

SUSTAINABILITY REPORT

Against a continued backdrop of a challenging trading environment, Hochschild Mining maintained its focus on prioritising the welfare of our workers and promoting sustainability within our communities targeting the areas of education, health & nutrition and economic development.

DEAR SHAREHOLDER

I am delighted to introduce Hochschild Mining's Sustainability Report in which we provide an overview of the work undertaken by the Group in acknowledgement of our responsibilities to our wider stakeholder groups.

ANOTHER CHALLENGING YEAR

2014 continued to be a difficult year for the mining sector due to the sustained lower and more volatile precious metal prices. Management's focus on cost reduction was maintained during the year with implementation of further phases of the Cash Optimisation Programme. Inevitably this has translated into limited resources for our sustainability endeavours which as a result have had to be more targeted than ever.

ZERO FATALITIES

As a sign of our commitment to our workers, I am very proud to report that for the first time since the Company's listing in 2006, there were no fatalities during 2014. This achievement cannot be understated given the relentless efforts of many across the organisation who have committed themselves to fostering a culture of safety and seeing this translate into safe working practices. We will not use this opportunity to become complacent but rather, we will look to setting another first: two consecutive years without any fatal accidents at our mine sites.

Despite this significant achievement, the Group's injury frequency rate has increased but, as indicated by the c. 75% reduction in the accident severity rate, this is primarily the result of the extended scope of our accident monitoring to include the main contractor and sub-contractors at the Inmaculada project which in 2014 entered the higher-risk construction phase.

SOCIAL RESPONSIBILITY

In 2014, we prioritised the resources committed to our communities during the year with a continued focus on our three core areas: education, health and socio-economic development. Not only have we built on the successes of our flagship Travelling Doctor and Digital Chalhuanca projects, but we have also supported communities close to our Inmaculada project by the establishment of local co-operatives. It also gives me great pleasure in sharing with you details of the scholarships we have been able to offer through our operation in Argentina. Further details can be found on pages 26 to 27.

I hope you will find this report informative. If you should have any questions or comments, please do not hesitate to contact me.

ROBERTO DAÑINO
Chairman, CSR Committee

17 March 2015



Camp at Pallancata

GOVERNANCE STRUCTURE FOR SUSTAINABILITY



GOVERNANCE OF CSR

The board has ultimate responsibility for establishing Group policies relating to sustainability and the CSR committee has been established with the responsibility of focusing on compliance and ensuring that appropriate systems and practices are in place.

WHAT IS HOCHSCHILD MINING'S APPROACH TO SUSTAINABILITY?

The Company has adopted a number of policies demonstrating our commitment to:

- a safe and healthy workplace;
- managing and minimising the environmental impact of our operations; and
- encouraging sustainability by respecting the communities of the localities in which we operate.

We prioritise these three areas in terms of resource allocation, with respect to governance, policy development and performance measurement. In our efforts to achieve the above objectives, we seek to:

- comply with all relevant legislation;
- promote continuous improvement of our management systems with the aim of incorporating best practices;
- adopt a proactive approach to preventing and managing the risks that may limit the achievement of our corporate responsibility objectives; and
- encourage employees to adopt the Group's values through the use of training and internal communications.

MANAGEMENT OF SUSTAINABILITY

The Board has ultimate responsibility for establishing Group policies relating to sustainability and ensuring that appropriate standards are met. The CSR Committee has been established as a formal committee of

the Board with delegated responsibility for various sustainability issues, focusing on compliance and ensuring that appropriate systems and practices are in place Group-wide to ensure the effective management of sustainability-related risks.

As Chairman of the CSR Committee, Roberto Dañino has Board level responsibility for sustainability issues to whom the Vice President of Operations and the Vice President of Legal & Corporate Affairs report to for sustainability issues, as shown in the diagram above.

TERMS OF REFERENCE OF THE CSR COMMITTEE

Under its terms of reference, the CSR Committee is responsible for:

- evaluating the effectiveness of the Group's policies and systems for identifying and managing health, safety and environmental risks within the Group's operations;
- assessing the policies and systems within the Group for ensuring compliance with health, safety and environmental regulatory requirements;
- assessing the performance of the Group with regard to the impact of health, safety, environmental and community relations decisions and actions upon employees, communities and other third parties. It shall also assess the impact of such decisions and actions on the reputation of the Group;
- receiving reports from management concerning all serious accidents within the Group and actions taken by management following each incident; and
- evaluating and overseeing, on behalf of the Board, the quality and integrity of any reporting to external stakeholders concerning health, safety, environmental and community relations issues.

THE CSR COMMITTEE'S WORK IN 2014

During the year, the CSR Committee:

- approved the 2013 Sustainability report for inclusion in the 2013 Annual Report;
- monitored the execution of the yearly plan in each of the four key areas of focus;
- considered the ongoing progress of the implementation of a number of internationally accredited management information systems to control and monitor sustainability related risks;
- monitored the status of the Group's various Community Relations projects including the Travelling Doctor programme in Peru, the local co-operatives set up within the rural communities close to Inmaculada and the scholarships granted in Argentina (see case studies later in this report); and
- considered updates from across the Group to manage community and labour relations.

Given the importance of the sustainability risks to the Group's strategy, the full Board reviewed the short/medium term strategy with respect to environmental management and community relations. As part of its role in monitoring key risks, the Board also considered the impact of the Cash Optimisation Programme on the profile of the Group's sustainability risks and the key mitigating actions.

SUSTAINABILITY REPORT CONTINUED



Underground emergency refuge.

SAFETY

Mining has an inherently high risk profile and safety is our highest priority.

2014 HIGHLIGHTS

- Zero fatalities
- 75% reduction in accident severity rate

THE HOCHSCHILD APPROACH TO SAFETY

Mining has an inherently high risk profile and safety is our highest priority. Ensuring the safety of the Group's employees is considered crucial in measuring the successful implementation of corporate strategy to which the Board and management are committed.

OUR ACHIEVEMENTS IN 2014

- Zero fatalities across all operations – a first for the Company since its listing in 2006
- Continued implementation of the Group's Safety Management System (designed by the risk management firm DNV GL) at all

operating units and Advanced Projects to support the Group's proactive approach to safety. All operating units achieved a Level 7 rating under the International Safety Rating System ('ISRS') (6th edition). The Inmaculada project achieved a Level 3 rating under the same rating system

- The first stage of implementation of the Behaviour Based Safety ('BBS') tool was carried out at all mining units. Based on the feedback received, a training programme for safety supervisors has been developed and scheduled to take place in 2015

How we performed against our 2014 objectives

Target	Status	Commentary
2.5% reduction in the Lost Time Injury Frequency Rate ('LTIFR') (see footnote 1 to Safety Indicators)	X	A 48% year-on-year increase in the LTIFR was primarily the result of extending the reporting of injuries sustained by the main contractor and subcontractors involved in the construction of Inmaculada which, in 2014, entered the higher-risk construction phase
25% reduction in Accident Severity Index (see footnote 2 to Safety Indicators)	✓	A 75% reduction in the Accident Severity Index was achieved
All supervisors to be trained in '5 Steps Observation Methodology' under the Behaviour Based Safety programme:	✓	An additional training programme in this area will be delivered during 2015
To undertake a full impact assessment of moving from DNV GL's ISRS (6 th edition) to the 8 th edition as the principal form of appraising the Group's Safety Management Information System	✓	Assessment was completed under the guidance of DNV with transition to the 8 th edition expected to take place in H2 2015

Safety Indicators

	2014	2013	2012	2011
Fatal accidents	0	2	4	3
Accidents leading to an absence of one day or more	76*	49	81	81
LTIFR ¹	3.07*	2.08	3.33	3.63
Accident Severity Index ²	149	598	1,058	910
Accidentability rate ³	0.46	1.24	3.52	3.30

* Includes accidents and injuries reported by the Main Contractor and Subcontractors at the Inmaculada Project.

1 Calculated as total number of accidents per million labour hours.

2 Calculated as total number of days lost per million labour hours.

3 Calculated as LTIFR x accident severity divided by 1,000.

2015 Targets

- To fully transition to the 8th edition of DNV GL's International Safety Rating System which will incorporate the additional training for supervisors under the Behaviour Based Safety programme
- To commission and implement the first five modules of a safety software tool which will facilitate document sharing, legal compliance, hazard identification and risk assessment, accident investigation and inspections



Community medical consultation.

CASE STUDY: TRAVELLING DOCTOR PROGRAMME

The Company has built upon its success with this programme by extending its reach to other rural communities and increasing the range of services that the medical mobile units are able to offer. Over the course of 2014, the mobile units facilitated over 12,000 medical consultations providing healthcare to those living in the remotest conditions in the Peruvian Andes.

HEALTH & HYGIENE

Underlining the importance we place on our people and their wellbeing, the Group's Health & Hygiene department is tasked with providing an integrated approach to employee welfare.

2014 HIGHLIGHTS

- The establishment of a Health & Hygiene Committee at the Inmaculada Project
- The successful implementation of a health referral network

THE HOCHSCHILD APPROACH TO HEALTH AND HYGIENE

Underlining the importance we place on our people and their wellbeing, the Group's Health & Hygiene department is tasked with providing an integrated approach to employee welfare. Whilst the Health team has been established to ensure that employees have access to the relevant services and infrastructure to ensure that treatment can be provided, the Hygiene team looks to reinforce the importance of

the quality of life at work and seeks to work in the prevention of occupational illness.

Given the nature of the work, and the two-week shift patterns which result in frequent periods of absence from families, the Group recognises the importance of ensuring the mental wellbeing of its employees. For this reason, the Group's Health & Hygiene teams are also trained in occupational psychology.

Our Health & Hygiene teams undertake their work in line with the following guiding principles:

- Prevention comes first
- Maximising quality of life
- Adopting measures for the long-term benefit of our people
- Proactively identifying and controlling hazards at source

OUR ACHIEVEMENTS IN 2014

As the Inmaculada Project advanced to the key construction phase, the Health & Hygiene team sought to ensure the ongoing welfare of company workers

and contractors. A committee comprising representatives from both entities was established and meets weekly to address that all relevant procedures are complied with and that appropriate facilities are available. In addition, as indicated below, the Health team:

- enhanced data storage at operating units through the re-organisation of physical records and the use of software to maintain electronic records;
- re-structured the organisation of the department improving its ability to respond effectively to legal and technical developments; and
- established a health referral network in towns close to our operations. As our mine sites are situated in remote locations, it is crucial to have access to appropriate healthcare facilities in neighbouring towns in case of necessity. Following meetings with local medical professionals, facilities were selected and procedures drawn up to ensure the ongoing welfare of our workers.

How we performed against our 2014 objectives

Target	Status
To improve data storage facilities at our mine sites	✓
To constantly review and update, as necessary, the structure of the Health & Hygiene department to best meet the needs of the organisation	✓
To establish a health referral network in major cities close to our mines	✓

Health Indicators

Indicator	2014	2013	2012	2011
Average number of medical attendances at Peruvian operations and at San José per month	4,695*	2,614	3,376	3,065
Average number of work-related incidents requiring medical attention at Peruvian operations and at San José per month	23	14	18	32
Average number of occupational health examinations at the Group's Peruvian operations	507	475	441	396

* The year-on-year increase is the result of the increase in the number of medical attendances carried out at the Inmaculada Project which entered the higher-risk construction phase in 2014.

2015 Targets

- To continue the department's active participation in national discussions on new regulation in the area of occupational health
- To improve the offering of services to ensure the mental well-being of our workers
- To review our corporate audit procedures on the provision of employee health data to our insurance partners

SUSTAINABILITY REPORT CONTINUED



CEO roundtable

OUR PEOPLE

The quality of our people is key to the success of the business in achieving its strategic objectives and our ongoing objective is therefore to attract and retain the best people.

2014 HIGHLIGHTS

- Percentage of workforce trained – 61%
- Average number of hours of training per year per employee – 27 hours

THE HOCHSCHILD APPROACH TO OUR PEOPLE

Training and development

The quality of our people is key to the success of the business in achieving its strategic objectives and our ongoing objective is therefore to attract and retain the best people. The Group's Human Resource team adopts various techniques to ensure that our people contribute to the Company's success, which include the provision of competitive remuneration, a positive working environment through the promotion of social and recreational activities, and ongoing professional development.

Group values, labour relations and human rights

One of the primary responsibilities of the HR team is to ensure the clear ongoing communication of the Group's corporate values: Integrity, Teamwork, Quality and Excellence, Responsibility and Commitment to our People. These values are embodied in our Code of Conduct which, amongst other things, sets out our commitment to the fair treatment of all employees and the right to be free of harassment or intimidation in the workplace. We recognise the core labour rights principles and, in this respect, support the right to freedom of association and collective bargaining.

Approximately 57% of our total workforce is represented by a trade union or similar body.

As a signatory of the Global Compact of the United Nations, Hochschild Mining respects the human rights of all of the Company's stakeholders including those of our employees, our contractors and suppliers, as well as our local communities.

The importance placed by the Company on human rights is reflected in the Group's training programme which seeks to ensure that all employees are aware of their rights and the Company's commitments.

ACTIVITIES IN 2014

The people-focused initiatives during the year included the following:

Developing our people

Driven in part by the Cash Optimisation Programme, budgets for HR programmes were reduced and therefore had to be more targeted. As a result, training and development in key areas and for key positions were prioritised. In Argentina, a two-year course, entitled "Developing Leaders" was completed during the year aimed at enhancing the skills of those in the company with managerial responsibilities.

Managing our talent

We carried out our internal People Review process which focused on mapping talent within the organisation and which identifies key employees and the succession plans for critical positions.

Enhancing the working environment

In light of budgetary constraints, the Group has introduced a number of non-financial benefits such as flexible working hours for Head Office staff over the summer period and the holding of regular social events.

Open dialogue

Following on from the programme launched in 2013, a series of meetings was organised during the year between the CEO, key personnel and various departments. The aim of these meetings was to provide employees with an opportunity to raise any concerns with the CEO and thereby reducing any uncertainty that may have resulted from the Cash Optimisation Programme.



Arcata employee



Selene workers in the plant

People Indicators

	2014	2013	2012	2011
General				
Average number of Group employees and contractors	5,976	6,853	7,557	6,395
Gender diversity statistics				
<i>Number of employees*</i>				
Male	3,468	4,080	—	—
Female	229	276	—	—
<i>Number of senior managers**</i>				
Male	31	23	—	—
Female	2	2	—	—
<i>Number of Board Members</i>				
Male	8	8	—	—
Female	0	0	—	—
Training				
Average number of hours of training undertaken per employee during the year	27.31	30.77	52.03	37.86
Percentage of workforce trained during the year	61%	79%	90%	90%
Labour relations				
Number of production days lost as a result of industrial unrest	14	16	7	28

* As at 31 December.

** Defined as those who qualify under the UK statutory definition of 'senior manager' as at 31 December.

2015 Targets

- Conclude collective negotiations on mutually satisfactory terms
- Oversee optimal resourcing of the Inmaculada Project
- Ensure completion of the technical training plan for the operating units

SUSTAINABILITY REPORT CONTINUED



Children of Chalhuanca

WORKING WITH OUR COMMUNITIES

Our relationship with host communities is key to the Company's success and we commit resources in acknowledgment of our social licence to operate.

2014 HIGHLIGHTS

- Continued focus on our core areas of Education, Health and Socio-economic development
- Establishment of local co-operatives to promote sustainable development within the communities

THE HOCHSCHILD APPROACH TO WORKING WITH OUR COMMUNITIES

Hochschild Mining acknowledges that mining is a long term business which is why we place an emphasis on promoting sustainability in our dealings with local communities.

At the core of our approach is a commitment to respecting human rights as a signatory of the United Nations Global Compact and to following best practice as set out in the Group's Code of Conduct. This undertaking informs the way in which we establish and maintain relationships with our communities and the local governmental authorities that host our operations.

We endeavour to align our efforts with the needs of our host communities and the priorities of local government demonstrated by the range of initiatives we have put in place that go simply beyond our supply chain.

COMMUNITY RELATIONS STRATEGY

We strive to develop social programmes that have a direct impact on the needs of the local communities and that we can use our presence to promote education, healthcare, employment opportunities and socio-economic empowerment.

Given the extent of the budgetary challenges faced as a consequence of the Cash Optimisation Programme, in 2014 we built upon existing initiatives to ensure continuity and maximise their impact.

How we performed against our 2014 objectives

Target	Status	Commentary
Continue with the development of our socio-economic programmes	✓	See the 'Our Achievements in 2014' section for a summary of the educational, health and socio-economic development programmes undertaken during the year
Maximise employment opportunities to members of the community	✓	Employment opportunities were offered to members of the local communities both directly and in conjunction with our suppliers
Enhance sustainability in the communities living close to our Inmaculada project	✓	Local co-operatives were established as a means of promoting economic self sufficiency for local communities

Community Relations Indicators

	2014	2013	2012	2011	2010
Community investment ¹	\$1.9m	\$3.2m	\$6.5m	\$7.7m	\$6.7m
Production days lost as a result of community conflict	0	0	0	1	0

¹ These figures represent only the portion of administrative expenditure (excluding corporate support) on social and community welfare activities surrounding the Company's operating units. Total social expenditure by the Group in 2014 and 2013 amounted to \$6.7 million and \$10.1 million respectively.

2015 Targets

- Continue the development of socio-economic programmes and validate proposals for future innovative initiatives
- Review and restructure, as necessary, the Community Relations team to maximise the efficient delivery of services
- Maximise employment opportunities to members of the community
- Enhance sustainability in the communities living close to our Inmaculada project



Students and families attending the presentation

CASE STUDY: PROMOTING TOMORROW'S TALENT

The Group granted almost 40 scholarships to students from Perito Moreno, the closest town to our San José operation in the Santa Cruz province of Argentina. Recognising the limited opportunities for young people to pursue further education in the area, the Group has provided the financial means that will enable aspiring students to attend university and achieve their professional ambitions.

OUR ACHIEVEMENTS IN 2014

During the year we focused on a number of high impact initiatives further details of which are provided below.

Education

Elementary Education – Through its support of 12 schools in Peru, the Company facilitated lessons to over 200 children between the first and sixth grade focusing on literacy and numeracy. In 2014, we continued to commit resources to the use of technology as a teaching aid.

Secondary Education – Motivated by a need to equip young people with the tools they need for the future, the Company supported the Life Project for a second year in partnership with the Peruvian charity, Vision Solidaria. This programme, which was delivered to over 450 students, is designed to equip students with a range of social skills to achieve their personal and professional ambitions as they transition to adulthood.

Scholarships – Through our Argentinian operations, the Company has provided scholarships which enable students to benefit from further technical studies or college. In addition, we have sponsored a number of students on various mining courses which have resulted in job opportunities being offered.

Health

Medico de Cabecera (the Travelling Doctor programme) – In 2014, we strengthened our collaboration with the Peruvian Ministry of Health and established cooperation agreements with the aim of extending the reach of the Medico de Cabecera programme to more communities and to widen the range of the services offered. In 2014, over 12,000 consultations were facilitated through the Company's mobile medical units.

Socio-economic development

Digital Chalhuanka – During 2014, the Company further built upon the success of its flagship project which promotes education and local business initiatives to the population of Chalhuanka through the provision of IT facilities. In its three years of operation, over 500 teachers have been trained at the IT Centre indirectly benefiting over 3,000 students. In addition, 1,200 of Chalhuanka's citizens and almost 200 state officials have received IT training catering to their specific needs.

Local Co-operatives – After completion of an irrigation system to support agricultural activity, families in the communities close to the Inmaculada Project were trained in growing fresh local produce and, in addition, guinea pig breeding. This year, the Company will focus on promoting sustainable self sufficiency by supporting the families as they commence sales to the local markets. A similar programme has also been overseen by our Argentinian operations.



Member of the local co-operatives project

SUSTAINABILITY REPORT CONTINUED

HOCHSCHILD ENVIRONMENTAL TEAM

VICE PRESIDENT LEGAL & CORPORATE AFFAIRS

ENVIRONMENTAL
SUPERINTENDENT
FOR PROJECTS AND
EXPLORATIONS

ENVIRONMENTAL
SUPERINTENDENT
FOR OPERATIONS

ENVIRONMENTAL
SUPERINTENDENT
FOR CLOSURE AND
REHABILITATION

ENVIRONMENTAL
CHIEF FOR PERMITS

MANAGING OUR ENVIRONMENTAL IMPACT

We are committed to ensuring the integrity of the environment in which we develop our operations and new projects.

2014 HIGHLIGHTS

- The recruitment of an experienced Corporate Environmental Manager to head the Company's efforts in the crucial area
- Obtained the ISO 14001:2004 re-certification of Arcata, Selene, Pallancata, and San José for 3 years

THE HOCHSCHILD APPROACH TO ENVIRONMENTAL MANAGEMENT

We are committed to ensuring the integrity of the environment in which we develop our operations and new projects. Our environmental management system has been established at a corporate level in order to apply best management practices, and is backed by the continued ISO 14001 certification of our operations.

Hochschild Mining recognises that environmental and social responsibility extends beyond the life of our operations and as a result, mine closure plans are in place to restore areas where mining activity has ceased.

OUR ACHIEVEMENTS IN 2014

- Obtained approval of the Inmaculada revised Project Description.
- Obtained the approval of the Sipan and the Crespo Project mine closure.
- Received environmental permits for the Puquiopata and the Huachuulca exploration projects.
- Successfully completed the environmental closure of the Cuello Cuello and Jasperoide exploration projects. This included the closure of access roads, drilling platforms and open pits.
- A comprehensive audit of all Company waste water treatment plants was completed. This analysis provided recommendations to improve plant efficiencies.



Workers at Pallancata



Arcata plant



Crespo

How we performed against our 2014 objectives

Target	Status	Commentary
Update mine closure schedules for Ares, Arcata, Selene, Pallancata and Sipan. Additionally, present site closure plan for Matarani	In progress	Obtained approval of the revised Ares and Sipan mine closure plans. The plan for Matarani has been presented to the authorities for review. Revised plans for Arcata, Selene and Pallancata are in progress for submission in Q2 2015
Obtain ISO 14001 recertification for Arcata, Selene, Pallancata, Ares and San José	✓	Renewed for 3 years
Initiate the mine closure process for the Ares and Moris mining operations	Not applicable	Ares is in care and maintenance and the Moris mine has been sold

Environmental Indicators¹

	2014	2013	2012 ²	2011
Average monthly fresh water consumption per metric tonne of treated ore (cubic metres)	0.34	0.15	0.18	0.24
Electricity consumption per metric tonne of treated ore (Kw-h)	98.95	82.75	88.69	53.29
Diesel consumption per metric tonne of treated ore (gallons)	1.23	1.18	1.53	1.29
Number of material environmental incidents across entire operations ⁴	0	0	0	0
Estimated volume of water withdrawn per day (cubic metres)	29,716	15,538	15,925	32,424
Estimated proportion of recycled water used	36%	55%	60%	69%
Estimated volume of water discharged per day (cubic metres)	26,316	32,878	30,773	37,979
Greenhouse gas emissions data³ (tonnes of CO₂e)				
Emissions from combustion of fuel and operation of facilities (tCO ₂ e)	70,994	56,234	—	—
Emissions from purchased electricity (tCO ₂ e)	68,821	72,946	—	—
Emissions intensity, per thousand ounces of total silver equivalent produced (CO ₂ e/k oz) ⁴	4.98	4.89	—	—

1 Includes data for operations in Ares, Arcata, Selene, Pallancata and San José.

2 From 2012, figures are based on guidelines and information gathered for the Company's 2012 GRI Sustainability Report published during the year. Data for previous years was calculated using different criteria and is therefore not directly comparable with subsequent years.

3 Includes data for operations in Ares, Arcata, Selene, Pallancata, San José, Inmaculada, Matarani, Moris and office locations.

4 Total production includes 100% of all production, including attributable to joint venture partners at San José and Pallancata (prior to becoming a wholly owned operation).

2015 Targets

- Launch new corporate environmental KPIs
- Review and update corporate environmental policy, environmental management system and organisation of the department
- Implement efficiencies on waste water and drinking water treatment plants across all units