



**Hochschild Task Force For Climate Related Disclosures Form
11 November 2021**

TFCD Pillar / Recommendation	Hochschild Response
Governance: Disclose the organization’s governance around climate-related risks and opportunities	<p>Hochschild Mining PLC’s (Hochschild) Board of Directors engages with senior management on strategic planning and risk management and reviews management’s performance in consistently achieving productive, safe and environmentally sound operations. Sustainability and ESG topics, like climate change, are becoming an increasingly important aspect of Hochschild’s operations and stakeholders.</p> <p>Sustainability Committee</p> <p>Since 2006, the Sustainability Committee (previously known as the CSR Committee) has been delegated authority from the Board in overseeing the implementation of systems dealing with, amongst other things environmental matters as well as compliance with the Company’s environmental commitments. The Sustainability Committee consists of four (4) Independent Directors and the CEO. Regular attendees are the COO and the Vice Presidents of Legal and Corporate Affairs, and Human Resources.</p> <p>Given the scope of the Sustainability Committee’s responsibilities (summarized above), it is tasked with making the necessary recommendations to the Board of Directors in connection with matters such as climate change and greenhouse gas (GHG) emissions that are material to the organization operationally and financially. The Sustainability Committee also focuses on compliance with national and international standards to ensure that effective management systems for standards, procedures and practices are in place at each of Hochschild’s operations. It is also responsible for reviewing management’s investigation of incidents or accidents that occur in order to assess whether policy improvements and additional procedures are required.</p> <p>In 2020, the Sustainability Committee was convened four times to consider and act on the following matters:</p> <ul style="list-style-type: none"> • Approval of the 2019 Sustainability Report for inclusion in the 2019 Annual Report. • Monitoring of the execution of the yearly plans in each of the five key areas of focus (Health, Safety, Community Relations, Environmental Management (including climate change issues), and Employee Engagement). • Actions undertaken to protect the welfare of employees as a result of the Covid-19 pandemic. • Review Hochschild’s exposure to sustainability and ESG risks and the controls and action plans to mitigate them. • Review standalone policies on Community Relations, Human Rights,
Describe the board’s oversight of climate-related risks and opportunities	

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	<p>Diversity & Inclusion and Sustainability, drawing from the values set out in Hochschild’s Code of Conduct.</p> <ul style="list-style-type: none"> • Monitor best practice to identify opportunities to enhance Hochschild’s approach, such as the management of tailings facilities in light of the approval of the International Council on Mining & Metal’s Global Industry Standard
<p>Describe management’s role in assessing and managing climate-related risks and opportunities</p>	<p>Managing Risk</p> <p>The monitoring of climate-related risks and opportunities ultimately resides with the Management Risk Committee (the “MRC”), which is responsible for implementing Hochschild’s policy on risk management and monitoring the effectiveness of controls in support of Hochschild’s business objectives. The MRC meets four times a year and more frequently as required. The MRC is comprised of the CEO, Vice Presidents, Country General Managers and the head of the Internal Audit function.</p> <p>The most significant current and emerging risks, as well as the actions to mitigate them are reported to the Company’s Audit Committee and, where appropriate, to the Board.</p> <p>Environmental Manager</p> <p>The Environmental Corporate Manager reports to the VP, Legal and Corporate Affairs and to the CEO. Management reports to the Sustainability Committee, which is responsible for overseeing efforts to incorporate sustainability into Hochschild’s business practices and the setting of environmental sustainability objectives. The Environmental team, led by the Environmental Corporate Manager, collects and reports on ESG data such as energy, GHG emissions, water consumption, waste generation, etc. and oversees the development of corporate sustainability disclosures and communications with external stakeholders on Hochschild’s ESG performance.</p>

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<p>Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material</p> <p>Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term</p>	<p>Hochschild is committed to assessing and reducing its exposure to climate-related financial risks, which is why the organization is in the process of completing a climate change risk assessment and strategy and developing an action plan to continually reduce operational energy, GHG emissions and water consumption, with the ultimate aim of reaching net zero GHG emissions.</p> <p>Climate-related risks and opportunities that could have a potential impact to business over short (1–3 years), medium (3–5 years) and long-term (5+ years) time horizons are as follows:</p> <p>Climate Risks</p> <ul style="list-style-type: none"> <p>Current Regulations - Many of Hochschild's customers are taking regulatory and/or voluntary positions to reduce energy and GHG emissions in their operations. Those more mature organizations are now requiring and pushing for GHG emission reductions in the value chain. While Hochschild is not yet exposed to these requirements, it is understood that this will happen, and as such, Hochschild has committed investment and demonstrated leadership in technology for future growth in alignment with intersecting global industry megatrends – including electrification, software and more.</p> <p>Emerging Regulations - Mining continues to be a highly regulated industry where multiple permits are required leading to increased delays and costs. Changes in the legal, tax and regulatory landscape could result in significant additional expense, restrictions on or suspensions of operations and may lead to delays in the development of current operations and projects. Carbon regulations, like those being established in the UK (net zero by 2050), Peru (reducing GHG emissions by 30% by 2030), and Argentina (absolute, economy-wide and unconditional goal of limiting greenhouse gas emissions to 313 MtCO_{2e} (excl. LULUCF) by 2030) are likely to directly increase future capital costs as Hochschild integrates and adopts more energy efficient and lower emissions technologies in mining operations. Emerging carbon regulations will also impact operational costs as renewable portfolio standards, renewable fuel requirements and carbon taxes will directly and indirectly increase the cost of fuels and energy sources.</p> <p>Technology - Technological advancements have the ability to impact both operational competitiveness as well as demand for Hochschild's products. For example, the increased adoption of renewable energy technologies and electric vehicles will likely play a role on the path to achieving carbon neutrality and increase the demand for Hochschild's metal products. However, operationally, off-road vehicle and engine manufacturers can be slow to adopt to low / no-carbon products and as such, there is only a handful of market players offering these products.</p>



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	<p>Much like the electric light duty vehicle market, this is a short-term transition that will be mitigated as more manufacturers enter the market and the market matures. Adopting these technologies has the potential to hinder Hochschild’s competitiveness in the short-term (i.e. increase costs and reduce EBITDA) but would improve Hochschild’s social license to operate and move the organization towards its climate goals. Renewable energy technologies and electric vehicles will also likely require increased battery demand for energy storage which is also a risk in the short term as battery storage is relatively new; over time, this risk will dissipate.</p> <ul style="list-style-type: none"> <p>Legal – If no action is taken on climate change and GHG emissions, Hochschild could be at risk to climate-related legal action, reputational issues (social license to operate) and investor risk which could materialize as increased costs, longer permitting delays, higher interest loans, or reduced access to capital. Given what is occurring in jurisdictions such as Canada and the US where lawsuits have been filed against oil and gas companies for climate-related impacts, over the medium to long term, should no action be taken to reduce / eliminate Hochschild’s carbon footprint, there could be carbon legal-related risks. To date, Hochschild has not experienced legal issues regarding climate change related issues.</p> <p>Market – Hochschild is currently evaluating the risk of changing demand for its metal products under a low carbon economy. Under a 2-degree scenario, it is likely that there will be an increase in the uptake of battery powered vehicles and 5G networks which increase the demand for silver. Gold demand could also play out well under a 2-degree scenario as the metal can be used in nanomaterial technologies (e.g., enhance hydrogen fuel cell performance and solar PV) that can help facilitate the transition to a low carbon economy. In light of these opportunities, Hochschild sees a downside of not managing its own carbon, environmental and social footprint, as under a 2-degree scenario customers and investors will expect higher ESG performance as part of their procurement and investment criteria. Hochschild is mitigating these risks by developing a carbon neutral strategy, a climate risk assessment, and continually striving to improve organizational ESG performance.</p> <p>Reputation - Poor performance with respect to managing the risks and opportunities of climate change could result in reputational impairment. This could lead to public and regulatory opposition to Hochschild’s projects and/or operations or lead to a potential increase in cost-of-capital and perceived risk amongst the investor community. For example, Hochschild may suffer from reputational risk and may be liable for losses arising from environmental hazards associated with its mining activities and production methods. In Peru, protests relating to mining projects have increased social demands and expectations and have led to wider social unrest. Communities living in the areas surrounding Hochschild’s operations may oppose the activities carried out at existing mines or, with respect to development projects and prospects, may invoke their</p>



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	<p>rights to be consulted under relevant laws. A number of actions were taken during the year to maximise Hochschild’s ability to work with partner communities which included:</p> <ul style="list-style-type: none"> o Increased efforts to collect and process information and intelligence regarding potential social conflicts. o Increased interaction with local governments and other key stakeholders. o Re-launching of its social programmes based on the results of a survey conducted among surrounding communities. <p>• Physical (Acute and Chronic) – With respect to Hochschild’s operations, climate change will likely result in the following risks to operations:</p> <ul style="list-style-type: none"> o Intense rainfall/long duration rainfall may result in increased risk of erosion, road washouts, overtopping of existing tailings dams and flooding in the mines. o Chronic drought at some locations may result in water shortages for operation and the drinking water supply. Hochschild has taken water conservation measures to address these long-term conditions and related impacts, such as the use of dry stacked tailings and enhancing water recovery at its San Jose mine. o High winds, snow and ice, and electrical storms can damage the power transmission system supplying the operations. Voltage spikes in the power system may cause damage to electrical equipment, substations, pumps, compressors and other equipment. o Free-thaw cycles and increasing extreme cold temperatures can cause water pipes to freeze and ice to form on bearing surfaces like roads and ramps. o Hochschild is adapting to the physical impacts of climate change and increasing the resilience of operations by incorporating climate scenarios into project design and mine closure planning. Many of the climate risks identified are being addressed through policy changes and new monitoring programmes at mine sites to track the impacts of climate change to operations and develop proactive policies and operating procedures to minimize the impacts to the operations. For example, Hochschild has an active programme to reduce water consumption that enables mines to continue to operate in a more water scarce environment. <p>Climate Opportunities</p> <ul style="list-style-type: none"> • Increased Revenues Resulting From Increased Demand For Products And Services - The demand for Hochschild’s products may increase as a

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	<p>consequence of regulatory or market curtailments. For example, under a 2-degree scenario, there will likely be an increase in the uptake of battery powered vehicles and 5G networks which incorporate silver and gold in the manufacture of their hardware components. Bloomberg estimates that by 2040, 55% of vehicles on the road will be electric which means more demand for silver. Gold will also play out well under a 2-degree scenario as the metal can be used in nanomaterial technologies (e.g., enhance hydrogen fuel cell performance and solar PV) that can help facilitate the transition to a low carbon economy.</p> <ul style="list-style-type: none"> Improved Market Capitalization - Investors are demanding that companies improve their long-term sustainability / ESG performance to reduce climatic and climate related risks while improving shareholder value and social and environmental well-being. Current market and shareholder pressures with regards to “sustainable investments” and consideration of climate change in investment could potentially impact Hochschild’s share price over the medium to long-term simply on the basis of its ESG rating. Hochschild is heavily focused on improving its ESG performance. This is evidenced by the 2020 Sustainability Report, ECO Score programme, the commitment to rolling out internal training on, among other things, the recently published Human Rights Policy; continuing to scale initiatives to improve gender diversity across the business; strengthening the environmental culture; and carefully managing climate-related risks and their impacts by completing a climate change risk assessment and strategy, and the development of a carbon strategy to continually reduce its GHG emissions. Fuel-Switching / Energy Saving Technologies – Hochschild’s carbon emissions primarily result from electricity use in mining and processing operations. Operations in both Peru and Argentina have a favourable GHG emissions intensity compared to other gold and silver mines globally (3.34 tCO₂e/koz Ag eq). This is due to the underground nature of the mining operations – high grade narrow vein mines (which generally have lower GHG emissions than larger open pit mines which require significantly more processing of material) and the low-carbon, grid-based electricity supply which is around 80% sourced from hydro or wind power. However, acknowledging the global significance of climate change, Hochschild is committed to taking the necessary measures to continually reduce its GHG footprint by evaluating additional low-carbon energy options and improving the operational energy efficiency, which also helps to deliver valuable cost savings to the business.
<p>Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning</p>	<p>Both physical and transitional risks are impacting and will continue to impact Hochschild’s operations, businesses, strategy, and financial planning (as noted in the prior response). Many of the climate risks identified are being addressed through policy changes and new monitoring programmes at mine sites to track the impacts of climate on the operations and develop proactive policies and operating procedures to minimize the</p>



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	<p>impacts to operations. For example, climate-related risks such as prolonged droughts have been identified in Hochschild’s risk management tools and have triggered precise plans and budget allocations to implement the necessary actions to minimize the risk. Dedicated teams have been established, time schedules set, both of which are monitored to assure success.</p> <p>Hochschild is in the process of completing a climate change risk assessment and strategy, and a carbon strategy to put the organization on a path towards net zero operations. The completion of a climate risk and vulnerability assessment will be used to inform the risks to the operations, enable the company to better assess the possible financial impacts, and develop appropriate mitigation measures to mitigate those risks.</p>
<p>Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</p>	<p>Climate modelling uses various greenhouse gas (GHG) emissions scenarios, known as Representative Concentration Pathways (RCPs), to project future climate variables under different concentrations and rates of release of GHGs to the atmosphere, as well as different global energy balances.</p> <p>RCP 8.5 is being used to assess the impacts that climate change would have on Hochschild’s operations and infrastructure. The time horizon has been set between the 2020’s and the 2070’s as this aligns with Hochschild’s mines current operational lives and decommissioning phases.</p> <p>RCP 2.6 is being used as the <2°C Scenario to align with the mid-century goals of the Paris Agreement and is being used to assess Hochschild’s market (electric vehicles), regulatory (e.g., carbon pricing), technology and renewable energy risks / opportunities (e.g., increased adoption of renewables resulting in improved ROI) as part of the carbon strategy to put the organization on a path towards net zero operations.</p>

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Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks	
<p>Describe the organization's processes for identifying and assessing climate-related risk</p> <p>Describe the organization's processes for managing climate-related risks</p> <p>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</p>	<p>Risk Management</p> <p>Hochschild has implemented a framework of risk management and internal controls that ensures that key risks are identified and, where they cannot be eradicated, are mitigated to within tolerable levels. The Management Risk Committee ("MRC") is responsible for implementing the Hochschild's policy on risk management and monitoring the effectiveness of controls in support of Hochschild's business objectives. The MRC comprises the CEO, the Vice Presidents, Country General Managers and the head of the Internal Audit function. Risk assessments are carried out at least 4 times a year, and are presented to the Audit Committee and to the Board of Directors on a quarterly basis.</p> <p>As part of risk monitoring and management, a 'live' risk matrix is reviewed which maps the significant risks faced by the business as well as those considered to be emerging risks. The significance of each risk is considered, mapped (using a heat map), and takes into the Board of Director's assessment of the likelihood of the unmitigated risk occurring as well as the extent of the impact on the organization. The matrix is updated at each MRC meeting, and the most significant current and emerging risks, as well as potential actions to mitigate them, are reported to the Sustainability Committee with regards to the sustainability-related risks and to the Board.</p> <p>Hochschild draws on input from subject matter experts to identify, quantify, forecast and manage exposure to financial risks, operational risks, macro-economic, including political and legal risks, and environmental and sustainability risks. Risks and opportunities are prioritized based on their likelihood of impacting Hochschild's business and the potential severity of impact.</p> <p>In terms of physical (chronic and acute) risks, climate change may, among other things, cause or result in atypical precipitation patterns which could lead to overtopping; prolonged drought resulting in water shortages for operations, and extreme weather events (winds) and disruptions to upstream and downstream operations. Hochschild is adapting to these risks by increasing the resilience of operations by incorporating climate assessments into project design planning as needed. Risks or losses from climate change or other natural events are being continuously monitored and reviewed as part of ongoing operations. Where an unacceptable risk is identified, asset level mitigation plans are developed and are the responsibility of local management.</p>

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<p>Metrics & Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	
<p>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</p> <p>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</p>	<p>The Sustainability Committee is charged with making sure the organization is meeting Sustainability and ESG targets. To form a link between the organization and environmental performance and risks, the ECO Score programme was established in 2015, which brings together the management/mitigation of environment and climate change risks. The ECO Score program incorporates quantitative and qualitative indicators directly related to environmental management, including water consumption and waste generation. Performance against the annual ECO Score objective determines the extent of annual bonus pay-outs to eligible employees, thereby aligning interests to reduce the Company’s environmental footprint. The results are shared across the Company on a monthly basis.</p> <p>In 2020, Hochschild’s ECO Score was 5.74 out of 6, exceeding the stretch target of 4.75. The 2020 results are independently verified by Ernst & Young (‘EY’) following the International Standard on Related Services (ISRS) 4400.</p> <p>Since 2015, the ECO Score has improved by 73%, reflecting a significantly higher level of environmental efficiency. To incentivize continuous improvement, Hochschild has set a target of 5 out of 6 for 2021.</p> <p>Due to the importance of water and climate related risks, Hochschild minimizes water consumption as much as possible and has set a target of 250 litres per person per day of potable water. Between 2015 and 2020 the Company has saved approximately 1.3 million m³ of potable water.</p> <p>Another key indicator that forms part of the ECO Score is waste generation, with a target of 1.5 kg per person per day of domestic waste generation. Between 2015 and 2020 the Company has reduced its waste generation by 5,800 tonnes.</p> <p>Energy and GHG emission reduction targets, that align with the Science Based Target initiative (SBTi), will be established in the carbon strategy that will put the organization on a path towards net zero operations.</p> <p>In 2020 an Environment Culture Transformation Plan was launched to further embed an environmentally conscious culture across the Company and assure the long-term environmental performance. Three work streams have been identified to drive continuous improvement: People – communicating the importance of respecting and conserving the environment to its workforce and stakeholders; Technical – focusing on the continuous improvement of Hochschild’s Environmental Management System; and Technology and Innovation – aiming to reduce its environmental footprint. There is a committee that meets monthly to oversee progress.</p>

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<p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</p>	<p>Hochschild has been reporting on Scope 1 and 2 emissions since 2014. Below is a summary of 2016-2020 GHG emissions performance.</p> <table border="1" data-bbox="620 575 1382 737"> <thead> <tr> <th></th> <th>2020</th> <th>2019</th> <th>2018</th> <th>2017</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td colspan="6">Emissions (tonnes of CO₂e)</td> </tr> <tr> <td>Scope 1</td> <td>38,537</td> <td>39,341</td> <td>38,939</td> <td>47,265</td> <td>46,033</td> </tr> <tr> <td>Scope 2</td> <td>60,437</td> <td>82,833</td> <td>85,084</td> <td>94,249</td> <td>91,893</td> </tr> <tr> <td>Total</td> <td>98,974</td> <td>122,174</td> <td>124,023</td> <td>141,514</td> <td>137,926</td> </tr> <tr> <td>Emissions intensity, per thousand ounces of total silver equivalent produced (tCO₂e/koz Ag eq)</td> <td>3.34</td> <td>2.64</td> <td>2.60</td> <td>3.16</td> <td>3.27</td> </tr> </tbody> </table> <ul style="list-style-type: none"> - Method used based on ISO 14064-1 Standard and GHG Protocol Corporate Accounting and Reporting Standard using IPCC and Peruvian emission factors. - Includes data for the whole year for Peru (former and current operating assets, Azuza, Crespo, warehouses and office locations) and San Jose. - Total production includes 100% of all production, including that attributable to the joint venture partner at San Jose. - Emissions (and intensity) include combustion of fuel and operation of facilities (Scope 1), and purchased electricity (Scope 2). - Note: The Group's UK operations consist of a single office with an occupancy of three. Its total Scope 1 and Scope 2 emissions and energy consumption represent less than 0.01% of the Group's reported totals. <p>The 2020 Scope 1 and 2 emissions is undergoing third-party verification.</p>		2020	2019	2018	2017	2016	Emissions (tonnes of CO₂e)						Scope 1	38,537	39,341	38,939	47,265	46,033	Scope 2	60,437	82,833	85,084	94,249	91,893	Total	98,974	122,174	124,023	141,514	137,926	Emissions intensity, per thousand ounces of total silver equivalent produced (tCO ₂ e/koz Ag eq)	3.34	2.64	2.60	3.16	3.27
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