap)
### Sustainability Performance

<table>
<thead>
<tr>
<th>Topic</th>
<th>Accounting metric</th>
<th>Category</th>
<th>Unit of measurement</th>
<th>Code</th>
<th>SASB response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community relations</td>
<td>Discussion of process to manage risks and opportunities associated with community rights and interests</td>
<td>Discussion and analysis</td>
<td>N/ap</td>
<td>EM-MM-210b.1</td>
<td>Our Company &gt; Risk Management (see page 17)</td>
</tr>
<tr>
<td></td>
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<td></td>
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<td></td>
<td>Social Impact &gt; Our Approach &gt; Community Relations (see page 55)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Social Impact &gt; Our Approach &gt; Community Development (see page 56)</td>
</tr>
<tr>
<td></td>
<td>Number and duration of non-technical delays</td>
<td>Quantitative</td>
<td>Number, days</td>
<td>EM-MM-210b.2</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 78)</td>
</tr>
<tr>
<td>Labour relations</td>
<td>Percentage of active workforce covered under collective bargaining agreements, broken down by US and foreign employees</td>
<td>Quantitative</td>
<td>Percentage (%)</td>
<td>EM-MM-310a.1</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 78)</td>
</tr>
<tr>
<td></td>
<td>Number and duration of strikes and lockouts¹</td>
<td>Quantitative</td>
<td>Number, days</td>
<td>EM-MM-310a.2</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 78)</td>
</tr>
<tr>
<td>Workforce health and safety</td>
<td>MSHA all-incidence rate for (a) full-time employees and (b) contract employees</td>
<td>Quantitative</td>
<td>Rate</td>
<td>EM-MM-320a.1</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 81)</td>
</tr>
<tr>
<td></td>
<td>Fatality rate for (a) full-time employees and (b) contract employees</td>
<td>Quantitative</td>
<td>Rate</td>
<td>EM-MM-320a.1</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 84)</td>
</tr>
<tr>
<td>Business ethics and transparency</td>
<td>Description of the management system for prevention of corruption and bribery throughout the value chain</td>
<td>Discussion and analysis</td>
<td>N/ap</td>
<td>EM-MM-510a.1</td>
<td>Our Company &gt; Business Conduct (see page 16)</td>
</tr>
<tr>
<td></td>
<td>Production in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index</td>
<td>Quantitative</td>
<td>Metric tons (t) saleable</td>
<td>EM-MM-510a.2</td>
<td>N/ap</td>
</tr>
</tbody>
</table>

### Activity Metrics

<table>
<thead>
<tr>
<th>Activity metric</th>
<th>Category</th>
<th>Unit of measurement</th>
<th>Code</th>
<th>SASB response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production of (1) metal ores and (2) finished metal products</td>
<td>Quantitative</td>
<td>Metric tons (t) saleable</td>
<td>EM-MM-000.A</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 76)</td>
</tr>
<tr>
<td>Total number of employees, percentage contractors</td>
<td>Quantitative</td>
<td>Number, Percentage (%)</td>
<td>EM-MM-000.B</td>
<td>Sustainability Performance &gt; Key Performance Data (see page 77)</td>
</tr>
</tbody>
</table>

¹ Note to EM-MM-310a.2 – Disclosure shall include a description of the root cause for each work stoppage.
About This Report

Since 2014, we have combined our annual report and our corporate social responsibility report, which we have renamed the Annual and Sustainability Report. We believe social and environmental performance is as important as financial and operating performance, and that combining the reports presents a representative account of the Company’s activities in 2019.

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, 2019, on February 20, 2020. Copies are posted on our website. The Business and Financial Review section of this report covers the content usually included in our annual report.

We have produced an annual sustainability report every year since our 2003 report, and this is our 12th report based on the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. Our most recent previous report was released in June 2019. This report contains standard disclosures from the GRI Sustainability Reporting Standards, prepared largely in accordance with the Core option.

Our report covers all operating and project locations reported in Our Company, as well as exploration activities managed by Hudbay in Chile during the 2019 calendar year. Sustainability report content has been defined based on our materiality analysis and aspects identification process, which applied to all of Hudbay’s operating assets.

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

Qualified Person

The technical and scientific information in this annual report related to the Constancia mine and Rosemont project has been approved by Cashel Meagher, P. Geo., Hudbay’s Senior Vice President and Chief Operating Officer. The technical and scientific information related to our other material projects contained in this annual report has been approved by Olivier Tavchandjian, P. Eng., Hudbay’s Vice President of Exploration and Geology. Messrs. Meagher and Tavchandjian are qualified persons pursuant to NI 43-101. For a general discussion of the extent to which the estimates of scientific and technical information may be affected by any known environmental, permitting, legal title, taxation, socio-political, marketing or other relevant factors, please see the Technical Reports for the Company’s material properties as filed by Hudbay on SEDAR at www.sedar.com.
Caution Regarding Forward-Looking Information

This annual report contains “forward-looking information” within the meaning of applicable Canadian securities laws and “forward looking statements” within the meaning of the “safe harbour” provisions of the U.S. Private Securities Litigation Reform Act of 1995. We refer to such forward-looking statements and forward-looking information together in this annual report as forward-looking information. All information contained in this annual report, other than statements of current and historical fact, is forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “budget”, “guidance”, “scheduled”, “estimates”, “forecasts”, “strategy”, “target”, “intends”, “objective”, “goal”, “understands”, “anticipates” and “believes” (and variations of these or similar words) and statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” “occur” or “be achieved” or “will be taken” (and variations of these or similar expressions). All of the forward-looking information in this annual report is qualified by this cautionary note.

Forward-looking information includes, but is not limited to, production, cost and capital and exploration expenditure guidance and potential revisions to such guidance, anticipated production at our mines and development projects in Manitoba and Peru due to the COVID-19 pandemic, the possibility of converting inferred mineral resource estimates to higher confidence categories, the potential and our anticipated plans for advancing our mining properties surrounding Constancia and the Mason project, anticipated metals prices and the anticipated sensitivity of our financial performance to metal prices, events that may affect our operations and development projects, anticipated cash flows from operations and related liquidity requirements, the anticipated effect of external factors on revenue, such as commodity prices, estimation of mineral reserves and resources, mine life projections, reclamation costs, economic outlook, government regulation of mining operations, and business and acquisition strategies. Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information.

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

- the duration of the state of emergency in Peru and our ability to resume operations at Constancia;
- no significant interruptions to our operations in Manitoba or significant delays to our development projects in Manitoba and Peru due to the COVID-19 pandemic;
- the availability of spending reductions and liquidity options;
- the timing of development and production activities on the Pampacancha deposit;
- the timing of the Consulta Previa and permitting process for mining the Pampacancha deposit;
- the timing for reaching additional agreements with individual community members and no significant unanticipated delays to the development of Pampacancha;
- the successful completion of the New Britannia project on budget and on schedule;
- the successful outcome of the Rosemont litigation;
- the 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 communities in which we operate, including the neighbouring Indigenous communities;
• 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 contests over title to our properties, including as a result of rights or claimed rights of Indigenous peoples or challenges to the validity of our unpatented mining claims;
• the timing and possible outcome of pending litigation and no significant unanticipated litigation;
• certain tax matters, including, but not limited to, current tax laws and regulations and the refund of certain value added taxes from the Canadian and Peruvian governments; and
• no significant and continuing adverse changes in general economic conditions or conditions in the financial markets (including commodity prices and foreign exchange rates).

The risks, uncertainties, contingencies and other factors that may cause actual results to differ materially from those expressed or implied by the forward-looking information may include, but are not limited to, risks associated with the COVID-19 pandemic and its effect on our operations, financial condition, projects and prospects, the possibility of a global recession arising from the COVID-19 pandemic and attempts to control it, the political situation in Peru, risks generally associated with the mining industry, such as economic factors (including future commodity prices, currency fluctuations, energy prices and general cost escalation), uncertainties related to the development and operation of our projects (including risks associated with the litigation affecting the Rosemont project), risks related to the U.S. district court’s recent decisions to set aside the U.S. Forest Service’s FROD and the Biological Opinion for Rosemont and related appeals and other legal challenges, risks related to the new Llpor mine plan, including the schedule for the refurbishment of the New Britannia mill and the ability to convert inferred mineral resource estimates to higher confidence categories, risks related to the schedule for mining the Pampacancha deposit (including risks associated with COVID-19, the Consulta Previa process, risks associated with reaching additional agreements with individual community members and risks associated with the rainy season in Peru and the impact of any schedule delays), dependence on key personnel and employee and union relations, risks related to political or social unrest or change, risks in respect of Indigenous and community relations, rights and title claims, operational risks and hazards, including unanticipated environmental, industrial and geological events and developments and the inability to insure against all risks, failure of plant, equipment, processes, transportation and other infrastructure to operate as anticipated, compliance with government and environmental regulations, including permitting requirements and anti-bribery legislation, depletion of our reserves, volatile financial markets that may affect our ability to obtain additional financing on acceptable terms, the failure to obtain required approvals or clearances from government authorities on a timely basis, uncertainties related to the geology, continuity, grade and estimates of mineral reserves and resources, and the potential for variations in grade and recovery rates, uncertain costs of reclamation activities, our ability to comply with our pension and other post-retirement obligations, our ability to abide by the covenants in our debt instruments and other material contracts, tax refunds, hedging transactions, as well as the risks discussed under the heading “Risk Factors” in our 2019 Annual Information Form (“AIF”), and otherwise throughout this annual report.

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

Contact Us

We invite your comments and questions about this report.

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

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

Annual and Special Meeting of Shareholders
May 21, 2020, 10:00 a.m. ET
By way of virtual meeting
Glossary

**Accident frequency** – number of injuries (recordable or lost time) multiplied by 200,000, divided by total hours worked

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

**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

**Donations** – contributions to charities

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

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

**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 [globalreporting.org](http://globalreporting.org)

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

**Lost time accident (LTA)** – 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

**N/ap** – not applicable

**N/av** – not available

**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

**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

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