

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) FOR THE YEAR ENDED 31 DECEMBER 2022

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 consistent with the TCFD's recommendations and recommended disclosures or cross-referred to other parts of this Annual Report where such information can be found.

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 (Hochschild or the Company) Board of Directors engages with senior management through quarterly meetings of the Sustainability Committee on strategic planning and risk management and assesses if management is consistently achieving sound operations. Sustainability and ESG topics, including climate change and climate risks, are becoming an increasingly important aspect of Hochschild's operations and stakeholders.

Currently, there is no formal process in place yet for the Board of Directors to monitor and oversee progress against Greenhouse Gas (GHG) emissions and climate goals and targets. This governance process will be established once the GHG and climate related targets have been set, and monitoring, governance and reporting programs have been established. This work is already in progress as evidenced by the quantification and reporting of GHG emissions, the development of a carbon reduction strategy and the completion of a Climate Risk Assessment (CRA) on key physical assets owned and managed by the Company.

Sustainability Committee

Since 2006, the Sustainability Committee (previously known as the CSR Committee) has been delegated authority from the Board of Directors 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 Independent Directors and the CEO. Regular attendees are the COO and the Vice Presidents of Legal and Corporate Affairs, and Human Resources.

Given the scope of the Sustainability Committee's responsibilities (summarised above), it will make the necessary recommendations to the Board of

Directors in connection with matters such as climate change and GHG emissions that are material to Hochschild's operations and economics. The Sustainability Committee also focuses on compliance with national and international standards to ensure that effective 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.

The quantification of climate related financial risk implications is ongoing and will progressively be completed, in line with future CRAs. The Company will integrate climate related financial risks and the associated decision-making process into the financial planning process once the assessment quantifying the financial risks is complete. The Company aims to start reporting the financial risks in the next 2 years.

For details on the activities of the Sustainability Committee in 2022, 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 (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. In preparation for the MRC meetings, the Internal Audit head meets with the Sustainability Director to review climate risks and controls. See page 76 (Risk Management report) for further information.

Environmental management

The Sustainability Director (previously the Environmental Corporate Manager) reports to the VP, Legal and Corporate Affairs and to the CEO. The ESG team, led by the Sustainability Director, 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. The Company has completed a CRA for all existing operations, has crafted a carbon neutral strategy that will place the Company in a position to achieve net zero operations by 2050 and aims to set 2030 interim targets in 2023.

The Company is in the process of evaluating how to track physical and transition risks, as well as opportunities, which could have a potential impact to business. A detailed Transitional Risk Assessment (TRA) will be conducted during the next 2 years, including prediction of market opportunities and social and regulatory liabilities, allowing Hochschild to start reporting on the quantitative side of climate impacts. The detailed TRA, in conjunction with the completion of ongoing internal physical risk assessments of existing and planned assets, will be used to inform the quantification of climate related financial risks to the Company.

For the purposes of this TCFD disclosure, a high-level assessment of risks and opportunities deemed to be important either by stakeholders or due to potential impact or likelihood was derived by considering risks and opportunities under RCP 2.6 (low warming scenario) and is presented below. The risks were qualitatively assessed as short (1–3 years), medium (3–5 years) and long-term (5+ years). Hochschild is in the process of examining these time horizons as they relate to the Company, taking into consideration operational processes and life of mine, assets and infrastructure. By virtue of the longer-term time horizon of the physical risks of climate change, these are not considered to be material for the operations within the time horizon of the Company's current average operating life of mine.

A summary of the assessment of physical risks, transitional risks and opportunities arising from these risks are as follows:

Transitional risks – The initial review identified the following transitional risks which are not exhaustive but were deemed to be important either by stakeholders or due to potential impact or likelihood. A qualitative assessment of the time horizons for each of the risks have been identified in brackets below:

- **Current regulations** (short-medium term)
 - 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** (medium term) – 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. 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. Carbon targets, 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. land use, land use change and forestry 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.

- **Technology** (long term) – 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 Company 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.

Hochschild has recognised this risk and as part of its strategy, actions include improving processes on energy conservation and transitioning to power sourced from renewable energy.

- **Legal** (medium term) – 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, like Canada and the US, where lawsuits have been filed against oil and gas companies for climate-related impacts, the Company anticipates that over the medium to long term, should no action be taken to reduce/eliminate its carbon footprint, there could be a carbon legal-related risk to Hochschild. Hochschild has not experienced legal issues regarding climate change-related issues.

Hochschild is keeping abreast of regulatory changes such as carbon tax undertaken by host governments where it operates or have current project developments. For example, while Peru does not levy a tax on carbon, other countries such as Argentina, Chile and Canada impose carbon taxation, which can directly impact the operational cost of the business as well.

- **Market** (long term) – Hochschild is currently monitoring 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. For example, most internal combustion cars use between 15g and 28g of silver, whereas hybrid cars require between 18g to 34g, and electric vehicles typically need upwards of 50g. Bloomberg estimates that by 2040, 55% of vehicles on the road will be electric which means more 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 also sees a downside of not managing their own environmental and social footprint as under a 2 degree scenario, Hochschild's customers and investors will expect them to perform to higher standards as part of their procurement and investment criteria. This may result in uncertainty in market signals and increased cost of raw materials which may impact the Company. Hochschild continuously engages with their customers to understand their requirements and align with their goals. Hochschild has also begun to mitigate these risks by implementing a carbon neutral strategy, completing a climate risk assessment, and are continually pushing internally to improve their ESG performance and scorecard.
- **Reputation** (medium term) – 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

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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 new laws. A number of actions were taken during the year to maximise Hochschild's ability to work with partner communities which included:

- increased efforts to collect and process information and intelligence regarding potential social conflicts;
- increased interaction with local governments and other key stakeholders;
- continue to maximise local hiring and local purchasing practices; and
- continue executing social programmes with surrounding communities.

Investors are increasingly requiring companies to demonstrate strong ESG credentials especially regarding climate change and requesting that companies adequately demonstrate a commitment to reducing CO₂ emissions and mitigating climate change risks to assets and business operations into its long-term business strategy.

– **Physical risks (Acute and Chronic)**
(short-long term)

A CRA was completed on five mine properties – the Arcata Mine, Pallancata Mine, Inmaculada Mine, Selene plant and the San Jose Mine, considering the physical medium- and long-term nature of climate-related issues (2020s to 2050s) under RCP 8.5 scenario (high warming).

The methodology deployed to assess physical risk will be replicated every four years for all assets to identify climate-related physical risks to assets over their operational lifespans and to develop adaptive actions to reduce these risks.

The CRA identified several high and medium risks to the infrastructure and operations at the Hochschild mines in Peru and Argentina. The high risks are to be evaluated on a regular basis and risk reduction measures used to reduce the possible impacts to the mines' operations.

Peru

Of the 34 identified risks at each of the Peru mine sites under future climate conditions, 5 or 15% of the risks were rated as 'high', 11 (32%) were ranked a 'medium' risk and the remaining 18 (53%) of the risks were classified as low risk.

- The highest risk was associated with intense rainfall affecting the tailings facilities/tailings dams at the mine sites. The high risks are associated with the potential failures of the tailings containment facilities/dams, which would most likely result in shutting down the mine operations, thus having a major impact on the Company's overall business operations.
 - Intense rainfall resulting in rising water levels upstream of the dam face would increase the hydraulic loading on the dam structure. If the loading is large enough a failure may occur.
 - Intense rainfall could erode parts of the dam structure creating weak points for failure.
 - A series of intense rain/snow melt events has the potential to raise the levels of the tailings pond to the point it might overtop the dam, resulting in discharge to the environment.

Four additional infrastructure-climate hazards interactions scored as high risks were identified for each of the Peru mine operations assessed:

- Transportation (road, site roads, mine access roads, etc.) was found to be at high risk due to intense rainfall events. The amount of rainfall and resulting runoff, often intensified by the local topography and steep slopes, has the potential to wash out the roads, impacting access to the mine site and local mine operations.
- The drinking water supply system was found to be at high risk due to intense rainfall. Runoff associated with intense rainfall events could wash sediments/ other contaminants into the local lakes/ rivers that are used as a raw water source for drinking water at the mine sites.

- The mine infrastructure, which includes buildings as well as underground mine operations, are at high risk to the impacts of lightning/atmospheric discharges. Lightning strikes at or near the mines can create extreme voltage surges which can damage electrical mine equipment, resulting in disruptions to the mine operations.
- Communications infrastructure (e.g. towers) was found to be at high risk to lightning strikes/atmospheric discharges.

Argentina

Of the 34 risks identified at the San Jose mine under future climate conditions, four or 12% of the risks were rated as 'high', 12 (35%) were ranked a 'medium' risk and the remaining 18 (53%) of the risks were classified as low risk.

- The highest risk score at the San Jose mine under future climate was associated with drought affecting the process facilities at the mine sites. Drought conditions could have a significant impact on the Company's business objectives as a shortage of water could negatively impact the mines ore treatment processes.

High risks were also identified for the following infrastructure-climate hazards interactions:

- Processing facilities being impacted by freezing days (found to be at high risk under both current and future climate). Interruption of the ore processes at the mine due to freezing of pipes will have a material effect on the mine's and Company's operations.
- Drinking water supply impacted by drought conditions.
- Communications infrastructure impacted by lightning/atmospheric discharge.

Tailings containment facilities/dams under the effect of intense rainfall were found to be at medium risk which was lower than the risks at the Peru mines due to the expected lower probability of intense rainfall events under future climate conditions. However, the high severity rating, and similar consequences described for the Peru mines, indicates Hochschild should monitor the tailings facilities/tailings dams for damages or early warning signs of potential failure after any intense rainfall event despite the lower probability of occurrence.

Climate opportunities

- **Increased revenues resulting from increased demand for products and services** (long term) – The demand for Company’s products may increase as a consequence of regulatory or market curtailments. For example, under a 2 degree scenario, there is likely to 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** (medium term) – 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 wellbeing. 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 the Company’s ESG rating. In consequence, the Company is heavily focused on improving their ESG performance. This is evidenced by the robust standalone 2021 Sustainability Report, the ECO Score programme, continuing efforts to strengthen the Company’s environmental culture, and carefully managing climate-related risks and their impacts by the completion of a climate change risk assessment (2021) and the implementation of a carbon strategy (recently completed in 2022) to continually reduce the GHG emissions.
- **Fuel-switching/Energy saving technologies** (medium-long term) – The Company’s carbon emissions primarily result from electricity use in mining and processing operations. Hochschild’s operations have a favourable GHG emissions intensity (1.81 tCO₂e/ k oz Ag Eq – market based / 0.13 tCO₂e/ oz Au Eq – market based) compared to other gold and silver mines globally. This is due to the underground nature of their mining operations (which generally have lower GHG emissions than larger open

pit mines) and a low-carbon, grid-based electricity supply which is around 81% sourced from hydro or wind power. However, acknowledging the global significance of climate change, the Company is committed to taking the necessary measures to continually reduce their GHG footprint by evaluating additional low-carbon energy options and improving their operational energy efficiency, which also helps to deliver valuable cost savings to the business. Hochschild is currently implementing a carbon strategy (recently completed in 2022) to continually reduce their GHG emissions, the Company has set a net zero target for 2050 and in 2023 aims to establish an interim target for 2030. As part of this, the Company has signed a new contract to source renewable energy for the Ares and Arcata mines starting in January 2022.

Taking into consideration the transition risks, physical risks and opportunities arising from these risks, Hochschild is developing strategic initiatives to address climate-related issues projected to arise in the short, medium and long term holistically to balance short-term risks and opportunities with long-term risks and opportunities. Once climate-related impacts on current and future development that could have a material financial impact on the organisation are reviewed and assigned to a short-medium- or long-term time horizon, they will be mapped across time.

Short-term climate impacts may include impacts imposed (by regulation) or anticipated (through voluntary action) by Hochschild’s customers. Over the medium term, it is likely that climate-related regulations will be expanded to cover Hochschild’s activities directly. Making investments in technology, infrastructure, and business practices that may result in short-term costs will not only allow Hochschild to establish a position in the market for low-carbon supply chain but will also prepare Hochschild to meet the demands of future direct regulation. Studying long-term issues such as the practicality of mine infrastructure maintenance as well as closure and remediation under more extreme weather scenarios predicted for future climate will also play a role in Hochschild’s short-term decision-making.

The insight from the combination of the physical and transitional risk assessment under specific conditions at Hochschild’s mines will be extrapolated to opportunities for future Company developments.

Recommended Disclosure 4:

Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning

Both physical and transitional risks are impacting and will continue to impact Hochschild’s operations, business, 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 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, time schedules set, both of which are monitored to assure success.

Hochschild has completed a CRA and a carbon strategy to put the Company on a path towards net zero operations by 2050, and aims to set 2030 interim GHG targets in 2023.

GHG emissions are being proactively reduced through the increased use of renewable power. New mines (excluding those in progress in 2022) will be assessed to be electric where possible.

Hochschild conducted an initial review of climate-related physical and potential transitional risks in 2021 and will expand the review of transitional risks of climate change and the potential impacts on the Company. Additional assessment on quantifying financial risks implications is ongoing and will be progressively completed, in line with future CRAs. The Company will integrate climate related financial risks and the associated decision-making process into the financial planning process once the assessment quantifying the financial risks is complete. The Company aims to start reporting the financial risks in the next two years.

A specific five-year strategic objective, approved by the Board of Directors in its annual review during 2022, relates to the Company’s ESG performance including its progress, over that period, in managing its impact on climate change. Progress against this, and other strategic objectives will be monitored by the Board of Directors and, where appropriate, the relevant Board Committee.

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Key Board decisions take into account the impact on a wide range of stakeholders as required by company law and, as a result, reflect among other things, social and environmental consequences.

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

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. The 4 original RCPs which refer to the concentrations in 2100 are: RCP2.6; RCP 4.5; RCP 6.0; and RCP 8.5. RCP 2.6 assumes that global annual GHG emissions peak between 2010-2020, with emissions declining substantially thereafter, while RCP 8.5, assumes that emissions continue to rise throughout the 21st century.

Hochschild has assessed current and future climate risks related to infrastructure for select mines in Peru and Argentina under RCP 8.5 and 2.6, as defined by the Intergovernmental Panel on Climate Change (IPCC) as follows:

- RCP 8.5 is being used to assess the physical impacts that climate change could have on Hochschild's operations and infrastructure. The time horizon has been set between the 2020s and the 2050s as this aligns with Hochschild's mines current and projected 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 transition risk assessment which evaluated possible market (electric vehicles), regulatory (e.g., carbon pricing), technology and renewable energy risks/opportunities (e.g., increased adoption of renewables resulting in improved ROI).

Climate adaptation and resilience measures to minimize risks of climate change and extreme weather were identified. The Company will further assess impacts through a full scenario analysis examining physical and transitional risks.

Hochschild implements risk reduction and adaptation measures to improve the resilience of the mines exposed to the impacts of climate change and associated extreme weather events as needed, taking into consideration site-specific resilience and adaptation measures, and will continue to do so based on the results of future risk assessments. For instance, Hochschild has taken water conservation measures to address water scarcity, such as enhancing water recovery at its San Jose mine. Additional assessment on quantifying financial risks implications is ongoing and will be progressively completed, in line with future climate risk assessments. The Company aims to start reporting the impact of climate-related issues on financial performance and financial position in the next two years.

**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, this risk and its mitigation actions are monitored on an ongoing basis by the MRC and Environmental Management and reported to the Audit and Sustainability Committees and the Board of Directors on a quarterly basis. For details on Hochschild Mining's general approach to risk management and mitigating actions taken in 2022, please refer to page 76 (Risk Management report).

Environmental reporting regulations (current and emerging) are monitored on an ongoing basis by the environmental and legal teams to incorporate into this analysis.

As part of the CRA, Hochschild utilised a risk rating system to assess physical climate change risks for each climate hazard/event-infrastructure element interaction. Each interaction is assigned a consequence/severity of impact rating, which is then multiplied by the probability of the occurrence (return period) of the climate hazard/event. The risk rating/risk score is defined as the product of two ratings as illustrated in the equation:

$$\text{Risk Rating} = \text{Probability of Climate Event Occurring} \times \text{Consequence or Severity of Impact}$$

Probability Rating represents the probability (likelihood) of occurrence of a climate hazard or event above a selected threshold. Probability is based on Hochschild's risk management system, ranging from 1 (Low) to 3 (High).

– Consequence/Severity of Impact Rating is a measure of the expected damage and/or associated loss of service associated with the infrastructure component should the climate event occur and interact with the infrastructure. Consequence/Severity scores are based on Hochschild's risk management system and range from 1 (Insignificant) to 5 (Very High).

– Using Consequence/Severity of Impact scores of 1 to 5, and Probability ratings of 1 to 3 produces a 3x5 risk matrix. Risks scores were calculated under current climate conditions to establish a baseline, as well as for the future climate (2050s (2040-2059)). Hochschild risk manage system uses three risk categories (Low, Medium, High) with associated recommended actions.

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

Hochschild crafted a remuneration policy aligned with their business strategy. One of the principal objectives of the Remuneration Policy is to align management incentives with the creation of shareholder value. Hochschild seeks to achieve this alignment over both the short and long term through the use of an annual performance-related bonus, which rewards the achievement of a balanced mix of financial, operational and other relevant performance measures, and the use of a Long-Term Incentive Plan (LTIP) which is linked to longer-term critical measures of financial and non-financial performance. Once the GHG and climate related targets have been set, they will be assessed for their inclusion as part of performance measures.

Non-financial performance indicators related to climate metrics are included in Hochschild's individual employee performance targets. To form a link between the Company's 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.

Performance against the annual ECO Score objective determines the extent of annual bonus payouts to eligible employees, thereby aligning interests to reduce Hochschild's environmental footprint. The results are shared across Hochschild on a monthly basis.

The Sustainability Committee is charged with making sure Hochschild, as a company, is meeting Sustainability and ESG targets. As part of the ECO Score, Hochschild monitors water usage and waste recycling.

In addition, many of Hochschild financial KPIs reflect the financial impact of climate change risks and opportunities such as Revenue, AISC (operating and production costs), EBITDA (overall profitability). Other financial indicators reflect the impact of such risks/opportunities such as asset impairments, market valuation. Hochschild will continue to explore metrics to quantify climate-related financial risks implications in their operations.

Targets and results

In 2022, Hochschild's ECO Score was 5.27 out of 6, exceeding the stretch target of 5.00. The 2022 results are independently verified by EY Perú following the International Standard on Related Services (ISRS) 4400. For additional details on the ECO Score, visit <https://www.hochschildmining.com/sustainability/environment-and-climate-change/>

Since 2015, the ECO Score has improved by 59%, reflecting a significantly higher level of environmental efficiency. To incentivise continuous improvement, Hochschild has set a target of 5.25 out of 6 for 2023.

Due to the importance of water and climate-related risks, Hochschild minimises water consumption as much as possible and has set a new target of 193 litres per person per day of potable water for 2023. Between 2015 and 2022, the Company has reduced potable water consumption by 58%.

Freshwater used in processing plants is also closely monitored, with the intention to continue reducing its consumption over time. In 2022, 84.3% of all water used in processing plants was recycled, minimising intake of freshwater. Improvements were made at the Inmaculada mine, where 78% of the water used was reclaimed in 2022, compared to 75% in 2021. Another key indicator that forms part of the ECO Score is waste generation, with a new target for 2023 of 1 kg per person per day of domestic waste generation. Between 2015 and 2022, the Company has reduced waste generation by 46%.

In 2020, an Environment Culture Transformation Plan was launched to further embed an environmentally conscious culture across the Company and to achieve the set long-term performance goals. Three work streams were identified to drive continuous improvement:

- **People** – communicating the importance of respecting and conserving the environment to the Company's workforce and stakeholders.
 - **Technical** – focusing on the continuous improvement of Hochschild's environmental performance. During 2022, an Environmental Management System (EMS) was developed and it launched in January 2023.
 - **Technology and Innovation** – incorporating best practices and utilising new technologies to reduce Hochschild's environmental footprint.
- There is a committee that meets periodically to oversee progress.

Hochschild has been reporting on Scope 1 and 2 GHG emissions since 2014, and scopes 1, 2 and 3 since 2022. These are calculated using a method based on ISO 14064-1 Standard and the GHG Protocol Corporate Accounting and Reporting Standard, using IPCC, Peruvian and Argentinian emission factors.

GHG emission reduction targets are proposed in the carbon strategy that will put Hochschild on a path towards net zero operations. In 2023, Hochschild aims to finalise the 2030 interim target that will be assumed by the Company in order to achieve this goal and then will set a formal process for the Board of Directors to monitor and oversee progress against these targets. These targets will require the Company to continue calculating the company's GHG footprint, improve their energy efficiency and increase the reliance on renewable energy sources. In 2022, Hochschild sourced 81% energy from renewable sources.

Incorporation of metrics such as amount or percentage of assets/activities vulnerable to climate-related physical and transition risks, percentage of revenue aligned with climate-related opportunities, capital investment deployed for climate-related risks and opportunities will be assessed upon completion of the detailed transitional risk assessment.

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Recommended Disclosure 11:

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

Please refer to the Environmental section of the Sustainability Report on page 59 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 exception of the items detailed in the following table. In addition, 2030 interim targets are expected to be set during H1 2023 in order to achieve Net Zero by 2050.

TCFD Pillar / Recommendation	Status	Next steps
1	Partially consistent	The governance process will be established once the GHG and climate related targets have been set, and monitoring, governance and reporting programs have been established.
2	Consistent	–
3	Partially consistent	A detailed Transitional Risk Assessment (TRA) will be conducted during the next 2 years.
4	Partially consistent	The quantification of climate related financial risk implications is ongoing and will progressively be completed, in line with future CRAs. The Company will integrate climate related financial risks and the associated decision-making process into the financial planning process once the assessment quantifying the financial risks is complete. The Company aims to start reporting the financial risks in the next 2 years.
5	Partially consistent	Hochschild will further assess impacts through a full scenario analysis examining physical and transitional risks.
6	Consistent	–
7	Consistent	–
8	Consistent	–
9	Partially consistent	Hochschild will continue to explore metrics to quantify climate-related financial risks implications in their operations. In 2023, Hochschild aims to finalize the 2030 interim target that will be assumed by the Company in order to achieve the net zero by 2050 goal and then will set a formal process for the Board of Directors to monitor and oversee progress against these targets. Once the GHG and climate related targets have been set, they will be assessed for their inclusion as part of performance measures.
10	Consistent	–
11	Consistent	–