



**HOCHSCHILD**  
BEYOND MINING

# ECO Score

**A NEW ENVIRONMENTAL  
STANDARD**

**FOR THE INDUSTRY**



## ■ HOCHSCHILD

With over 100 years of operating experience, Hochschild is a leading underground precious metals mining company specialising in high grade silver and gold mineral deposits. It owns 6 units in Peru: Ares and Arcata (Arequipa), Selene (Aurimac), Inmaculada and Pallancata (Ayacucho), Sipan (Cajamarca). In Argentina, it is the major shredder and operator of the San Jose unit in Santa Cruz. Its manpower comprises more than 3000 employees.

Today, we can assert that all of us at Hochschild are committed to being the leading global mining company in environmental performance, operating and producing metals with the least possible environmental footprint.



## ■ BACKGROUND



Companies collect a large amount of environmental data.



Companies have not been able to objectively and accurately express their environmental performance to decision makers.



Environmental performance in many cases is related to human behavior, an abstract concept.



All this has made it difficult to understand and effectively manage the environmental footprint of companies.

## ■ ECO SCORE

In 2015, with the commitment from across the organization we started the development of an innovative, original and efficient tool which allows us to measure and manage our environmental performance.

# ECO Score

**An innovative program that can be adopted by  
the industry**

The ECO Score was developed after carrying out a two-year process of monitoring a variety of environmental indicators. The most significant and representative of these indicators were chosen to form a scoring system based on objective and transparent environmental data.

The ECO Score was officially launched in 2017, integrating the environmental corporate objective (hence “ECO Score”) with the other Corporate Performance Objectives to determine the variable compensation of the company’s workers.

In 2020, one of our strategic partners, Resiter Peru, has been incorporating the ECO Score in all its branches and operations, demonstrating not only that the program can be replicated in other industries, but also that it is possible to incorporate this tool with one of our key stakeholders for the protection of the environment.

■ INDICATORS TO MEASURE  
THE ENVIRONMENTAL PERFORMANCE  
OF EACH MINING UNIT

## ■ ENVIRONMENTAL MONITORING

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To ensure compliance with the maximum allowable limits set by the environmental authorities, we have in place an extensive network to monitor the quality of both water and effluents. We monitor close to 2,000 parameters a year in treated water and, as a result, we can provide a fast, comprehensive, and quantitative response in case of any deviation(s) from our usual activities, thereby guaranteeing the environmental quality of our surroundings.

The objective set is to have ZERO deviations from the maximum allowable limits.

## ■ ENVIRONMENTAL INCIDENTS

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To minimize the risk of incidents, all activities must be strictly conducted in accordance with the best environmental practices. We place great emphasis on preventive measures.

The objective set is to have ZERO environmental incidents.

## ■ ENVIRONMENTAL AUDITS

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The Environmental Assessment and Control Agency (OEFA) is the body in charge of enforcement of the Peruvian environmental legislation. OEFA conducts periodic inspections in all mining units and, if appropriate, issues "observations".

The objective set envisages a maximum of two observations per mining unit.

# ENVIRONMENTAL MANAGEMENT

The ECO Score also incorporates quantitative and qualitative indicators directly related to environmental management. Such indicators form a link between our employees and our environmental performance since they are directly related to our daily activities. With these indicators, all employees co-operate in reducing the company's environmental footprint.

## A Water consumption per worker:

This indicator was established taking into consideration national guidelines, as well as international recommendations. **Currently, our objective is to keep water consumption below 250 liters/person/day.** This indicator promotes reductions in drinking water consumption and the discharge of treated domestic wastewater.

## B Waste generation per worker:

Similar to the water consumption objective, this indicator takes into account national and international averages for the generation of domestic waste. **We have set as our objective the generation of less than 1.5 kg/person/day.** Each mining unit has a sanitary landfill certified by the environmental authority in which non-recyclable waste generated is processed under technical and sanitary conditions. By reducing the generation of waste, the company benefits from lower operating costs and we minimize our environmental footprint.

## C Percentage of marketable waste:

This is calculated on the basis of the total volume of recyclable and industrial waste generated in each mining unit. In summary, this consists of industrial material such as lumber, metal scrap, tires, waste oil, plastic, and paper. **The objective set is to market or donate more than 75% of the collected volume.** With this indicator, employees are encouraged to improve the separation of waste at source and to maintain our waste storage facilities.

## D Environmental Culture:

This is measured through the internal compliance inspections of all activities in each mining unit including the contractors' working areas. **The objective set is to achieve more than 95% compliance.** In this manner, good environmental practices are ensured at all times which contributes towards the achievement of the objectives of zero environmental incidents and zero observations from OEFA.



- **We are convinced of the usefulness of this tool. The ECO Score can be seen as an option that all industries can adopt among its employees to promote a strong environmental culture and create value for all stakeholders.**



## ■ ECO SCORE CHARACTERISTICS

### ■ EFFICIENCY

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Our main input has been the data we generate in our daily activities. In that sense, the project has been developed at zero cost. The ECO Score has generated revenue through the reduction of our footprint, the efficient use of resources and the minimization of risks, among others. This initiative has strengthened our institutional image vis-à-vis the authorities, communities and various stakeholders. As a result we´ve been recognised by some national and international institutions

#### Recognitions:



Sustainable Development Award, Perú 2020



Mines and Money, London 2019



IAIA International Virtual Event, Spain 2021



E&Y verification ISRS 4400



Mine Water Solutions Conference, Canada 2022

### ■ COMMON ENVIRONMENTAL MISSION

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With the implementation of the ECO Score and the participation of all employees, we can ensure an appropriate balance between mining activities and environmental protection. In this way, a culture of respect and care for the environment has been fostered at all levels.

### ■ FOR ALL INDUSTRIES

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The ECO Score can be seen as an option that all industries can adopt to be accountable to their partners, promote a strong environmental culture and generate value for all stakeholders.

### ■ MADE IN PERU

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The ECO Score was developed by our Environmental team in 2015. This initial period was intended for design and testing. The program was officially launched in 2017 and it is an original and innovative program developed by Hochschild. It is a 100% Peruvian tool.



- **The ECO Score is an innovative tool because it has allowed us to quantify our environmental performance. In this way, we have managed to express intangible environmental management in a numerical value; that is, a universal language.**



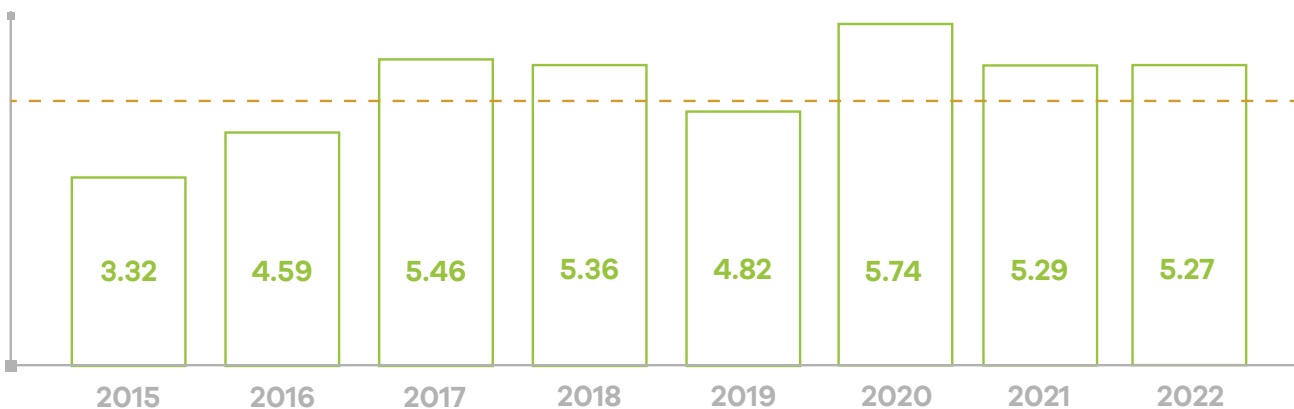
# RESULTS

The ECO Score is an original and efficient tool that allows us to produce ore (minerals) with environmental responsibility. This is illustrated by the annual results we have obtained.

**Our corporate environmental score, for 2022 was 5.27 out of 6.0, exceeding the most stretching target!**

In 6 years we improved our environmental performance by **59%**

□ ECO Score  
--- Objective: ≥ 5.00

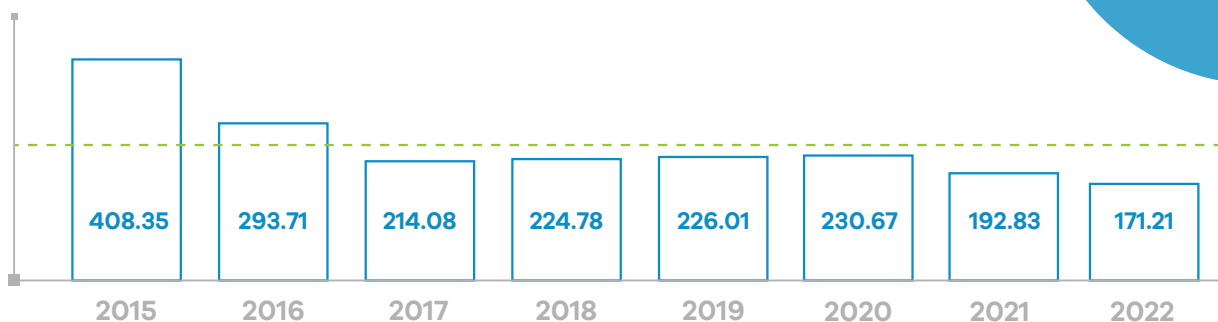


# Ever since the implementation of the ECO Score, water consumption per person has been reduced by 58%.

- Water consumption (liters/person/day)
- Objective: Less than 250 liters/person/day

To 2022, we have saved

2.12 million m<sup>3</sup> of drinking water  
= 3.38 billion bottles of water of 625 ml.

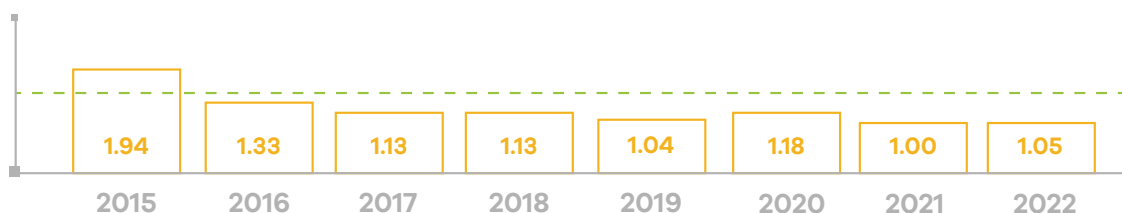


To 2022, we reduced

8.6 million Kg domestic waste by more than

## In 2022, we reduced waste by 48%.

- Generation of waste (Kg/person/day)
- Objective: <1.5 Kg/person/day



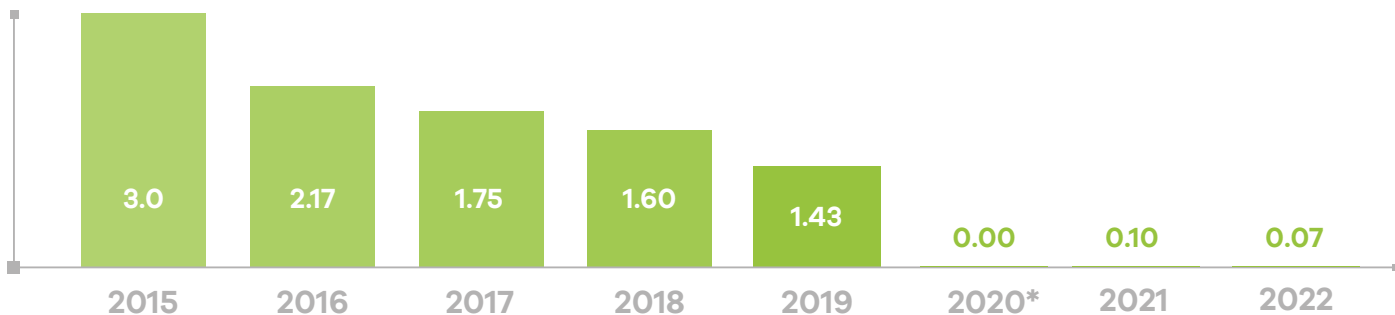
Likewise, we reduced the amount of domestic waste generated and recycled **46%** more industrial waste than in 2015.

# GOOD PRACTICES

The internal inspections that have been carried out across our operations, along with the indicators mentioned above, demonstrate that we are a company which has engaged in the extractive industry with a heightened sense of environmental responsibility.

The reduced number of observations that resulted from each inspection performed in the mining units demonstrates that the ECO Score is a tool that has improved our overall environmental performance.

## Ratio of observations per inspection



(\*) 2020 is not considered because due to the COVID -19 situation, the audits have not been like a year under normal conditions.

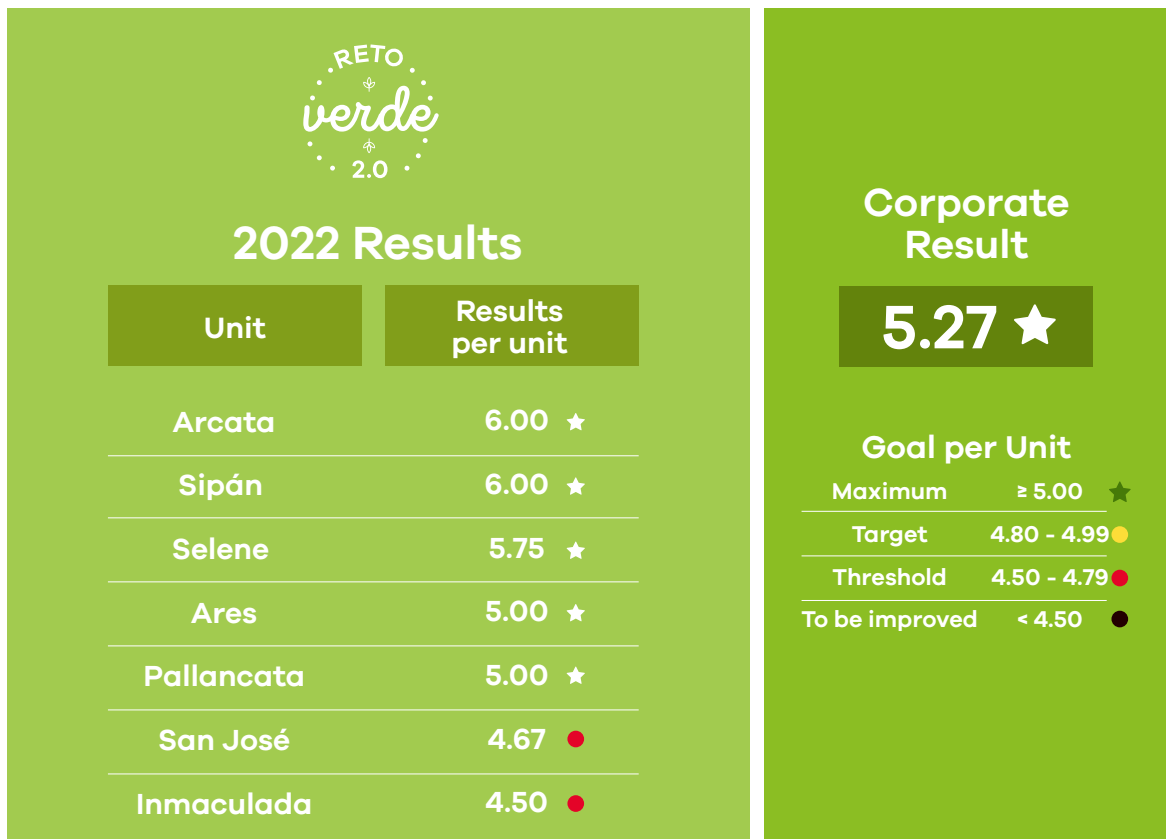
To 2022,  
we have reduced by

# 98%

the ratio of observations per inspection carried out by OEFA.

## ■ GREEN CHALLENGE

The “Green Challenge” is the program that promotes healthy competition between mining units. Every year, we reward the unit that meets the best standards established by the ECO Score. The results are shared with the whole company on a monthly basis.



(\*) Green Challenge

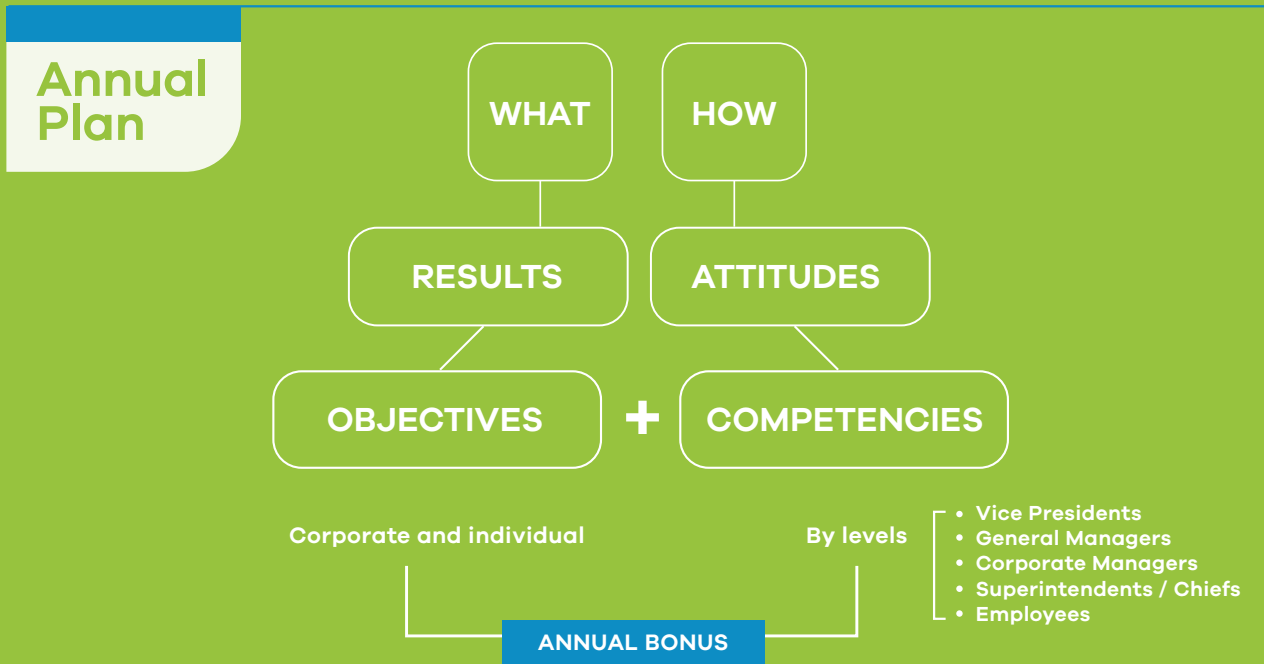
The corporate goal is set annually by the board of directors of the company. Ever since the implementation of the ECO Score, the board has been raising our corporate objective to encourage us to improve our environmental performance year after year.

# PERFORMANCE OBJECTIVES

With the aim of encouraging our employees to take up challenges and develop new skills, abilities and knowledge, we have established an annual Individual Performance Objectives plan; which is aligned to our corporate objectives.

When the Corporate Objectives are achieved, employees receive a bonus. Historically, the annual Performance Objectives plan was aligned with the Corporate Objectives relating to production, profitability and occupational safety.

**2017**  
 We incorporated the Environmental corporate objective based on the ECO Score





# NEW ENVIRONMENTAL STANDARD

The ECO Score, implemented by Hochschild, not only guarantees environmental sustainability in our operations, but also in the establishment of a positive relationship with our stakeholders and significantly reduces risks for the company.

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The environmental culture promoted through the ECO Score has had an advantageous impact both on the well-being of our employees and of their families.



**Hochschild has managed to bring the whole company together into working towards a common environmental mission through the implementation of the ECO Score.**

**We are committed to being a leading global mining company with the least possible environmental footprint.**

**We have a valuable natural heritage to preserve.**



An aerial photograph of an industrial facility, possibly a refinery or chemical plant, set in a vast, green landscape. The facility features several large cylindrical storage tanks, a complex network of pipes and walkways, and a series of conveyor belts leading to a large pile of material. The surrounding area is a mix of green fields and some infrastructure like roads and power lines. The entire image is overlaid with a semi-transparent green filter. The text "ECO Score" is centered in the upper half of the image.

# ECO Score