

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Climate change is one of the greatest challenges facing society. The mining sector has a key role to play in helping the world transition to net zero and Hochschild Mining is committed to playing its part.

Below we have provided information (or cross-referred to other parts of this Annual Report to find such information) consistent with the TCFD's recommendations and recommended disclosures.

Pillar 1 – Governance: Disclose the organisation's governance around climate-related risks and opportunities

Recommended Disclosure 1: Describe the board's oversight of climate-related risks and opportunities

Hochschild Mining PLC's 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 for stakeholders.

Sustainability Committee

Since 2006, the Sustainability 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.

Given the scope of the Sustainability Committee's responsibilities, 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 organisation operationally and financially.

For details on the composition of the Sustainability Committee, its terms of reference and its workings, please refer to page 53.

Recommended Disclosure 2:

Describe management's role in assessing and managing climate-related risks and opportunities

Managing risk

The monitoring of climate-related risks and opportunities ultimately resides with the management Risk Committee, which is responsible for implementing Hochschild's policy on risk management and monitoring the effectiveness of controls in support of Hochschild's business objectives.

For further details on the composition of the Group's approach to risk management and the workings of the Risk Committee, please refer to page 68 (Risk Management report)

Environmental Corporate Manager

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.

Pillar 2 – Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material

Recommended Disclosure 3: Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term

Hochschild is committed to assessing and reducing its exposure to climate-related financial risks, which is why the organisation is in the process of completing a Climate Risk Assessment ('CRA') 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. This risk assessment and strategy (which will comprise commitments and targets) are expected to be completed in Q1 2022 for adoption in Q2 2022.

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:

Climate risks

– 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 organisations 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.

– 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 MtCO₂e (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.

– 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. 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 licence to operate and move the organisation 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.

– 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 licence to operate) and investor risk which could materialise 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.

– 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. As previously stated, Hochschild is mitigating these risks by developing a carbon neutral strategy, a climate risk assessment, and continually striving to improve organisational ESG performance.

– 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 rights to be consulted under relevant laws. For details on the actions taken by the Company to maximise its ability to work with partner communities, please refer to page 54.

– Physical (acute and chronic)

With respect to Hochschild's operations, climate change will likely result in the following risks to operations:

- Intense rainfall/long duration rainfall may result in increased risk of erosion, road washouts, overtopping of existing tailings dams and flooding in the mines.
- Chronic drought at some locations may result in water shortages for operations 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.
- 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.
- 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.
- 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 minimise 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.

Climate opportunities

– Increased revenues resulting from increased demand for products and services

The demand for Hochschild's products may increase as a 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.

– Improved market capitalisation

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 its significantly increased reporting on ESG matters, ECO Score programme, the commitment to rolling out internal training on relevant matters; 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 CRA and strategy, and the development of a carbon strategy to continually reduce its GHG emissions through target-setting.

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– 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 (2.69 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 78% 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.

Recommended Disclosure 4:
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

As noted above, both physical and transitional risks are impacting and will continue to impact Hochschild's operations, businesses, strategy, and financial 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 on the operations and develop proactive policies and operating procedures to minimise the 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 minimise the risk. Dedicated teams have been established and time schedules set, both of which are monitored to assure success.

Hochschild is in the process of completing a climate change risk assessment and a carbon strategy to put the organisation on a path towards net zero operations

through target-setting. While the Company's approach to mine-planning already takes weather patterns into account, 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. At this stage, however, it can be stated that climate change risks are expected, over time, to result in increased capital expenditure and production costs. Again, over time, climate change could also impact the average life of mine with consequences for the calculations of impairments, deferred tax and depreciation. In summary, the Company is not yet able to quantify the total financial impact of climate change on the 2021 financial statements but it is not expected to be material.

With regards to future years, the impact of climate change is expected to be limited as (a) the Group's approach to mine planning already takes into account weather patterns, and (b) the Group's average life of mine is no greater than 8 years whereas climate change risks have a longer time horizon.

Recommended Disclosure 5:
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The Company is not yet able to definitively state the resilience of its strategy until completion of the CRA. However, the modelling in the CRA 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.

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 in alignment with Hochschild's mines' current operational lives and decommissioning phases.

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 organisation on a path towards net zero operations.

Pillar 3 – Risk Management:
Disclose how the organisation identifies, assesses, and manages climate-related risks

Recommended Disclosures:
– 6. Describe the organisation's processes for identifying and assessing climate-related risk

– 7. Describe the organisation's processes for managing climate-related risks

– 8. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

Risk management

Climate change risk has been identified by the Company as one of the principal risks facing the business. As such, the risk is monitored on an ongoing basis by management and its status as well as mitigating actions are reported to the Audit Committee and the Board on a quarterly basis. For details on Hochschild Mining's general approach to risk management and mitigating actions taken in 2021, please refer to page 68 (Risk Management report).

The organisation is in the process of completing a climate change risk assessment 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. This risk assessment and strategy are expected to be completed in the first quarter of 2022 for adoption in Q2 2022. In general terms, with regards to 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.

Pillar 4 – Metrics & Targets:
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended Disclosures:

– 9. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

– 10. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

The Sustainability Committee is charged with making sure the organisation is meeting sustainability and ESG targets. To form a link between the organisation 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 programme 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.

In 2021, Hochschild's ECO Score was 5.29 out of 6, exceeding the stretch target of 5.00. The 2021 results are independently verified by Ernst & Young ('EY') following the International Standard on Related Services (ISRS) 4400.

Since 2015, the ECO Score has improved by 59%, reflecting a significantly higher level of environmental efficiency. Hochschild has set a target of 5 out of 6 for 2022.

Due to the importance of water and climate-related risks, Hochschild minimises water consumption as much as possible and has set a target of 250 litres per person per day of potable water. Between 2015 and 2021 the Company reduced the consumption of potable water by almost 53%.

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 2021 the Company reduced its waste generation by 49%.

Energy and GHG emission reduction targets, that align with the Science Based Targets initiative (SBTi), will be established in the carbon strategy that will put the organisation on a path towards net zero operations.

Please refer to page 56 on the ongoing implementation, in 2021, of the Environment Culture Transformation Plan which was launched to further embed an environmentally conscious culture across the Company and assure the long-term environmental performance.

Recommended Disclosure 11:

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

Please refer to page 58 (Environmental section of the Sustainability Report) for details on the Company's Scope 1, Scope 2 and Scope 3 GHG emissions.

For the purposes of Listing Rule 9.8.6R (8), we have concluded that, through this report (and the parts cross-referred to which are incorporated herein by reference), the Company has complied with the Listing Rules requirements with regards to the TCFD Recommendations and Recommended Disclosures with the exceptions in the table below.

TCFD Elements	TCFD Recommended Disclosures	Cross-reference/reason for non-compliance	Next steps/other comments
Pillar 2	Recommended disclosure 3	As the Company is in the process of finalising its CRA, climate-related risks are described in general terms only.	
	Recommended disclosure 5	As the Company is in the process of finalising its CRA, the Company is unable to definitively state the resilience of its strategy taking into consideration different climate-related scenarios.	To be progressed on completion of the CRA in Q1 2022.
Pillar 4	Recommended disclosures 9 & 10	Partial disclosure of the metrics and targets used by the Company to assess/manage climate-related risks and performance against targets	