

Introduction

The most recent Intergovernmental Panel on Climate Change (IPCC) Assessment Report identifies that human activities (primarily associated with the combustion of fossil fuels) have unequivocally caused global warming. We recognise that climate change is one of the greatest challenges facing humanity and that it could significantly change the physical, social and economic environment in which we operate.

At Hochschild we understand the significant role that we, and the mining industry in general, have to play in supporting the global transition to a net-zero world. We are committed to responsibly managing our impact on the climate as well as the potential impacts of climate change on our business.

This is reflected in the actions which we have undertaken in recent years including our ambition to reduce our Scope 1 and 2 Greenhouse Gas (GHG) emissions by 30% by 2030, against our 2021 baseline, as well as our commitment to achieve a net-zero emissions profile by 2050.



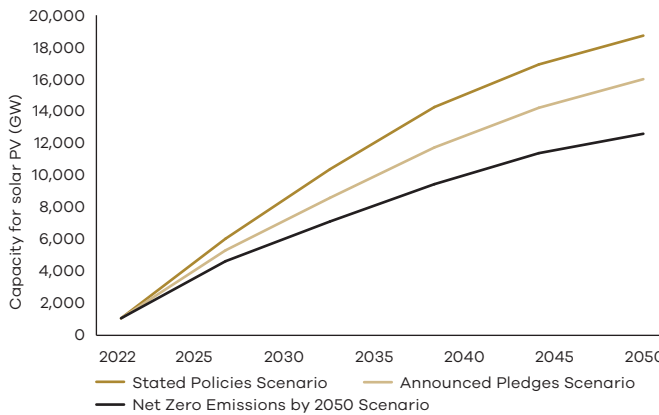
Task Force on Climate-Related Financial Disclosures (TCFD) requirements
Outlined below is a summary of how we are managing our impact on climate change, and climate change's impacts on our business in alignment with the TCFD recommendations. These cover four "areas", including: Governance, Strategy, Risk Management and Metrics & Targets. Hochschild also falls within scope of the climate-related reporting requirements of the UK Financial Conduct Authority (FCA) which also require us to disclose, on a comply or explain basis, against the recommendations of the TCFD (as outlined in the table at the end of this report).

The global transition to a low-carbon economy marks a shift in the materials required to develop and manufacture technologies that are essential for reducing future greenhouse gas emissions and tackling climate change.

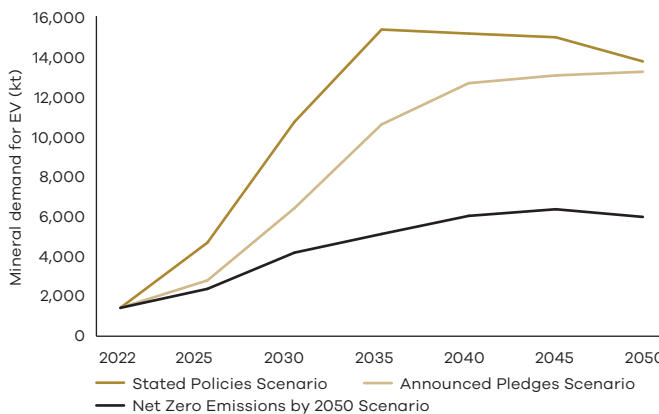
The transition to a low-carbon economy will require an increase in the use of low-carbon technologies such as Solar PV and Electric Vehicles (EV). These green technologies will require significant quantities of precious metals, including gold and silver, in order to be manufactured – which could lead to an increase in demand for the gold and silver that Hochschild produces. The graphs to the right illustrate future projected increases in global capacity for solar PV and mineral demand for EVs, under a range of climate scenarios.

This presents Hochschild with a unique opportunity to support the transition to a low-carbon economy and to assist in the global adoption of low-carbon technologies.

Capacity for Solar PV (GW) under the State Policies, Announced Pledges and Net-Zero by 2050 scenario (IEA, 2023)



Mineral demand for EV (kt) under the State Policies, Announced Pledges and Net-Zero by 2050 scenario (IEA, 2023)¹



¹ Please note that the IEA data for total mineral demand for EV does not include silver (but instead it includes other minerals such as copper, graphite, nickel, etc.). However the data point has been selected as an indicator to represent the likely demand for silver in the future.



Governance of climate-related issues

Board of Directors

At Hochschild, we recognise that clear governance structures are essential to ensure that climate-related risks and opportunities are managed responsibly and effectively. As sustainability has become increasingly important to Hochschild’s stakeholders, sustainability and topics relating to ESG (environmental, social and governance) have been further integrated into our operations and governance structures.

At the highest level, our Board of Directors has overall accountability and oversight of the management of policies and initiatives related to sustainability and climate change. This includes the consideration of climate-related risks and opportunities which could, ultimately, impact several aspects of the Group’s financial statements such as production costs, capital expenditure and closure costs as well as influence the Group’s approach to strategic planning and risk management. Each of our Board members brings experience from their respective careers and, collectively, the Board has previous experience in managing sustainability in mining and responsibility for climate change and water management which is utilised to assess the suitability of our operations in the face of climate change.

Our Board of Directors’ involvement in sustainability issues is facilitated through quarterly interactions with the Sustainability and Audit Committees, both of which are responsible for reporting climate-related issues to the Board. At these meetings, key sustainability topics are presented, including risks associated with climate, water management and other environmental risks, as well as annual progress against the Company’s ESG ambitions. Presently, there is no additional process for the Board of Directors to supervise development against GHG emissions and other climate-related targets. However, in 2024 we plan to introduce a formal process following the formation of necessary action plans for our 2030 ambitions. Progress in this area has already been made through the completion of a Climate Risk Assessment (CRA), the quantification and reporting of GHG emissions and the initial development of a carbon reduction strategy.

Sustainability Committee

The role of directly overseeing sustainability systems and policies at Hochschild has been delegated to the Sustainability Committee since 2006. Led by the Committee Chair who is an independent Director, the Committee comprises the CEO and one other independent Director. The COO and the Vice Presidents of Legal and Corporate Affairs, and Human Resources are regular attendees. Although the Committee has a wide scope of responsibilities, the discussion and management of climate-related issues are a scheduled agenda item during every quarterly meeting. One of the Sustainability Committee’s key roles during these quarterly meetings is to provide recommendations to the Board of Directors on topics relating to climate change and GHG emissions that are material to Hochschild’s operations and business plans.

The Committee also manages the processes around ESG-related risks and opportunities, oversees Hochschild’s compliance with relevant national and international standards and reviews the policies and procedures in place for investigating relevant incidents. The yearly ECO Score targets are also reviewed and presented to the Board for approval. Details on the Sustainability Committee’s activities in 2023 are available on page 55.

Alongside the Sustainability Committee, special working groups are established in response to specific climate-related events. For example, the El Niño phenomenon triggered the formation of a taskforce in August 2023 that included the Safety Manager, Logistics Manager, Peruvian General Manager and the Head of Internal Audit. This group is responsible for monitoring and managing the business risks that might emerge by working to understand the situation alongside government authorities, implementing weather monitoring systems and providing support to the mines that could be potentially impacted.

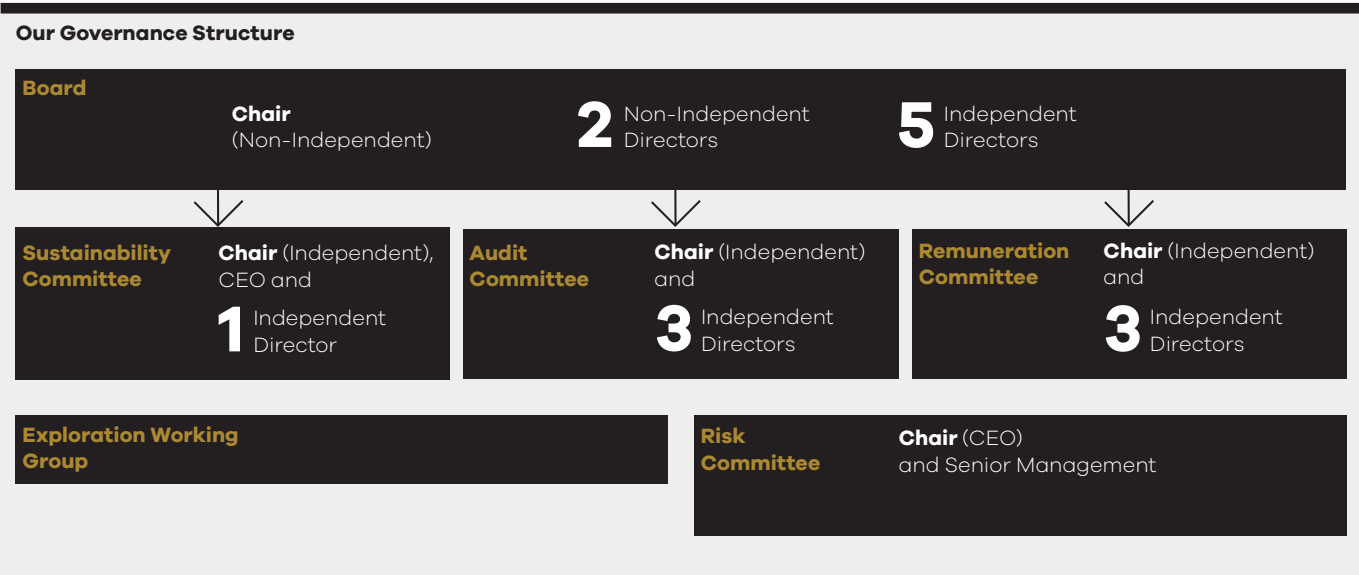
Managing climate-related risks

Our climate-related risk and opportunity monitoring process is led by the Risk Committee which is made up of the CEO, Vice Presidents, Country General Managers, and the head of the Internal Audit function. The Risk Committee is primarily responsible for executing the risk management process at Hochschild and monitoring the impact and effectiveness of controls to support Hochschild’s business objectives. The Committee meets in the lead up to the quarterly Board meetings and approves the latest version of the risk register for consideration by (a) the Group’s Audit Committee, which has oversight of risk management on behalf of the Board, and (b) the Board, in its consideration of the principal and emerging risks faced by the business. In addition, sustainability risks and mitigation plans of such risks are monitored by the Sustainability Committee.

Environmental management

The Sustainability Director has responsibility over the ESG team and reports to the Vice President of Legal and Corporate Affairs. The ESG team monitors Hochschild’s ESG performance through data gathering on the Company’s ESG metrics, including GHG emissions, energy usage, water consumption, and waste generation. The reporting, disclosure, and communication of Hochschild’s progress within these ESG areas to both internal and external stakeholders are also managed by the ESG team.

At Hochschild we have a Remuneration Policy in place to incentivise a reduction in our environmental impact, the details of which are available in the “Metrics and Targets” section on page 86.



Climate-related risks, opportunities, and strategies

Our approach to assessing physical and transition climate-related risks and opportunities

At Hochschild, we understand the importance of fully considering how climate change could impact our business. As a result, we have already undertaken an assessment focusing on how climate change could impact our current and future exposure to physical risks and transition risks and opportunities.

The focus of the physical CRA was to identify the climate-related risks posed by extreme weather under current and future projected climatic conditions, across five of our mining facilities (with four of these sites being located in Peru and one being located in Argentina).

Here at Hochschild, climate-related risks and opportunities are integrated into our business-wide Enterprise Risk Management framework. As with other business risks, each identified physical climate-related risk was assigned a consequence of impact rating, that represented the potential damage and/or associated loss of service, and a probability/likelihood rating that represented the likelihood of a climate hazard/event occurring. Based on these consequence and probability ratings, a 3x5 risk matrix, shown in the table to the right, is used to map each risk under baseline and future projected climatic conditions (2050). This produces an overall risk rating that is classified as a Low, Medium, or High Risk. Once risk ratings were assigned, the potential impact of each risk was also qualitatively assessed, and next steps were recommended to further manage each risk. We have also undertaken an initial review of the exposure of our business to climate-related risks and opportunities associated with the transition to a low-carbon economy. As a part of this review, transition risks and opportunities were assessed in alignment with the risk and opportunity categories outlined by the TCFD (including: current regulations, emerging regulations, technology, legal, market, reputation).

The initial review identified risks or opportunities classified as important to stakeholders, or anticipated to have a high impact or likelihood. A qualitative assessment of the potential time horizons associated with each identified risk/opportunity was also identified. As outlined below, the results of our high-level transition risk and opportunity review have been utilised to understand which key transition risks and opportunities are most likely to materialise in the short to medium term, and if we require, or already have, appropriate actions in place to mitigate/capitalise on these impacts.

To ensure that physical and transition risks are appropriately considered, significant and emerging climate-related risks faced by our business have been integrated and mapped onto our mining units existing risk matrices and are consistently reviewed during our quarterly Risk Committee and Board meetings in the process described above. This ensures that we are consistently monitoring and managing climate-related risks and incorporating them into our financial strategy and budget allocations. For example, mine planning at Hochschild takes into account weather-related factors, indicating how climate change has been, and continues to be, reflected in the Group's financial statements, including with respect to 2023.

Risk evaluation matrix					Risk classifications and recommended actions matrix		
Consequence of Impact Rating (S)	Very High	5	5	10	15	Risk Category	Hochschild Mining PLC Recommended Actions
	High	4	4	8	12	Low Risk	Routine procedures are required to address risks
	Moderate	3	3	6	9	Medium Risk	Requires management to assign responsibilities
	Low	2	2	4	6	High Risk	Requires Management/Top Management attention
	Insignificant	1	1	2	3		
			1	2	3		
			Low	Medium	High		
			Probability/Likelihood Rating (P)				



Following the completion of these preliminary assessments, we intend to continue to develop the maturity of our physical and transition CRA over the course of 2024 and 2025. This will include:

- The development of a 2030 ambition action plan
- The undertaking of a more detailed transition CRA to better understand the resilience of our business model and strategy to climate change (including the consideration of additional climate scenarios, time horizons and newly acquired/newly operational assets)
- Using the results of the CRA to inform the quantification of climate-related financial risks and opportunities in relation to our business

The scenarios that we use:

In order to assess how physical risks and transition risks and opportunities could impact our business in the future, our physical and transition assessments utilised climate scenario data. For the physical CRA, we utilised the IPCC's Representative Concentration Pathway 8.5 (RCP 8.5). RCP 8.5 represents a high-emissions scenario – resulting in a potential warming of more than 4°C relative to the preindustrial period (1850-1900) by the end of the 21st Century. This scenario was selected to ensure we are considering how the most extreme physical impacts of climate change could affect our business.

For the transition risk and opportunity assessment, we utilised the International Energy Agency's (IEA) Environmental Technology Perspective 2DS (2DS) equivalent scenario. The IEA 2DS scenario represents a low-emissions scenario that limits global temperature increases at 2°C relative to the preindustrial period (1850-1900) by the end of the 21st Century. This scenario was selected to help us understand the potential risks and opportunities our business may be faced with if the goal of the Paris Agreement (to keep global temperature increases as a result of climate change below 2°C) is achieved.

Over the course of 2024 and 2025, we will undertake a more detailed analysis of the physical and transition risks and opportunities, across our three countries of operation, related to our business. This will include the use of updated physical and transition scenario data (i.e. those from the IPCC and IEA) and the assessment of assets which have been acquired/started operating since the undertaking of our assessment.

The time horizons that we use:

Within our transition assessment, risks and opportunities were assessed across three timeframes covering the short term (0 to 1 years), medium term (1 to 5 years) and long term (5 to 15 years). These time horizons were selected due to their relevance to the operational lifetime of the mining facilities that we have in operation. However, within future transition risk assessments we aim to extend the long-term time horizons that we consider – to ensure that our assessments fully align with the operational lifetimes of our mining facilities.

Within our physical CRA, we took a different approach and assessed physical risks and opportunities across two key time horizons – representing the baseline (1991-2010) and future climate by 2050 (2040-2059). Although the time horizons used within our physical CRA cover the operational lifetime of our mining facilities, we aim to include interim time horizons (e.g. 2030) within future assessments (as these are deemed more relevant to our operations).

The physical risk profile of our operations in Argentina and Peru






The physical CRA conducted for the San Jose Mine in Argentina and the Arcata, Pallancata, Selene and Inmaculada mines in Peru considered seven climate hazards. This assessment concluded that, by 2050 under the RCP8.5 scenario, 12% of the 35 identified risks at the Argentina site are rated as “high” according to their risk matrix, 35% as “medium”, and the remaining 53% as “low” risk. Similar risk score outcomes were produced for the Peru sites where 15% of the risks were rated as “high”, 32% as “medium”, and the remaining 53% as a “low” risk.

The results of this assessment are summarised in the table below. The hazards, and the resulting risks for each of the site groups, are described alongside any mitigation measures or policies for the capitalisation of opportunities. Meanwhile, the traffic light symbols described below display the maximum risk score categories for each hazard at each of the site groups.

● Low risk ● Medium risk ● High risk

Of the hazards considered, extreme heat and snowfall each produced low risk scores across all sites and, as such, have not been included within the following risk summary table. It should be noted that, as an underground mining company, our current operating assets (Inmaculada and San Jose) have shorter active lives than traditional open-pit mines. Therefore, the longer-term nature of the physical risks associated with climate change may mean that the financial impacts of climate change on our assets may be reduced.



Hazard	Maximum Risk Score (by 2050 under the RCP8.5 scenario)		Description	Risk/Opportunity Response
	Argentina	Peru		
Freezing Days 	●	●	All sites: – Extreme cold presents a risk due to its potential impact on the processing facilities. Cold temperatures could cause pipes to freeze, interrupting ore processing, and have a material impact on the mines and their operations, potentially reducing revenues. This has been identified as a high risk for the Argentina sites. – This hazard could also impact other infrastructure on-site, such as mine access routes, administration and operations buildings, and the drinking water supply.	<ul style="list-style-type: none">– Increased stocking of critical materials.– Maintenance of all water-related infrastructure.– Continuous weather tracking.– Undertaking future CRAs using multiple scenarios to further improve project design.
Intense Rainfall Flooding 	●	●	All sites: – Extreme rainfall flooding poses a risk primarily through the impact that it could have on the tailings facilities. Heavy rains in the local area or further upstream could lead to rising water levels at the tailings dam, increasing the hydraulic load on the dam and potentially leading to structural failure. Rainfall could also directly erode the dam, creating weak points in its structure and increase the likelihood of failure, increasing capital expenditure. Finally, a series of intense rainfall or snow events could increase the levels in the tailings pond and lead to overtopping which could release waste into the local environment. This is the highest risk facing the Peru sites and, although it is considered a moderate risk for Argentina, it has a high severity score. – Other mine infrastructure face a lower risk, such as buildings, access routes, processing facilities, and the drinking water supply, but could also be impacted by extreme rainfall flooding. Peru sites only: – The transportation networks that the mines rely on, including the mine access routes and local roads, face a high risk from extreme rainfall flooding. Roads could be washed out by heavy rainfall and the resulting, a risk that could be intensified by the steep slopes of the local topography. This could impact the accessibility of sites and local mine operations. – Other mine infrastructure, such as buildings, processing facilities, and the ore or waste rock piles could also be impacted by extreme rainfall flooding but are less exposed.	<ul style="list-style-type: none">– Continuous weather tracking.– Continuous monitoring of the freeboard in the Company’s Tailings Storage Facilities (TSFs).– Internal and external audits are conducted on a regular basis to ensure the stability of our operational tailings facilities. For example, in 2023, an external audit was conducted on all TSFs in Peru, and an internal audit for TSFs in Argentina.– Once TSFs complete their operational life, these are closed in accordance with permits.– Maintenance of all water-related infrastructure.– Monitor roads to identify areas of high erosion/ washouts.– Increased stocking of critical materials.
Drought 	●	●	All sites: – Water stress and drought conditions are a risk due to the impact that a limited water supply could have on the processing facilities and the ore treatment processes. This could impact our business objectives, and potentially reduce revenues. The potential impact of drought on processing facilities is the highest risk facing the Argentina site. Argentina site only: – Water shortages pose a high risk to the drinking water supply at the mine site.	<ul style="list-style-type: none">– Reusing water within our processing plants. For example, in 2024, water reuse was 84.3%.– Implementing water reduction measures. For example, Inmaculada uses treatment domestic wastewater to reduce freshwater used within its processing plant.– Reducing potable water consumption, encouraged through our ECO Score.– Established water reduction ambitions for 2030:<ul style="list-style-type: none">– Reduce freshwater consumption in processing plants to 0.22 m³/tonne of ore processed.– Reduce Potable water consumption to 174 l/person/day.
Lightning/Atmospheric Discharge 	●	●	All sites: – Lightning and atmospheric discharge is considered a risk as it could damage communications infrastructure at the mine site, disrupting operations and reducing revenues. This has been identified as a high risk for both the Argentina and Peru sites. – The hazard could also impact other site areas that are considered to be at a low risk level. Electrical equipment across the mine site could be damaged by voltage surges, disrupting the mine operations. Lightning also represents a health and safety risk to site personnel. – Lightning poses a risk to other mine infrastructure including buildings, processing plants, electrical transmission infrastructure, and the drinking water supply.	<ul style="list-style-type: none">– Continuous weather tracking.– Undertaking future CRAs using multiple scenarios to further improve project design.
High Winds 	●	●	All sites: – High winds are projected to be a risk for mine infrastructure including buildings, electrical transmission networks, and communications towers. Damage could increase operational expenditure for repairs.	<ul style="list-style-type: none">– Continuous weather tracking.– Undertaking future CRAs using multiple scenarios to further improve project design.

Our transition risk profile

In comparison to the physical risk assessment where we have assigned maximum risk scores for each climate hazard, our initial transition risk assessment provides a qualitative overview of our potential transition risks utilising the International Energy Agency's (IEA) Environmental Technology Perspective 2DS (2DS) equivalent scenario, and considering the relevance to our business' time horizons, as indicated below.

Short term Medium term Long term

Category	Time Horizon	Description	Risk Response
Current regulations	Short term Medium term	<ul style="list-style-type: none">Our customers and shareholders are taking regulatory and/or voluntary positions to reduce energy and GHG emissions associated with operations.The most mature organisations are expecting value chain GHG emission reductions.Failure to meet regulatory and/or voluntary positions could lead to additional operating costs being incurred or reputational damage.	<ul style="list-style-type: none">While we are not yet exposed to specific requirements, we have set 2030 ambitions to reduce our Scope 1 and 2 emissions.Committed investment in technology e.g., electrification of vehicles.
Emerging regulations	Medium term	<ul style="list-style-type: none">Mining is already a highly regulated industry whereby multiple permits can lead to increased delays and costs. Changes in the legal, tax and regulatory landscape could result in restrictions or suspensions to operations which could lead to further delays and costs for our business.Emerging carbon regulations may impact our operational costs as renewable portfolio standards, renewable fuel requirements and carbon taxes could increase fuel and energy costs.To meet carbon targets, capital costs are likely to increase as more energy efficient and lower emission technologies are integrated into our operations.	<ul style="list-style-type: none">We have calculated a high-level financial impact figure for potential carbon prices using our 2022 market-based GHG emissions and a price range of 40-140\$/tonne to understand the potential impacts of carbon prices on our business.
Technology	Long term	<ul style="list-style-type: none">Technology advancements could impact our operational competitiveness. As the market for off-road vehicle and engine manufacturers matures, slow adaptation of these options can pose a potential short-term risk to our competitiveness (particularly if competitors are able to adopt low/no-carbon vehicles at a higher pace), and therefore, to our revenues.The demand for our products could also change in light of technology advancement (e.g., increased adoption of renewable energy and EVs). However, given the regulatory trends to assist with the low-carbon transition, this could be an opportunity for the Company (as detailed in the opportunities table below).	<ul style="list-style-type: none">Actions include improving processes on energy conservation and transitioning to power sourced from renewable energy.
Legal	Medium term	<ul style="list-style-type: none">At Hochschild, we recognise the risks of not embedding climate change into our strategy – including climate-related legal action, reputational issues and investor risk which could increase costs, result in further permitting delays, higher interest loans or reduced access to capital.	<ul style="list-style-type: none">While we have not experienced any climate-related legal issues so far, we anticipate in the medium-long term that legal carbon risks may be prevalent for companies that are not reducing their carbon footprint. As an action, we actively monitor regulatory changes occurring within the jurisdictions where we operate, or have current project developments.
Market	Long term	<ul style="list-style-type: none">We are currently monitoring the risk of changing demand for our metal products under a low-carbon economy.The changing demand for the Company's metal products could pose a risk if not carefully managed. In a low-carbon economy customers and investors are likely to demand higher ESG performance as part of procurement (customers) and investment (investors) criteria which, if not met, could lead to reputational damage and reduced revenues.	<ul style="list-style-type: none">We have undertaken a high-level transition CRA to try to understand what our silver and gold demand may look like under a 2°C scenario.We continuously engage with our customers and investors to understand their requirements and align with their goals, and have begun implementing our Net Zero by 2050 strategy and completing a CRA.
Reputation	Medium term	<ul style="list-style-type: none">Poor performance in managing climate-related risks and opportunities could lead to public and regulatory opposition to our projects and operations, leading to a potential increase cost of capital and perceived risk amongst investors.	<ul style="list-style-type: none">Increased efforts to collect and process information and intelligence regarding potential social conflicts.Increased interaction with local government and key stakeholders.Continue to maximise local hiring and local purchasing practices.Continue executing social programmes with surrounding communities.

The risks identified align with the risk categories outlined by the TCFD (including: current regulations, emerging regulations, technology, legal, market and reputation). Currently, of the risks identified, we are unable to distinguish to what extent each risk may impact our business, however we aim to further develop our understanding of our transition risks through a more detailed scenario analysis in 2025.

Opportunities associated with the transition to a low-carbon economy

Similarly to transition risks, we have undertaken a qualitative overview of our transition opportunities utilising the International Energy Agency's (IEA) Environmental Technology Perspective 2DS (2DS) equivalent scenario, and considering the relevance to our business' time horizons, as indicated below.

Short term Medium term Long term

Category	Time Horizon	Description	Opportunity Response
Market	Long term	<ul style="list-style-type: none">Demand for our products may increase as a result of regulatory or market curtailments.It is anticipated that there will be an increase in the uptake of battery powered vehicles and 5G networks which incorporate silver and gold within hardware components – e.g., Bloomberg estimates that 55% of vehicles will be electric vehicles by 2040.Gold is also used in nanomaterial technologies such as solar PV which are likely to be used to facilitate the transition to a low-carbon economy.While this could have positive impacts on our business growth and revenues, we need to undertake a further assessment of this opportunity to fully understand the potential changes in scale, and integrate this into our strategic planning.	<ul style="list-style-type: none">Undertake a more detailed transition CRA to further understand the potential impact of this opportunity.
Market	Medium term	<ul style="list-style-type: none">It is the expectation of investors that companies will work to manage climate-related risks and opportunities, while improving shareholder value, and social and environmental performance. This presents an opportunity for the Company to improve its ESG rating.We are therefore already taking actions to embed this within our business strategy, as detailed in the risk response column.	<ul style="list-style-type: none">We quantify our environmental performance through the ECO Score.We produced a standalone 2021 sustainability report.We undertook a CRA in 2021.We are developing the action plan to achieve our 2030 GHG emissions reduction ambition.
Technology	Medium term Long term	<ul style="list-style-type: none">In order to continue reducing our emissions, we recognise the potential to capitalise on alternate fuels/energy saving technology to reduce our GHG emissions and improve our operational energy efficiencyWe are therefore already taking actions to embed this within our business strategy, as detailed in the risk response column	<ul style="list-style-type: none">We are implementing a carbon strategy to reduce GHG emissionsSet a Net Zero by 2050 targetEstablished a 30% reduction in Scope 1&2 (market-based) emissions by 2030Signed a renewable energy contract for our Ares and Arcata mines which started in January 2022

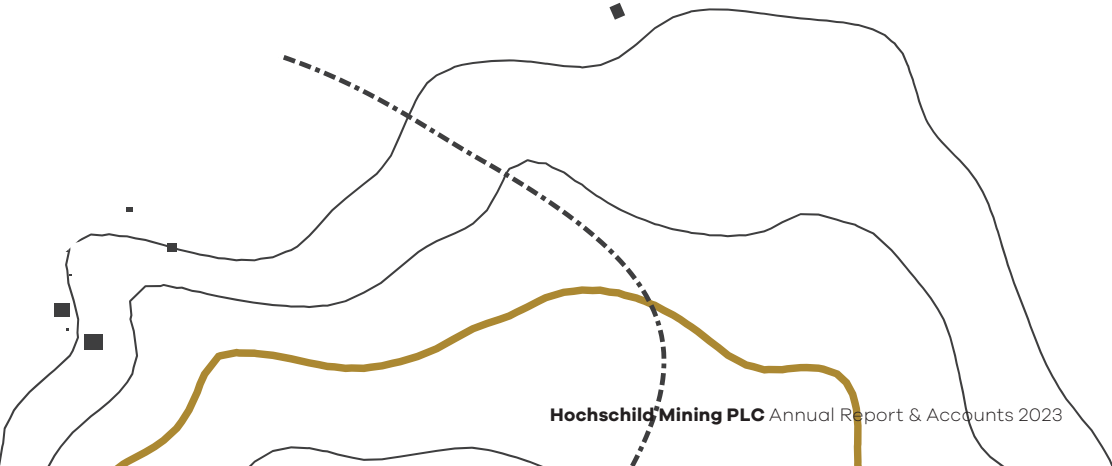
The resilience of our strategy:

While our physical risk assessment has identified risks across both our Argentinian and Peruvian mines, we consider that our business strategy is somewhat resilient to these risks. For example, our expected Life of Mine (LOM), which is amended from time to time as more resources at the mine are identified, is typically no more than 15 years and most physical climate risks are expected to materialise over longer-term time horizons (within the regions where we operate). Additionally, for those hazards that pose a higher risk to our mines (e.g. flooding) mitigation measures have been implemented including continuous monitoring of the freeboard in the Company's TSFs, weather tracking and maintenance of water-related infrastructure, which, in turn, has decreased our exposure and increased our resilience to climate-related risks. This approach will be reviewed if the Group's average LOM changes significantly.

While not an exhaustive list, the opportunities identified in this initial assessment are in alignment with the risk categories outlined by the TCFD. In our future transition assessment we therefore aim to increase coverage of our potential transition opportunities, as well as our understanding of the extent to which these opportunities could materialise.

We also anticipate that our business will be resilient to transition risks. While carbon pricing is anticipated to be a more material risk to our business in the short term, we have set Scope 1 and 2 emission reduction targets by 2030 and are increasing our energy efficiency and renewable energy procurement which has the ability to increase our resilience to this risk.

To deepen our resilience, we are seeking to undertake further physical and transition risk assessments to improve our understanding of the potential climate-related risks that we may be exposed to, as well as the available and implementable resilience measures that these might demand. This would include, where relevant, financially quantifying potentially material climate-related risks – which will allow us to review and amend our strategy and management of each of these risks.



Our climate-related metrics and targets

At Hochschild, we are committed to being the leading global mining company in environmental excellence and recognise the importance of monitoring and measuring our progress against key metrics and targets relating to GHG emissions, water, and waste.

ECO Score

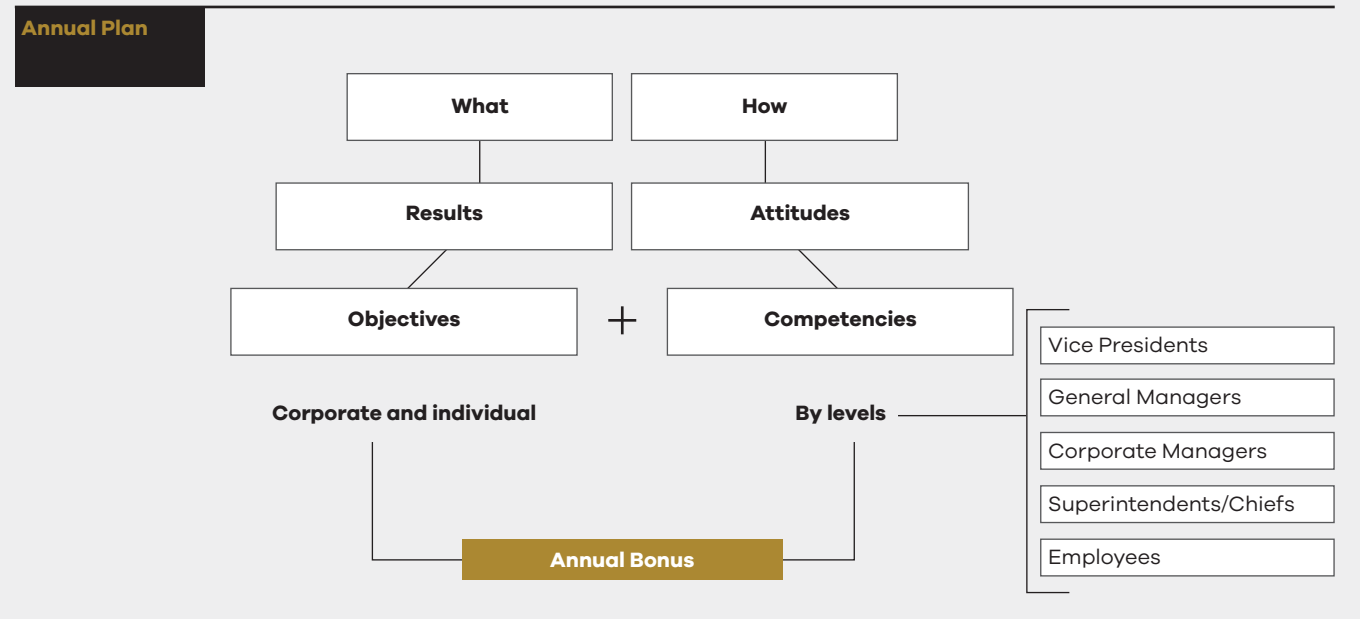
We have developed an ECO Score internally to quantify our environmental performance and to help monitor and measure progress against our targets. It is calculated by tracking performance at both the individual mining site and Group level, using a range of metrics and Key Performance Indicators (KPIs) which assess compliance with discharge limits, zero-tolerance of environmental accidents, regulatory findings and environmental management relating to water consumption and waste generation. Progress against each of the KPIs within the ECO Score is weighted to provide an overview of performance against each target.

While the ECO Score incorporates multiple indicators to measure its environmental performance, this section focuses primarily on the waste and water components as relevant metrics and targets associated with the climate-related risks and opportunities which were identified in our previously completed CRA (e.g., water stress and drought for physical risk and reputation for transition risk).

The ECO Score facilitates the establishment of positive relationships with employees and stakeholders and significantly reduces risks for the Company through our remuneration incentive. We have established an annual Individual Performance Objectives plan which is aligned to our Corporate Objectives relating to production, profitability, and occupational safety. Performance against the annual ECO Score objective determines the extent of the annual bonus payouts to eligible employees, incentivising a reduction in our environmental footprint.

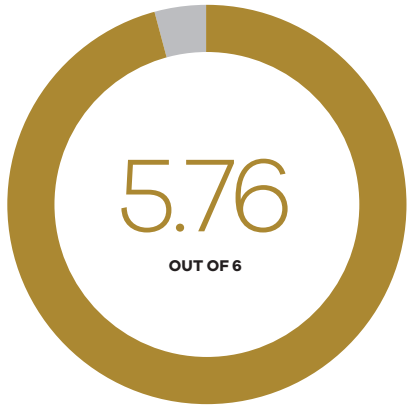
The components of the ECO Score	
Environmental Monitoring	- Deviation in effluent quality from the maximum permissible limits
Environmental Incidents	- Number of environmental incidents
Environmental Audits	- Number of "Observations" from inspections at mining units
Environmental Management	- Water consumption per worker - Waste generation per worker - Percentage of marketable waste - Environmental culture (compliance inspections)

Our model for monitoring and measuring progress against key metrics and targets



Since the development of our ECO Score in 2015, results have improved by 74%, which is reflective of our increasing level of engagement with environmental initiatives. In 2023, our ECO Score was 5.76 out of 6 and, our best result to date. The 2023 results will undergo independent verification by EY Perú against the International Standard on Assurance Engagements (ISAE) 3000. As we acquired a new mine in 2023, we aim to use this year to understand the potential impacts of the new mine on our ECO Score, which may lead to review and changes to our targets to ensure continued progress in our metrics and targets.

The Company's ECO Score



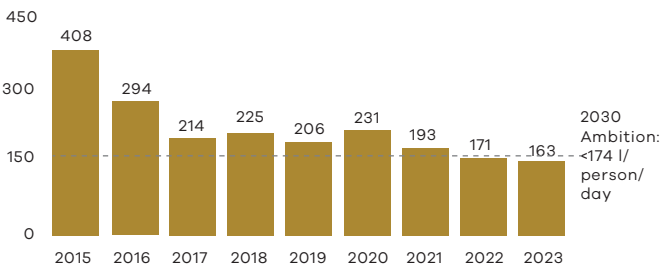
The following sections present further details relating to the waste and water aspects of the ECO Score.

Water

At Hochschild, we understand the importance of managing our water resources in the regions where we operate. This is due to the water-intensive nature of our operations and the potential risk from drought our sites face as identified in our physical risk assessment. As a result, we use multiple metrics to monitor our consumption of water resources and have set targets to reduce our on-site potable water consumption and freshwater consumption in operations.

Between 2015 and 2023, a reduction in potable water consumption (litres per person per day) of 60% has been achieved, with 2023 representing our lowest recorded potable water consumption at 163 litres per person per day. As our 2023 score already exceeded our 2030 target of 174 litres per person per day, we will review this target following the integration of the new mine into our 2024 ECO Score results to identify if this target can be stretched further.

The Company's potable water consumption (litres per person per year) and 2030 target

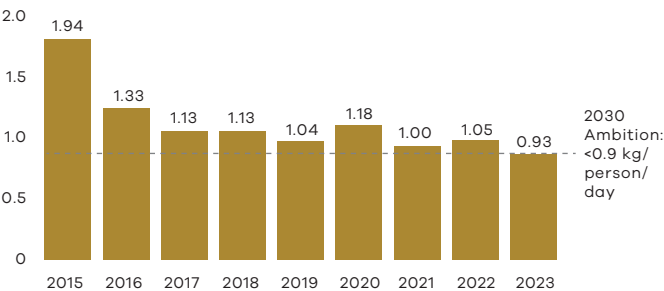


In addition to monitoring our potable water consumption, we are also working towards increasing the recirculation of water in our processing plants to reduce freshwater intake. While freshwater use and water recycling are not formally incorporated into the ECO Score, we recognise the importance of monitoring this part of our operations as a significant proportion of our water requirements for our operations is met through recycled water, and if insufficient recycled water is available, freshwater is utilised. In 2023, 0.27 m³ of freshwater was used per tonne of ore processed and it is our intention to reduce freshwater consumption to 0.22 m³/tonne by 2030. To minimise the intake of freshwater, we utilise recycled water in our processing plants. In 2023, 84.3% of all water used in processing plants was recycled, maintaining the level reached in 2022.

Waste

We also understand the multiple benefits to reducing our waste generation, including conserving resources and reducing GHG emissions, and therefore monitor our waste generation and recycling rates using various metrics and targets. Between 2015 and 2022, the Company has reduced landfilled domestic waste by 52%, with a decrease in waste generated per person per day from 1.94 kg to 0.93 kg. To further reduce our waste generation, the Company has set a 2030 target for waste generated to be 0.90 kg per person per day. Simultaneously we seek to increase the percentage of waste that is recycled to 80% by 2030, compared to 63% in 2023.

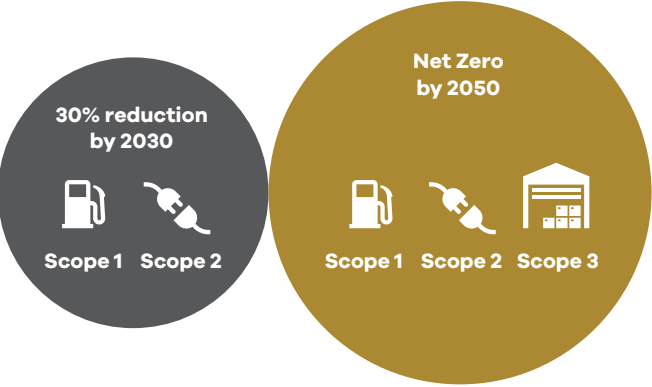
The Company's waste generation (kg per person per day) and 2030 target



Introduction to GHG Emissions and net-zero commitments

At Hochschild, we have been reporting our Scope 1 and 2 emissions since 2014 and our Scope 3 emissions (Category 3: Fuel and energy-related activities, Category 4: Upstream transportation and distribution, Category 6: Business Travel) since 2022. For a full breakdown of Scope 1, 2 and 3 emissions for 2023, please refer to the Environmental section of the Sustainability Report on page 52. Emissions are calculated on a yearly basis in alignment with the ISO 14064-1 Standard and the GHG Protocol Corporate Accounting and Reporting Standard.

We have committed to become Net Zero by 2050 across both our operations and value chain. In 2023 we have also set an ambition to reduce our Scope 1 and 2 (market-based) emissions by 30% by 2030, compared to our 2021 baseline.



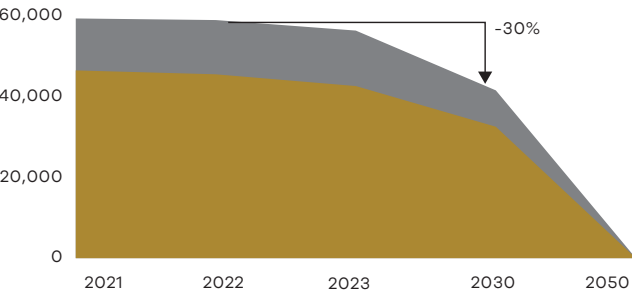
To achieve our target of Net Zero by 2050 across the value chain we understand the need to work closely with our suppliers in order to implement a Scope 3 emission reduction strategy thereafter.

However, a Carbon Roadmap focusing on Scope 1 and 2 GHG emission reductions has been developed which has allowed our business to understand some of the activities/investments that may be required to reach this target including, but not limited to:

- Utilising low-carbon grid-based electricity, and prioritising the use of renewable energy when available (already ongoing)
- Implementing behaviour change programmes across the business (already ongoing)
- Using higher efficiency vehicles, with lower GHG emissions

As we start to implement these measures, we recognise the importance of monitoring and assessing progress against our GHG emission reduction targets. Therefore, an action plan will be established within the next year for the Board of Directors to oversee progress against our GHG emission reduction targets and ensure continued progress towards our Scope 1 and 2 reduction ambition by 2030.

Hochschild’s Scope 1 and 2 GHG emissions reduction ambition for 2030 and net zero target for 2050



Next steps

Over the course of the next year, we will continue to review and, adapt as necessary, our governance structures, risk management practices, strategy and targets relating to climate change – in alignment with the UK’s CFD and TCFD’s recommendations. Although we have already begun to make progress in this respect, we are aware that further action is required to fully align with TCFD’s recommendations. Within the following table, we have detailed the current status of our compliance with each of the TCFD’s recommendations and our planned next steps to increase our compliance. It should also be noted that we have not yet financially quantified climate-related risks and opportunities associated with our business, and therefore we have not included any climate-related disclosures within our annual financial report.

We are also aware of emerging regulatory requirements which we will also need to monitor and consider when publishing future disclosures associated with climate-related issues (from 2025 onwards). For example:

- The International Sustainability Standards Board (ISSB) (of the International Financial Reporting Standards – IFRS) which has released the new “IFRS S2 Sustainability Disclosure Standard”. The IFRS S2 supersedes the TCFD’s recommendations and requires a number of additional climate-related disclosures (when compared with the TCFD’s recommendations)
- The UK government’s Department for Business and Trade (DBT) is currently developing the UK’s Sustainability Disclosure Standards (SDS) – which are due to be published by July 2024. The UK SDS will be based upon the IFRS’s Sustainability Disclosure Standards – and will form the basis of any future requirements in UK legislation/regulation for companies to report on risks and opportunities relating to climate change and sustainability

We will continue to monitor the UK’s regulatory landscape to ensure that we are disclosing in alignment with all relevant climate-related disclosure requirements.



TCFD Pillar/Recommendation	Status	Next steps	
Governance	1. Describe the board’s oversight of climate-related risks and opportunities	Partially consistent	Establishment of governance processes and monitoring and reporting programmes relating to the managing of climate-related topics. We aim to complete this in 2024.
	2. Describe management’s role in assessing and managing climate-related risks and opportunities	Partially consistent	Develop an action plan for the Board of Directors to oversee progress against our GHG emission reduction targets and ensure continued progress towards our Scope 1 and 2 reduction ambition by 2030. We aim to complete this in 2024.
Risk Management	3. Describe the organization’s processes for identifying and assessing climate-related risks.	Partially consistent	Undertake additional physical and transition assessments which consider a wider range of time horizons, updated climate scenario data and newly acquired/newly operational assets – to better understand the potential impact of climate-related risks and opportunities on our assets, business model and strategy. We aim to complete this in 2024/2025.
	4. Describe the organization’s processes for managing climate-related risks.	Partially consistent	
	5. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	Partially consistent	
Strategy	6. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Consistent	–
	7. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	Partially consistent	Based upon the results of our previously completed and future planned physical and transition assessments quantify the financial impact of potentially material climate-related risks and opportunities. We aim to complete this in 2024/2025. Integrate the results of our previously completed and future planned physical and transition assessments into our business strategy – to inform future financial planning. We aim to complete this in 2024/2025.
	8. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Partially consistent	Undertake additional physical and transition assessments (as described in the next steps for TCFD recommendation 3/4/5) – to better understand the resilience of our business model and strategy under a range of climate scenarios. We aim to complete this in 2024/2025.
Metrics & Targets	9. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Partially consistent	Hochschild will continue to explore the use of additional metrics which could be used to support our management of climate-related risks and opportunities (including the consideration of metrics related to any climate-related risks and opportunities which may be quantified in future assessments – as described in the next steps associated with TCFD recommendation 7).
	10. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Consistent	–
	11. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Consistent	–