



# COMMITTED TO RESPONSIBLE MINING

2018 REPORT

RESPONSIBLE. SAFE. INNOVATIVE.

# FROM THE PRESIDENT AND CEO



We understand that decisions we make today impact our company and our communities far into the future. Hecla has a culture of planning that seeks maximum efficiency and minimum impact while protecting people and the environment for the long term.

To us, sustainability is central to our social license to operate. We will continue to communicate to and receive input from all of our stakeholders on our performance, especially our environmental, social and governance (ESG) efforts.

In 2018, we began to substantially increase our disclosures by benchmarking against the Sustainability Accounting Standards Board (SASB) metrics to ensure that our ESG reporting is transparent, consistent, measurable and in accordance with recognizable industry standards. On a global scale, we are doing our part to help make an impact on the United Nations Sustainable Development Goals (SDGs) by focusing on those elements that most closely align with our business and with our social investments.

This commitment to responsible mining is reflected in our core values of being a responsible, safe and innovative company. We always strive to protect our people, reduce our environmental footprint and support continuous improvement through technological innovations. We recognize that these efforts also enhance our bottom line, which helps bolster our sustainability efforts.

The health and safety of our people is our highest priority and we remain as committed as ever to our workers' safety. The technologies we're adopting revolve primarily around safety and moving our workers out of harm's way by "getting their hands off the steel" or moving them away from the mine face. Automation improves productivity, but as a driving force it will always be secondary to safety. As a result of our commitment to safety, our All-Injury Frequency Rate has decreased 63 percent over the past 5 years. This report details our technological advances and how these innovations are improving worker safety, environmental stewardship and efficiency.

Unfortunately, in 2018, one of our exploration contractors experienced a rare bear attack at our Greens Creek Mine in Alaska and was fatally injured. As a result, we have conducted an extensive review and strengthened all our safety protocols around our work in grizzly bear country.

Within our company, we promote a culture of environmental stewardship by raising awareness of environmental priorities among our employees and seeking to protect the environment. We strive to go beyond compliance and are implementing an environmental management system that seeks to continually improve our performance and reduce risk.

We also believe that corporate responsibility extends to the communities where we live and work. We not only provide good, high-paying jobs, we also contribute to the economic and social well-being of those communities through the taxes we pay, financial contributions, student scholarships, volunteerism and sustainable career development programs. Our Hecla Charitable Foundation has provided over \$3.3 million in financial support to the communities around our operations since 2009.

Furthermore, we seek to pursue and deliver the highest standard of ethics and integrity in every aspect of our business. We have increased our transparency regarding ESG metrics, updated related policies and procedures, increased diversity and shortened average tenure on our Board of Directors.

As world demand for resources increases, we as an industry must continue to be vigilant about our sustainability performance. We recognize that our sustainability efforts are not static; this is a journey where we will continue to evolve and improve our ESG metrics. I invite you to read this report, which outlines our ESG initiatives, our current progress and focus areas for the future.



A handwritten signature in black ink, appearing to read "P. Baker, Jr.", with a long horizontal stroke extending to the right.

**Phillips S. Baker, Jr.**

President and Chief Executive Officer

August 15, 2019



**We seek to pursue and deliver the highest standard of ethics and integrity in every aspect of our business.**

# HECLA'S VALUES

## HECLA BY THE NUMBERS

7 mines

**U.S.:** Alaska, Idaho, Nevada

**Canada:** Québec

**Mexico:** Durango

1,700+ employees

in North America

128 years

in operation

1891

Year founded with headquarters in Coeur d'Alene, Idaho and sister office in Vancouver, British Columbia

8 districts

Exploration properties and pre-development projects in 8 world-class silver and gold mining districts in the U.S., Canada and Mexico

4 metals mined

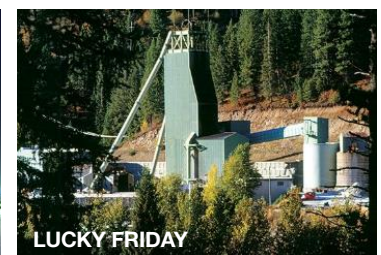
Silver, gold, lead and zinc



**Responsible. Safe. Innovative.** These values are a modern-day iteration of who we have been since 1891. Historically, our corporate business strategy has been to take the long view – we operate long-lived mines, which allows us to establish deep connections between our company and the communities in which we operate. This long-term thinking also paves the way for sustainability planning – our corporate culture embraces the fact that decisions we make today will matter decades in the future.

Hecla's values reflect responsible engagement across all levels of our operations, a relentless focus on safety and an application of innovations to improve the quality and sustainability of all our endeavors.

## OUR MINES



# THE HECLA APPROACH TO SUSTAINABILITY

Our unrelenting commitment to responsible mining is at the core of our business. At Hecla, responsible mining is about being transparent and open. It's about protecting our people and our environment, as well as supporting continuous improvement through technological innovation. Sustainability has been a part of our business strategy for years, and our objective is to better communicate our progress and goals in the areas of environmental, social and governance (ESG) to our shareholders and other external stakeholders. Our leadership and employees are solidly committed to our sustainability efforts. Our operations and priorities will continue to adapt and evolve as we deploy new technologies, discover new best practices and engage with the communities in which we operate.



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## Sustainability Accounting Standards Board

Accountability and transparency are essential components of effective sustainability efforts, which is why Hecla has benchmarked against the [Sustainability Accounting Standards Board \(SASB\)](#) standards to help us fulfill our commitment to the continuous improvement of sustainability efforts across all of our operations. Our 2018 data is incorporated into the SASB Metals and Mining standard at the end of this report. This is the first year that we have benchmarked against the standards, and we will continue to work on providing more complete reporting for future reports.



## United Nations Sustainable Development Goals (UN SDGs)

The United Nations has developed a list of [17 goals](#) that address global challenges. These goals are a shared blueprint against which countries, industries and companies can work for a better and more sustainable future for people and the environment. Businesses have an important role to play, and at Hecla, we are doing our part to help achieve these goals by addressing the SDGs that align most closely with our business and with our social investments.



**#4 Quality Education – obtaining a quality education is the foundation to improving people’s lives and sustainable development.**

- Hecla partners with local universities and other groups and provides financial contributions toward important local education programs such as the Pathways to Mining Careers program in Alaska.



**#6 Clean Water & Sanitation – clean, accessible water for all is an essential part of the world we want to live in.**

- Water management is essential to mining, and we work hard to keep the water safe for our neighboring communities and the environment.



**#8 Decent Work and Economic Growth – sustainable economic growth will require societies to create the conditions that allow people to have quality jobs.**

- Hecla is one of the largest employers in many of the rural communities where we operate. We provide high-paying, good-quality, career jobs.



**#15 Life on Land – sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.**

- We are committed to protecting the land. Our tailings management policies as well as our reclamation efforts all support restoring the lands to their natural state or reducing our environmental impact.



# SUSTAINABLE MINING FOR THE FUTURE

## UNIQUE CHALLENGES & OPPORTUNITIES



Mining is an essential part of everyday life. The silver we mine is used in circuit boards, nanotechnology and water purification devices. The gold we mine is used in memory chips found in phones and computers. Global population growth, and the fact that the renewable energy sector needs a significant amount of minerals for their energy resources and products, means there will be an even greater demand for mineral resources. For example, silver is a major ingredient for solar panels and is increasingly being used in wind turbines due to its longevity and lifetime performance. As an industry and as a company, we have a responsibility to not only manage these resources responsibly, but to also take steps to ensure that the extraction and conveyance of those resources is safe, responsible and efficient.

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Sustainable practices are at the core of our social license to operate; the strength of our business is directly tied to our ability to operate in a safe, environmentally responsible and socially accountable manner.

### Key Enterprise Risk Management

We have in place robust, integrated risk management practices that address human, capital and enterprise risks at appropriate intervals. We have outlined some of the risks we faced in 2018 and how we are managing that risk.

### Political Risk

The [Fraser Institute's annual survey](#) of mineral and mining companies sets a uniform standard that is recognized by our industry, investors and stakeholders. Hecla operates in the highest Fraser rated jurisdictions with the most robust regulatory frameworks for environmental compliance, health and safety protections, community engagement and corporate governance. In 2018, three areas Hecla operates were rated in the top 10 most attractive jurisdictions in the world: #1 Nevada, #4 Québec, #5 Alaska.

Eighty-eight percent of Hecla's production comes from Canada and the U.S., which are rated #9 and #22 respectively in the [Transparency International's Corruption Perception Index](#).

TOP 10



Three areas where Hecla operates—Nevada, Québec and Alaska—are rated in the top 10 most attractive jurisdictions.

## Tailings Management

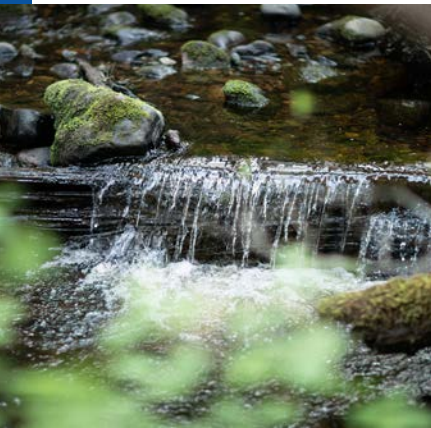
Mineral processing operations generate mined materials that are collectively called “tailings” – processed ore material that remains after metals and minerals have been extracted. These “tail end” materials must be properly managed to protect the environment and our communities, which is why tailings management is a priority for our leadership. Learn more about [Hecla’s tailings management](#). As a member of the Mining Association of Canada and the Québec Mining Association, Hecla complies with the required Toward Sustainable Mining (TSM) initiative, which is recognized as one of the best in class mining management systems.

## Key Environmental Aspects

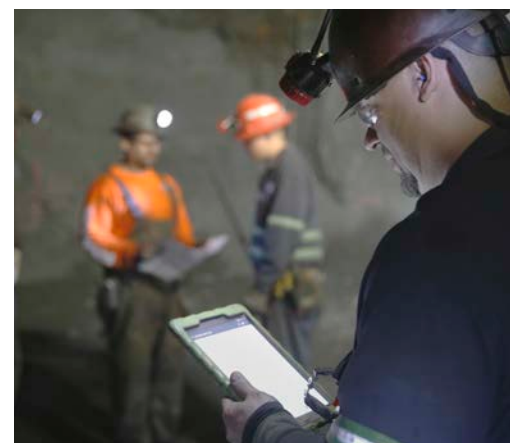
Like most global industries, mining activities cut across many aspects of the climate, such as energy usage, air quality, water management and landscape management. We have management systems for addressing each of these, which helps us manage the impact of climate change to our operations as well as take steps to reduce our impact on the climate. They are detailed in the next section of the report. Of these, water management is the most relevant to Hecla’s operations. At some mines, there may be too little water. Hecla operations, other than Nevada, are generally in net precipitation areas so water scarcity is not a major issue. Heavy rainfall or snowfall may result in mines having too much water. Excess water, especially from unusual storms, is a growing management focus.

## Workforce Development

The mining workforce of the future, like all industries, will see a continual change in the jobs and skillsets required as we adopt new technologies and make our workplace safer and more efficient. Hecla is committed to helping employees update their skills. For example, we are working with the North Idaho College’s Career Training Center to develop training programs for the future to meet this changing workforce dynamic. We have long been supporters of the Pathways to Mining Careers program, a career training partnership with the University of Alaska Southeast in Juneau.



Hecla is committed to helping employees update their skills.



# HECLA SUSTAINABILITY PERFORMANCE

Our ongoing sustainability efforts are organized according to three key indicators: Environmental, Social and Governance (ESG). Here's what we are doing.

## Safety

### Approach: A Commitment to Our People

Hecla's greatest resource is its people. Our employees and contractors are our partners in operations and sustainability, and their safety and health is our top priority. Hecla management is responsible for ensuring a safe workplace by minimizing hazards, conducting routine training, providing appropriate personal protective equipment for specific work tasks and acquiring safe equipment. Training, interactive meetings and regular briefings on updated regulations, guidelines and techniques keep our workforce sharp and our leadership accountable.

Each property has its own challenges and solutions, but we all have the same goal: to send employees and contractors home to their families safe and sound – every day.

### Performance: Health and Safety



The Hecla Take 5 Safety Focus continuous improvement initiative is designed to improve job site awareness and decrease exposures to high and critical risks at each site. As a result of this initiative, there has been more than a 60 percent reduction in safety incidents over the past six years.



65,000+

hours of health and safety training in 2018

60%

reduction in safety incidents over the past six years





Hecla was the first U.S. hard rock mining company to receive an independent certification under the NMA's CORESafety system.



## SAFETY TRAINING

Employees participate in ongoing training designed to develop skills in performing their assigned tasks in a safe, healthy and environmentally responsible manner.

## Industry Distinction: National Mining Association CORESafety

- Hecla was the first U.S. hard rock mining company to receive an independent certification under the National Mining Association's CORESafety system, a voluntary, scalable, mining-specific safety and health management system whose goal is to eliminate fatalities and reduce the rate of mining injuries by 50 percent nationwide over the next five years.

## Health and Safety Training

- Our employees worked more than 5.9 million man hours in 2018 and received more than 65,000 hours of health and safety training. All employees receive training that complies with the Mine Safety and Health Administration (MSHA) regulations in the United States; Occupational Health and Safety in Mines regulations in Québec, Canada; and the Federal regulations for Occupational Health, Safety and Work Environment in Mexico. Employees also participate in ongoing training designed to develop skills in performing their assigned tasks in a safe, healthy and environmentally responsible manner.
- Each year we track a variety of safety performance indicators, including injuries, near misses, observations and equipment damages. Our goal is to reduce safety incidents and improve upon the previous year's performance. In 2018, we conducted more than 8,600 safety interactions and observations that identified opportunities to improve our safety habits.

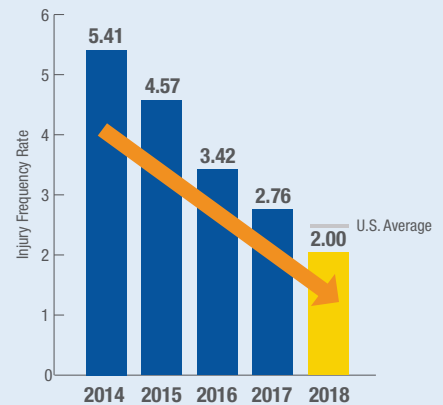
## Employee Wellness

- Our employees benefit from company-sponsored health and wellness programs that cover education, health interventions and disease management. Our responsibility to ensure a safe workplace extends to providing opportunities for employee wellness.

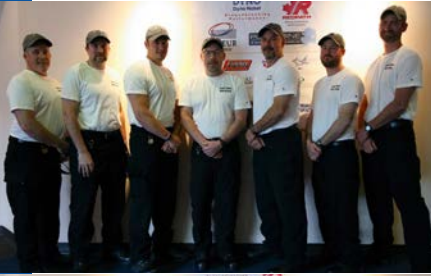
## CURRENT PROGRESS

- Since 2014, our company-wide All Injury Frequency Rate (AIFR) has decreased by more than 63 percent. In 2018, our goal was to reduce the AIFR by 15 percent. We exceeded that goal by reducing it by 27.5 percent.
- Our 2018 incident rate of 2.0 was 15 percent lower than the national average.
- In 2018, our Casa Berardi Mine in Québec, Canada was the first international mine to receive certification under the CORESafety system.
- Casa Berardi is operating at the lowest AIFR since Hecla acquired the mine in 2013. In 2018, we achieved an OSHA rating of 3.4, a decrease of 15 percent from the previous year. Our AIFR rating has decreased 50 percent over the past four years.

### All Injury Frequency Rate



2018: 15% below U.S. average



## SAFETY COMPETITION

The Hecla Lucky Friday Mine Rescue Team (top) earned first place in the 2018 Central Mine Rescue Competition, with the Hecla Greens Creek's Mine Rescue Team (bottom) taking second.



80%  
of key EMS elements in place

### 2019 FOCUS

- Reducing our AIFR 10 percent from the 2018 target rate.
- Completing courageous safety leadership training for the supervisory and hourly workforce at each site.
- Each site will participate in the Hecla Take 5 Safety Focus.

Learn more about [Hecla's commitment to safety](#).

## Environment

### Approach: Environmental Management System

The Hecla Environmental Management System (EMS) is a set of standardized processes that enable us to improve compliance, reduce our environmental impact and increase operating efficiencies. EMS uses a proactive approach to ensure continuous improvement with a focus on key issues such as waste management, water management and air quality, while promoting a culture of environmental awareness and innovation from our employees.

Our EMS program complements the Mining Association of Canada's Toward Sustainable Development (TSM) program being implemented in Québec, which is also a systematic approach that allows mining companies to turn high-level environmental and social commitments into action on the ground.

### CURRENT PROGRESS

- As of 2018, we have more than 80 percent of key EMS elements in place company wide.
- We also conducted an initial EMS review of the new mines in Nevada we acquired in 2018 and established an action plan to incorporate the Nevada sites into the Hecla EMS program.

### 2019 FOCUS

- By the end of 2019, we are committed to completing structured environmental aspect/impact risk assessments at all of our operational sites. Once key aspects have been identified, action plans will be developed to mitigate any associated hazards.
- We will have integrated our newest mines in Nevada into the Hecla EMS so we can benchmark and track their activities.
- In Québec, our goal is to meet or exceed Level A under each of the TSM protocols.

## Performance: Energy Management and Greenhouse Gas Emissions



Extraction and production processes at mines can be energy intensive. Reducing energy consumption through streamlined processes, adoption of technology and use of renewable energy sources is not only good for our bottom line, it's important for the environment and the reduction of our carbon footprint.

60%

reduction in diesel fuel consumption at Greens Creek in Alaska, due to lower-cost hydropower usage since 2006

17%

reduction in energy use per autonomous haulage vehicle at the Casa Berardi Mine

500

(Ag.Eq.Oz.)  
1 Ton CO<sub>2</sub>

### CURRENT PROGRESS



- Autonomous haulage increased payloads by 8 percent and decreased energy use 17 percent per vehicle at our Casa Berardi Mine in Québec.
- At Casa Berardi, we equipped the mine ventilation system with timers that are expected to reduce electrical consumption by 20 percent in 2019.
- We track on-site consumption of carbon-based fuels at all operating properties. Our company-wide Scope 1 CO<sub>2</sub> equivalents measured 49,000 metric tons in 2017; Scope 2 CO<sub>2</sub> equivalents, 463 metric tons. Operations associated with our 2018 acquisition of the Nevada assets of Klondex Mines Ltd. will be included in the future to reflect 2018 consumption. We produced 43.6 million silver equivalent ounces which equals 500 silver equivalent ounces per ton of CO<sub>2</sub> emitted.

### 2019 FOCUS

- Company-wide, Hecla has established an energy intensity reduction target of 5 percent over the next 3 years from the 2017-2018 baseline years.
- Once all the Ventilation On Demand fans are converted at Greens Creek, we expect \$1M in energy savings per year.



## WATER MONITORING

Hecla employees conducting water monitoring tests near Greens Creek Mine.

### Performance: Water Management



Conscientious water stewardship is a top priority at Hecla – we strive to protect shared resources and avoid negative impacts to the environment and communities in which we operate. Water is an essential part of mining, and proper water management is critical to our operations and our communities.

All water discharged from our operations must meet applicable federal and state (or provincial) water quality permit conditions, and we constantly monitor all water through a robust program of sampling, quality analysis and audits. Audits at each active operation site help us better understand usage, identify opportunities to reduce consumption, recycle water and reduce the associated volume of treated water to ensure that natural waters are protected.

#### CURRENT PROGRESS

- At the Casa Berardi Mine, more than 95 percent of process plant water needs are met by recycling water from the tailings pond, rather than freshwater consumption.

#### 2019 FOCUS

- Our water conservation targets are a 5 percent reduction in the amount of fresh water used in our operations over 3 years.

### Performance: Waste and Hazardous Waste Management (Tailings Management)



Tailings are the fine-grained material remaining after the valuable minerals have been separated. Responsible management of these materials is an ongoing focus for Hecla. Tailings storage facilities at all our operations meet or exceed regulatory requirements, and we work to continually improve the management and closure of these facilities. We have comprehensive systems and procedures in place for the safe operation and monitoring of tailings facilities that follow industry best practices. Hecla was an early adopter of the dry-stack method of tailings management at its Greens Creek operation in Alaska. [Learn more about Hecla's tailings management.](#)

#### CURRENT PROGRESS

- In 2018, more than 31 percent of the total tailings produced company wide were returned to the mine rather than stored on the surface.
- At our mines at Greens Creek (Alaska) and Lucky Friday (Idaho), approximately 50 percent of the tailings produced in the milling process are returned to the underground mine as structural fill.



## 2019 FOCUS

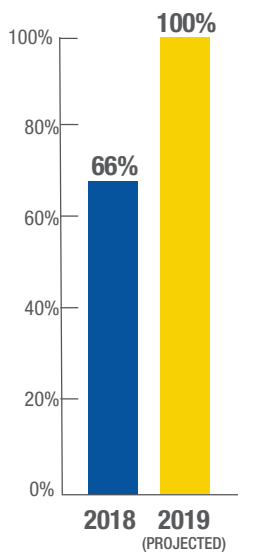
- Review and update as appropriate the Operations, Maintenance and Surveillance manuals and emergency response plans at each site.
- Review and update as appropriate the internal Hecla tailings management standard based on Hecla and industry experiences.

## Performance: Biodiversity Impacts—Mine Closure and Reclamation



Before we even begin, we think of the finish. Mine reclamation is fully integrated into the earliest stages of development and operations—we require all sites to develop and maintain current plans for reclamation and ultimate closure. The goal is to return the land to its natural state after mining has ended with minimal environmental impact so it can be used for other reasons, such as grazing cattle. Hecla has committed more than \$175 million in financial assurance to guarantee that mined lands are successfully reclaimed following operations—with funds held by state and federal agencies to guarantee reclamation is completed.

## CURRENT PROGRESS



**TROY MINE  
TAILINGS FACILITY**  
Percentage of surface  
reclamation completed



### TROY MINE: TAILINGS STORAGE FACILITY

#### 2016

300+ acres of inert tailings required cover and revegetation before the start of reclamation work.



#### 2018

Most of the required soil cover placed, revegetation efforts just beginning.



#### Today

Reclamation work expected to be completed in 2019. Seeding and transplanting beginning to take hold – over 200,000 trees and shrubs will have been planted.



- At the San Sebastian Mine in Mexico, the open pits are backfilled with rock and soil and will be re-established as productive agricultural lands.
- To minimize cultural and environmental impacts, we partnered with the Western Shoshone Tribe when Hecla acquired the Hollister Mine in Nevada in 2018, to optimize concurrent reclamation activities and those associated with sites for exploration.
- Hecla Québec is a major partner of the Industrial Research Chair NSERC-UQAT on northern biodiversity in a mining context. Their mission is to work toward developing strategies that reduce the potential impacts of development throughout the mine life cycle, including climate change.
- Hecla Montana continues to support grizzly bear/human conflict reduction in northwest Montana by contributing funding to Montana Fish Wildlife and Parks in support of their Grizzly Bear Conflict Management Program.



## 2019 FOCUS

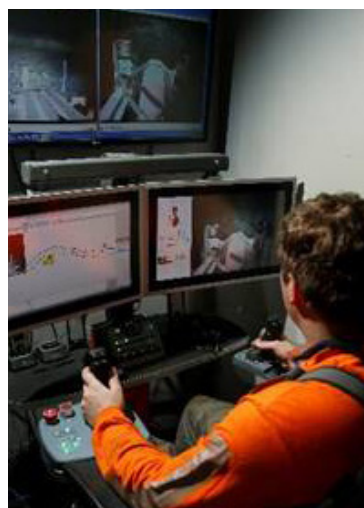
- Complete Troy tailings cover and reclamation. View a video or our [reclamation efforts in action](#).
- We have initiated backfill of the North pit at the San Sebastian Mine with placement of over 750,000 tonnes of material back into the pit.



**We invest in innovative equipment that uses automation and remote control to increase safety.**

## Performance: Culture of Innovation

Our philosophy of developing long-life mines makes Hecla a leader among companies our size in adopting new technologies that have a significant impact in improving the health and safety of our employees, improving environmental performance and increasing mine-operating efficiency and productivity. In particular, we are looking to automate repetitive tasks and use remote control where feasible to get miners' "hands off the steel."



- Our early adoption of Teleremote battery-operated load, haul and dump (LHD) equipment, which is remotely administered, is reducing energy use and heat output. This has resulted in significantly lower levels of noise and improved worker safety by moving employees away from the mine face. The Teleremote LHD allows one operator to run up to three machines from the same station.

# \$1M

per year in expected energy savings and an expected 7 percent reduction in direct electricity usage once all the Ventilation On Demand fans have been converted at Greens Creek in Alaska.

- Our autonomous 24-hour truck operation at our Casa Berardi Mine has increased safety, increased payloads by 8 percent and decreased energy use by 17 percent per vehicle. The expected cost savings from just two trucks is around \$3 million per year.
- Clean air quality underground is of utmost importance to the safety of our workers. For this reason, Hecla was an early adopter of Ventilation On Demand, an optimization approach that targets the vital process of supplying fresh air to underground miners in their scattered workplaces while exhausting the used air that has acquired excess heat, noxious gases, and dust. Learn more about [Ventilation On Demand](#).
- The automated Jumbo-Stope drill allows drilling during shift changes and improves drill accuracy while increasing productivity and efficiency.



## CURRENT PROGRESS

- Hecla is currently preparing the Lucky Friday Mine for delivery of the Remote Vein Miner, which is expected in 2020. This state-of-the-art technology will take the workers' hands completely "off the steel" through the use of autonomous mechanical mining. This innovation could revolutionize narrow vein mining by replacing the drilling and blasting technique of excavating rock with continuous mechanical cutting. If successful, mines will become even safer and more productive by releasing rock stress, mining at greater depths and moving miners away from the working face of the rock.



**REMOTE VEIN MINER**

## 2019 FOCUS

- We are working with North Idaho College's Career Training Center to develop training programs to update worker skill sets to meet the changing work force dynamic.

# COMMUNITY AND SOCIAL INVESTMENTS

Hecla is committed to responsible mineral development for the benefit of our shareholders while contributing meaningfully to the development of the communities in which we conduct business. This encompasses respecting the health and safety of our employees and local communities, protecting the environment, respecting local perspectives and developing partnerships to support the economic and social framework of our host communities.



## Performance: Stakeholder Engagement

Every day, Hecla strives to engage and strengthen relationships with the constituencies that matter most: our employees and contractors, surrounding communities and shareholders. We are committed to frequent, transparent communication, and we are always open to receiving constructive feedback from our stakeholders.



Training sessions, community meetings and social engagement enables us to talk, listen and respond. For example, the team at Casa Berardi has adopted new channels to interact with the community, maintain a constructive dialogue and allow citizens to participate in the continuous improvement of our operations through a follow-up committee and a complaint and concern management system. Learn more about our [Integrated Corporate Responsibility Policy](#).

## Performance: Workforce and Economic Impact



Hecla is often among the largest private-sector employers in the rural areas where our mines are located. Over a 5-year period, a mine such as Greens Creek or Casa Berardi has an economic impact averaging over \$800 million in wages, benefits, taxes, goods and services, local donations and contributions. But we know that we have more than an economic impact in these communities. The relationships we share necessitate responsibility, trust and transparency.

1,700+  
employees  
in North America

Examples of our economic contributions:

- Employees earned a total compensation of more than \$190 million in 2018.
- More than one indirect job is created by each Hecla job, leading to over 3,300 workers in the local communities.
- We're the largest private-sector employer in Juneau, Alaska.
- Greens Creek's average employee's annual total compensation of \$122,800 is more than two times the average non-mining private sector salary in Juneau, Alaska's capital.



### GIVING BACK

Hecla CEO Phil Baker and Hecla employees participating in the annual Bloomsday race in Spokane.



### YOUTH PROGRAMS

We invest in youth programs in our local communities.



**\$1M+**

provided toward supporting sustainable career development programs through Pathways since 2011.

### Performance: Social Investments

Hecla employees play important roles in their communities by volunteering their time – some as members of school boards, others by providing education in health and safety, coaching sports teams, promoting mining education at the local and state levels, or participating in programs with local museums to preserve mining's rich heritage.

By partnering and contributing in a meaningful way to economic and social well-being, we support our people and communities, and strengthen our company overall.

### Education Programs

#### Pathway Program – Greens Creek (Alaska)

The Pathway program is designed to encourage sustainable career development through mining. It begins with middle school tours and expands to job shadowing and instruction in high school. In 2014, we hired the first two successful graduates, both of whom started in our Pathway program in middle school.



#### Hecla-Québec Global Development Fund

Hecla Québec has partnered with the University of Québec in Abitibi-Témiscamingue to create the Hecla-Québec Global Development Fund (UQAT Foundation). The fund provides annual scholarships to students in support of work-life balance, returning to school, perseverance and success-training programs.



**\$1.6M**

has been donated to the UQAT Foundation since 2009.



### Mineral Extraction Program in Québec

Each year, Hecla welcomes two cohorts of students from the Mineral Extraction program at the James Bay Vocational Training Center who perform the practical part of their training at Casa Berardi Mine. The objectives of this program are:

- Acquiring skills for integration into the world of work.
- Developing skills to understand the principles essential to the practice of the job, the safe execution of work, the effective use of machinery, equipment and instruments, the preparation and layout of the work area, the execution of drilling work and the preparation for blasting.

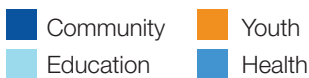
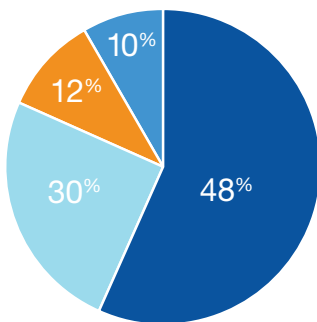
### CURRENT PROGRESS

- In 2018, Hecla Québec contributed \$162,743 CAD to the UQAT Foundation. Hecla Québec donates \$1 per ounce of gold produced at the Casa Berardi Mine each year.
- The San Sebastian Mine in Mexico supports its local schools and helps to repair infrastructure such as buildings, sidewalks and fences.

### Hecla Charitable Trust

We also invest in our local communities through the Hecla Charitable Foundation, which was established in 2007 to provide grants and disburse funds for educational and charitable purposes to qualifying 501(c)(3) organizations. The foundation's mission is to enhance quality of life through social, environmental and economic sustainability and development. Within this overall mission, the foundation focuses its efforts in four areas: education, community programs, youth activities and health services.

**\$3.3M+**  
in contributions  
since 2009



### CURRENT PROGRESS

- In 2018, the Hecla Charitable Foundation contributed more than \$350K toward programs related to youth activities, health services, education and the community.

### Performance: Diversity and Inclusion



Diverse teams make innovation possible, which is why we are committed to supporting inclusion and diversity in the next generation of talent. We are dedicated to cultivating an environment where individual differences are respected, the ability to contribute and access employment opportunities is based on performance, skill and merit, and inappropriate attitudes, behaviors and stereotypes are confronted and eliminated. While Hecla does not support the adoption of quotas, management will consider diversity as an element of the overall selection criteria of candidates.

We strive to increase the representation of women, local and indigenous people (where applicable), and other diverse people throughout our workforce. In addition, we will need to recruit a more digitally-savvy workforce as we adopt more technology and automation such as driverless trucks and equipment.

## WOMEN AT HECLA

Our management team is 19 percent women, and company wide, women comprise 4.5 percent of our workforce.



## Performance: Rights of Indigenous People

Some of our partnerships and agreements with the Indigenous People include:

- Hecla Québec and the Gitanyow Band in upper British Columbia have entered into an exploration agreement that addresses mutual benefits from future exploration activity, including employment, contracting, environment and permitting, as well as additional considerations.
- Hecla Québec has also signed with the Abitibiwinni First Nation a Memorandum of Understanding that could guide development of a collaboration agreement.
- In Nevada, we're working with the Western Shoshone Tribe and the Te-Moak Council on a number of cultural and environmental matters, including siting and reclamation of exploration drill sites.
- Our Greens Creek Mine, in partnership with the University of Alaska, hosted community workshops to educate and address questions on sustenance fisheries and the impacts of global mercury releases to the environment.



## ABITIBIWINNI FIRST NATION

Casa Berardi entered into a Memorandum of Understanding with the Abitibiwinni First Nation that will guide further negotiation on a collaboration agreement.

## 2019 FOCUS

We will continue to solidify work of recent years, as well as expand community engagement in the following areas:

- Conduct community assessment in Nevada where Hecla acquired new mines to better understand how Hecla can become engaged in the communities near their operations.
- Advance education and career readiness initiatives with Western Shoshone in Nevada.
- Pursue certification for the San Sebastian Mine in Mexico by the Mexican Center for Philanthropy (CEMEF) as an Empresa Socialmente Responsable (Corporate Social Responsibility).
- Reinvent our community advisory committee at the Greens Creek Mine.
- Advance a cooperation agreement which demonstrates a commitment by both parties to work together to create employment, training and business opportunities for the Abitibiwinni First Nation.
- Develop a mining machine mechanics program that will be held at Casa Berardi in collaboration with the James Bay Professional Training Center.

# GOVERNANCE

Since 1891, Hecla Mining Company has distinguished itself as a respected precious metals producer. Our Code of Conduct demonstrates our commitment and standards of ethics and integrity in every aspect of our business.

## Approach: Business Ethics and Transparency



As a publicly traded company, Hecla's management is held to an especially high set of ethical standards as described in our Code of Ethics.

Hecla's [Code of Conduct](#) demonstrates our commitment to seeking and delivering best practices in ethics and integrity in every aspect of our business. While directors and employees are obligated to follow this code, we expect our leaders to set the example and to be positive role models in every respect. We expect all those with supervisory responsibility to exercise that responsibility in a manner that is caring, receptive, considerate and respectful.

Our Corporate Governance Guidelines provide shareholders with the best-practice principles of our corporate governance program and Board framework. With the exception of our Executive Committee, Board committees have written charters clearly establishing their respective roles and responsibilities and are composed exclusively of independent directors. The Corporate Governance Committee oversees and conducts an annual performance evaluation of our Board. The Health, Safety, Environment and Technology Committee oversees associated risks and strategic plans and progress to ensure the sustainability of our operations and social license.

[Learn more](#) about our Code of Ethics; Corporate Governance Guidelines; Corporate Governance Committee; and Health, Safety, Environment and Technology Committee.

## Board Engagement

Hecla is actively engaged with state and federal trade associations via membership and leadership roles. Our President and CEO, Phillips S. Baker, Jr., is currently chairman of the National Mining Association, and Hecla has representatives on governing committees of the Alaska, Idaho, Nevada, and Québec Mining Associations. We also serve in regional associations such as the American Exploration & Mining Association and Camimex in Mexico.

## Executive Pay

The primary responsibility of the [Compensation Committee](#), which consists entirely of independent members of the Board of Directors, is to oversee executive compensation decisions. The pay-for-performance philosophy of Hecla's executive compensation



Hecla's Board of Directors

program plays a significant role in its ability to produce strong operating, exploration, strategic, and financial results.

## Stockholder Rights

Common stockholders are allowed to vote on important issues, and we listen to their feedback.

Based on discussions with our shareholders, since 2016, we have:

- Added a female director
- Added three new directors and reduced our average Board tenure
- Updated our Corporate Governance Guidelines to include a director resignation policy
- In 2018, we increased our ESG reporting in our Proxy and on our website

### 2019 FOCUS

- Continue to update and strengthen our ESG reporting and metrics.
- Include more disclosure on enterprise risk management for Board and Committee oversight.

## Internal Controls

The [Audit Committee](#) assists the Board of Directors in fulfilling its oversight responsibilities – the integrity of the financial statements, the independent auditor’s qualifications and independence, the performance of the internal audit function, compliance with legal and regulatory requirements (including disclosure controls and procedures), and the effectiveness of the internal controls over financial reporting.

# APPENDIX

**TABLE 1: Sustainability Disclosure Topics & Accounting Metrics (SASB)**

TOPIC	METRIC	REPORT	SASB CODE
<b>Green Gas Emissions</b>	Gross Scope I CO2-e	66,619 Metric tons CO2-e.	EM-MM-110a.1
	Description of long-term and short-term strategy to manage Scope 1 emissions, emission reduction targets, analysis of performance against those target	CO2-e emission reduction efforts tied to direct energy reduction initiatives using automated and semi-autonomous haulage, mucking, and drilling, along with On Demand Ventilation. Goal is 5% direct energy reduction over 3 years.	EM-MM-110a.2
<b>Air Quality</b>	Air emissions including CO, Nox,Sox,PM10, Mercury, lead, VOC's	Hecla's predominately underground mines have very low air quality emissions and so this factor is not material to our environmental performance.	EM-MM120a.1
<b>Energy Management</b>	1) Total energy consumed, 2) percentage grid electricity, 3) percentage renewable	Direct electricity consumed 289265811 kWh. 67% from renewable sources.	EM-MM-140a.1
<b>Water Management</b>	1) Total fresh water withdrawn, 2) Total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	746M gallons of fresh water diverted and over 1.1billion gallons recycled (includes mine waters recycled). No Hecla sites operated in regions of high or extremely high water stress. Fresh water use reduction target is 5% over 3 years.	EM-MM-140a.1
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	In 2018 company-wide there were 24 minor non-compliance reports and 9 Notices of Violation.	EM-MM-140a.2
<b>Waste &amp; Hazardous Materials Management</b>	Total weight of tailings waste, percentage recycled	2.35M tons of tailings produced and nearly 31% returned as backfill in the underground workings.	EM-MM-150a.1
	Number of tailings impoundments, broken down by MSHA hazard potential	8 active or semi-active tailings facilities all rated significant hazard potential due to potential environmental effects. Greens Creek dry-stack is not considered an impoundment dam.	EM-MM-150a.3
<b>Biodiversity Impacts</b>	Description of environmental management policies and practices for active sites	See page 10 of this report.	EM-MM-160a.a
	Percentage of mine sites where acid rock drainage is: 1) predicted to occur, 2) actively mitigated, and 3) under treatment or remediation	Greens Creek Mine has long-term potential for acid generation and these materials are being actively managed to minimize the potential. Grouse Creek, a closed property is treating acid drainage from a legacy underground mine.	EM-MM-160a.2
	Percentage of 1) proved and 2) probable reserves in or near sites with protected conservation status or endangered species habitat	Greens Creek Mine has 107M AgOz and 840K AgOz of proven and probable reserves and the mine is located partially within the Admiralty Island National Monument.	EM-MM-160a.3

**TABLE 1: continued**

TOPIC	METRIC	REPORT	SASB CODE
<b>Security, Human Rights &amp; Rights of indigenous Peoples</b>	Percentage of 1) proved and 2) probable reserves in or near areas of conflict	None	EM-MM-210a.1
	Percentage of 1) proved and 2) probable reserves in or near indigenous land	1.9M gold P&P ounces at Casa Berardi - a site where the indigenous rights were extinguished but a new claim has been made by the local First Nations.	EM-MM-210a.2
	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	See page 16-18 of this report.	EM-MM-210a.3
<b>Community Relations</b>	Discussion of process to manage risks and opportunities associated with community rights and interests	See page 16-18 of this report.	EM-MM-210b.1
	Number and duration of non-technical delays	None	EM-MM-210b.2
<b>Labor Relations</b>	Percentage of active workforce covered under collective bargaining agreements, broken down by US and foreign employees	Lucky Friday Mine is only Hecla facility covered by collective bargaining agreement and represents approximately 17% of the 2018 workforce.	EM-MM-310a.1
	Number and duration of strikes and lockouts	Lucky Friday Mine strike represents 1 non-technical delay, lasting a period of 2 years.	EM-MM-310a.2
<b>Workforce Health &amp; Safety</b>	1)MSHA all incident rate, 2) fatality rate, 3) near miss frequency rate (NMFR) and 4) average hours of health, safety and emergency response training for a) full-time employees and b) contract employees	AIFR = 2.0 was 15% below US national average for metal and non metal mining, fatality rate = 0, 65,000 hours of training = 38 hours/person.	EM-MM-320a.1
<b>Business Ethics &amp; Transparency</b>	Description of the management system for prevention of corruption and bribery throughout the value chain	Annually Corporate legal provides training on corruption and bribery throughout the value chain.	EM-MM-510a.1
	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	88% of 2018 production came from Canada and US which are rated #9 and #22 respectively in the Transparency International's Corruption Perception Index. No production came from the 20-lowest rated countries on the index.	EM-MM-5101.2

**TABLE 1: Activity Metrics (SASB)**

METRIC	REPORT	SASB CODE
<b>Production of 1)metal ores and 2) finished metal products</b>	2.3M tons of ore and 10,369,503 silver ounces produced in 2018.	EM-MM-000.A
<b>Total number of employees, percentage contractors</b>	1700 direct employees.	EM-MM-000.B

