

**DATED 1 JUNE 2011**

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**HOCHSCHILD MINING PLC**

**ANTI-CORRUPTION AND BRIBERY POLICY**

**APPROVED BY THE BOARD OF DIRECTORS  
ON 1 JUNE 2011**

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## 1. POLICY STATEMENT

1.1 It is the Group's policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.

1.2 We will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate. However, as a group headed by a company incorporated in the UK, we remain bound by the laws of the UK, including the Bribery Act 2010, in respect of our conduct both at home and abroad.

1.3 The purpose of this policy is to:

- (a) set out our responsibilities, and of those working for us, in observing and upholding our position on bribery and corruption; and
- (b) provide information and guidance to those working for us on how to recognise and deal with bribery and corruption issues,

and should be read in conjunction with the Group's Code of Conduct, a copy of which is available on the intranet (the "**Code of Conduct**").

1.4 Bribery and corruption are punishable for individuals by up to ten years' imprisonment and if we are found to have taken part in corruption we could face an unlimited fine and face damage to our reputation. We therefore take our legal responsibilities very seriously.

1.5 In this policy, **third party** means any individual or organisation you come into contact with during the course of your work for us, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

## 2. WHO IS COVERED BY THE POLICY?

This policy applies to all individuals working at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with us, or any of our subsidiaries or their employees, wherever located (collectively referred to as **workers** in this policy).

### 3. WHAT IS BRIBERY?

A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

#### **Examples:**

##### **Offering a bribe**

You offer a potential client tickets to a major sporting event, but only if they agree to do business with us.

This would be an offence as you are making the offer to gain a commercial and contractual advantage. We may also be found to have committed an offence because the offer has been made to obtain business for us. It may also be an offence for the potential client to accept your offer.

##### **Receiving a bribe**

A supplier gives a relative of yours a job, but makes it clear that in return they expect you to use your influence in our organisation to ensure we continue to do business with them.

It is an offence for a supplier to make such an offer. It would be an offence for you to accept the offer as you would be doing so to gain a personal advantage.

##### **Bribing a public official (a “Public Official”)**

You arrange for the business to pay an additional payment to an official to speed up an administrative process such as clearing our goods through customs.

The offence of bribing a Public Official has been committed as soon as the offer is made. This is because it is made to gain a business advantage for us. We may also be found to have committed an offence.

### 4. GIFTS AND HOSPITALITY

- 4.1 This policy does not prohibit normal and appropriate hospitality (given and received) to or from third parties.
- 4.2 Details of the Group’s policy on the acceptance and giving of gifts are given in the Code of Conduct. In particular, the giving or receipt of gifts is not prohibited, if the following requirements are met: You may accept modest gifts and invitations, under the following circumstances:

- When there is no indication that the person offering the gift or invitation is trying to impose an obligation or to unduly influence your decisions.
- When the acceptance is within the “normal course of business” to be polite and to promote good commercial relations.
- When the acceptance is legal and conforms with generally acknowledged ethical rules.
- Provided that neither you nor we could be faced with an embarrassing situation, if the public were to know the circumstances.

By way of example, acceptable gifts and invitations include:

- Occasional lunches or dinners, invitations to sporting events, theatre performances or similar events. Gifts or invitations with an estimated cost above US\$100 (or its equivalent) must be informed to your superior and approved by the Human Resources Department.
- Small occasional gifts on special celebrations such as anniversaries, important events or holidays.
- Invitations to the supplier’s production plants or offices, provided that the country’s General Manager provides the corresponding authorisation.
- Trips to trade shows, conferences and seminars, provided that they are channelled through the Human Resources Department.
- Advertising materials or promotional material with low value, such as pens or key rings.
- Low cost prizes in recognition of services rendered to civic, charitable educational or religious bodies.
- Reimbursement of reasonable and supported expenses for oral or written presentations about a matter related to the Company.
- Gifts and invitations clearly motivated by evident family ties or friendship and not for business relationships.

4.3 If you are not sure if it is appropriate to accept a certain gift, discuss it with your immediate superior.

4.4 You may accept a valuable gift on behalf of the Company, when it appears to be extremely impolite or inappropriate to reject it. In these cases, all gifts are to be sent to

the Human Resources Department who will give it away by a raffle or other similar method. Inform your immediate supervisor about the gift to determine what should be done in this case.

- 4.5 We appreciate that the practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift or hospitality is reasonable and justifiable. The intention behind the gift should always be considered.

## **5. WHAT IS NOT ACCEPTABLE?**

It is not acceptable for you (or someone on your behalf) to:

- (a) give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- (b) give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- (c) accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- (d) accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- (e) threaten or retaliate against another worker who has refused to commit a bribery offence or who has raised concerns under this policy; or
- (f) engage in any activity that might lead to a breach of this policy.

## **6. FACILITATION PAYMENTS AND KICKBACKS**

- 6.1 We do not make, and will not accept, facilitation payments of any kind. Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official.
- 6.2 If you are asked to make a payment on our behalf, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment. If you have any suspicions, concerns or queries regarding a payment, you should raise these with your manager.
- 6.3 Kickbacks are typically payments made in return for a business favour or advantage. All workers must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by us.

## **7. DONATIONS**

Whilst the Company does not make contributions to political parties, the Group may incur expenditure, where permitted by law, with the aim of supporting or promoting the democratic process in general. The Group only makes charitable donations that are legal and ethical under local laws and practices. No donation must be offered or made without the prior approval of your manager.

## **8. YOUR RESPONSIBILITIES**

8.1 You must ensure that you read, understand and comply with this policy.

8.2 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy.

8.3 You must notify your manager or the Human Resources Department or any of the named contacts under the Group's Whistleblowing Policy as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if a client or potential client offers you something to gain a business advantage with us, or indicates to you that a gift or payment is required to secure their business. Further "red flags" that may indicate bribery or corruption are set out in the Schedule.

8.4 Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. We reserve our right to terminate our contractual relationship with other workers if they breach this policy.

## **9. RECORD-KEEPING**

9.1 We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.

9.2 You must declare and keep a written record of all hospitality or gifts accepted or offered, which will be subject to managerial review.

9.3 You must ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with our expenses policy and specifically record the reason for the expenditure.

9.4 All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers and business contacts, should be

prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

## **10. HOW TO RAISE A CONCERN**

You are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If you are unsure whether a particular act constitutes bribery or corruption, or if you have any other queries, these should be raised with your manager or the Human Resources Department. Concerns should be reported by following the procedure set out in our Whistleblowing Policy which can be found on the intranet and on request from the HR team in Lima or the Company Secretary in London.

## **11. WHAT TO DO IF YOU ARE A VICTIM OF BRIBERY OR CORRUPTION**

It is important that you tell your manager, the Human Resources Department or the contacts named in the Group's Whistleblowing Policy as soon as possible if you are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of unlawful activity.

## **12. PROTECTION**

12.1 Workers who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

12.2 We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the compliance manager immediately. If the matter is not remedied, and you are an employee, you should raise it formally with the Human Resources Department.

## **13. TRAINING AND COMMUNICATION**

13.1 Training on this policy forms part of the induction process for all new workers. All existing workers will receive regular, relevant training on how to implement and adhere to this policy.

13.2 Our zero-tolerance approach to bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.

**14. WHO IS RESPONSIBLE FOR THE POLICY?**

- 14.1 The board of directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.
- 14.2 Senior members of the Group's management team and the Company Secretary have the collective primary and day-to-day responsibility for implementing this policy. Responsibility for monitoring the use of this policy lies with the management team supported as appropriate, for example, by the Head of the Internal Audit function who shall report periodically to the Audit Committee on the effectiveness of this policy. Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and training on it as and when required.

**15. MONITORING AND REVIEW**

- 15.1 The Head of the Group's Internal Audit Function will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness which shall be reported to the Group's Audit Committee. Any improvements identified will be made as soon as possible. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering bribery and corruption.
- 15.2 All workers are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing.
- 15.3 Workers are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Human Resources Department.
- 15.4 This policy does not form part of any employee's contract of employment and it may be amended at any time.

## **Schedule      Potential risk scenarios: "red flags"**

The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for us, you must report them promptly to your manager or to the Human Resources Department or using the procedure set out in the Group's Whistleblowing Policy:

- (a) you become aware that a third party engages in, or has been accused of engaging in, improper business practices;
- (b) you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with government officials;
- (c) a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;
- (d) a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- (e) a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- (f) a third party requests an unexpected additional fee or commission to "facilitate" a service;
- (g) a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- (h) a third party requests that a payment is made to "overlook" potential legal violations;
- (i) a third party requests that you provide employment or some other advantage to a friend or relative;
- (j) you receive an invoice from a third party that appears to be non-standard or customised;
- (k) a third party insists on the use of side letters or refuses to put terms agreed in writing;
- (l) you notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided;
- (m) a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us; or
- (n) you are offered an unusually generous gift or offered lavish hospitality by a third party.