

SUSTAINABILITY REPORT

2015 proved to be another challenging year which has demanded even greater efforts on the part of our many teams at Hochschild to ensure that resources are targeted and that stakeholder benefits are maximised

Dear Shareholder

I am delighted to introduce Hochschild Mining's 2015 Sustainability Report.

ANOTHER CHALLENGING YEAR

2015 proved to be another challenging year for the Company with continued volatility in precious metal prices which trended lower as the year progressed. As a result, management maintained its focus on managing costs which has demanded even greater efforts on the part of our many teams at Hochschild to ensure that resources are targeted and that stakeholder benefits are maximised.

CONTINUING OUR EXCELLENT SAFETY RECORD

It gives me great pleasure to report that we have succeeded in achieving our long term goal of Zero Fatalities for an unprecedented second consecutive year. This, together with the year-on-year reductions in the frequency and severity of accidents, are testament not only to our Safety team but also to those tasked with ensuring that we embed a

safety-first culture at Hochschild. Reducing our focus on this area has not been and will not be an option as we continue to ensure that those who work with us are secure in the knowledge that their physical welfare is being safeguarded. This is perfectly demonstrated by the in-house development, during the year, of a bespoke suite of behaviour-based procedures which aims to develop a sense of collective responsibility for safety and recognition of safe practices. For further details, please refer to the Safety section of this report.

OUR COMMUNITIES AND THE ENVIRONMENT

In 2015, we continued to prioritise the resources committed to our communities with the ongoing focus on our three core areas: education, health and socio-economic development. Whilst the trading conditions did not allow us to launch any new programmes, we built on the significant achievements to date by increasing the reach of the medical services we are offering to our rural communities as well as our IT

infrastructure project. Further details on these initiatives, as well as those of our Argentina operations can be found in this report and on our website.

We have also made significant enhancements to the way the Group measures its environmental footprint. The considerable work in this area has resulted in the adoption of a new set of Environmental Key Performance Indicators which will measure our performance in a more meaningful way and will require our operational teams to work to more rigorous environmental targets going forward.

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

8 March 2016

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.

For further information on how we prioritise our resources and the Committee's terms of reference, please visit www.hochschildmining.com/en/sustainability.

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.

THE CSR COMMITTEE'S WORK IN 2015

During the year, the CSR Committee:

- approved the 2014 Sustainability report for inclusion in the 2014 Annual Report;
- monitored the execution of the yearly plan in each of the four key areas of focus including progress updates;
- considered a presentation on the status of community relations related issues at a proposed exploration project in Peru;
- considered the status of the Group's various community relations projects including the Travelling Doctor programme and Digital Chalhuana;
- reviewed the environmental and community relations related risks and related work plans; and
- reviewed the 2016 budgets for the Environment and Community Relations functions.

Given the vulnerability of the Group's strategy to Sustainability Risks (comprising Health & Safety, Community Relations and Environmental risks), the full Board received a presentation on the potential impact of the change in Government in Argentina and 2016 elections in Peru on community relations. In addition, the Board considered a presentation from management on the lessons learnt following the community-led blockades at the access roads to Inmaculada and the Selene plant.

REPORTING OF TARGETS AND INDICATORS

As part of the Company's strategy to make more information available online, detailed sustainability related performance indicators as well as targets for 2016 are available on the Company's website.

Safety

Given the inherently high risk profile of mining, safety is our highest priority.

2015 HIGHLIGHTS

- Zero fatalities for an unprecedented 2nd consecutive year
- Almost 40% reduction in Accident Frequency Index to 1.85 (2014:3.07)
- 25% reduction in Accident Severity Rate to 112 (2014:149)

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 2015

- Zero fatalities across all operations – for an unprecedented second consecutive year
- Continued implementation of the Group's Safety Management System (designed by the risk management firm DNV GL) at all operating units 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) except for the Inmaculada project which achieved a Level 5 rating under the same rating system

- The implementation of a bespoke suite of behaviour-based safety procedures at the Peruvian operations. These procedures incorporate the use of a 5 step process to observe and register safety checks. Positive reinforcement is a core part of this observation, which is undertaken through weekly awards events at the operating units to acknowledge those who have demonstrated safety excellence in their operational activities.

HOW WE PERFORMED AGAINST OUR 2015 SAFETY OBJECTIVES

Target	Status	Commentary
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	X	The transition began in 2015 but was not fully completed. DNV GL is in the process of providing training to the programme's auditors and instructors.
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	✓	Final testing of the software tool was successful and training for users is scheduled to take in place in Q1 2016

Health & Hygiene

The Group's Health & Hygiene department is tasked with providing an integrated approach to employee welfare.

2015 HIGHLIGHTS

- Design of a work plan on health, hygiene and psychology for the Exploration and Geology function
- Design and implementation of a software system to closely monitor levels of gas in the mine for the hygiene team

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 is focused on ensuring 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 through 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
- Contributing to the continuous improvement in the Group's Health & Safety culture

OUR ACHIEVEMENTS IN 2015

2015 was the year in which the Corporate Health team focused on enhancing the quality of its processes. In addition, the team has widened its remit from the traditional areas of "curing" and "prevention" to a wider role of influencing the way the Group operates.

During the year:

- the health team reviewed and designed medical care protocols which were uploaded onto our online health record management system, Sisalud;
- senior members of the team participated in discussions with respect to new legal requirements and provided training to team members; and
- following a risk assessment, a series of actions were taken to improve the control of emissions within the mine.

HOW WE PERFORMED AGAINST OUR HEALTH AND HYGIENE 2015 OBJECTIVES

Target	Status	Commentary
To continue the department's active participation in national discussions on new regulation in the area of occupational health	✓	This was accomplished during the year. All doctors in the Group have participated in a structured training programme on new requirements and procedures have been implemented to ensure that they are kept updated on new developments.
To improve the offering of services to ensure the mental well-being of our workers	✓	The provision of services to ensure the mental well-being of our workers has been enhanced and is now aligned with DNV's 12th stage
To review our corporate audit procedures on the provision of employee health data to our insurance partners	✓	After review, joint annual audits have been organised in conjunction with our insurance partners to ensure good practice in the management of data relating to occupational health and industrial hygiene.

Our people

2015 HIGHLIGHTS

- Workforce trained: 79% (2014: 61%)
- Average number of hours of training per year per employee: 33.3 hours (2014: 27.31 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 high quality personnel. The Company's Human Resource team seeks to achieve this by providing 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

Amongst the primary responsibilities of the HR team is the clear 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 undertakings to treat all employees fairly and to respect 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 56% 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 the members of 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 2015

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

Developing our people

In light of the limited budgetary resources, training and development programmes were targeted on key technical areas. In Peru, managers from across the mining units participated in various leadership-based courses.

Managing our talent

The People Review process was undertaken which maps talent within the organisation and identifies key positions and succession plans.

Creating a better place to work & Enhancing the Working Environment

The Group continues to make use of an Organisational Climate Survey which has been widely acknowledged as a key tool to measure levels of satisfaction amongst employees and to identify opportunities for further development. The latest survey was initiated in December 2015 and its findings will be considered in Q1 2016. The Group continually reviews its offering of non-financial benefits which currently comprise flexible working hours for Head Office staff over the summer period and the holding of regular social events.

PEOPLE INDICATORS

	2015	2014	2013	2012
<i>Gender diversity statistics¹</i>				
<i>Number of employees</i>				
Male	3,492	3,468	4,080	–
Female	237	229	276	–
<i>Number of senior managers²</i>				
Male	34	31	23	–
Female	2	2	2	–
<i>Number of Board Members</i>				
Male	8	8	8	–
Female	0	0	0	–

1 As at 31 December

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

Working with our communities

2015 HIGHLIGHTS

- Formation of partnerships with local communities and the State to develop synergies and leverage social projects focused on education, health and economic development.
- Restructuring the way we implement and manage our Community Relations strategy to best serve the needs of all stakeholders

OUR VIEW OF WORKING WITH OUR COMMUNITIES

With the experience of operating in different parts of the Americas, the Group has adopted a culture of collaborating with the local communities surrounding our projects and operations. This desire to promote the development of the communities, respect for their human rights and their environment form the core of our corporate strategy that we describe as "Operating Responsibly".

COMMUNITY RELATIONS IN PRACTICE

Despite the restrictions in financial resources resulting from the trading challenges during the year, the Group continued to prioritise the ongoing implementation of its social programmes with the communities thereby minimising any direct impact. This was largely achieved through more efficient internal processes and synergies in order to maximise the resources available for allocation.

OUR ACHIEVEMENTS IN 2015

During the year we accomplished the goals set for our high impact initiatives, further details of which are provided below.

Education

Elementary Education – For the third consecutive year, the Company has supported approximately 200 students in 12 schools close to the new Inmaculada mine by enhancing their offering in literacy and numeracy and by providing IT equipment.

Secondary Education – The third year of the Secondary Programme has been particularly successful, with efforts focused during the year on classes promoting entrepreneurship and the benefits of further education. In addition, we continued to facilitate the Friend's Club, which provided over 450 students with the necessary personal skills to enable them to deal effectively with the demands and challenges of everyday life.



For more information visit
www.hochschildmining.com for our
 Sustainability indicators

The Company's joint-venture in Argentina has also been active with the provision of training in various disciplines such as environmental welfare, traffic management etc. In addition, the operation has organised visits to the mine for young people who are about to finish school.

Scholarships – Through the Group's Argentinian and Peruvian operations, Hochschild has provided scholarships so that students can benefit from further technical studies or college. In addition, the Group has sponsored a number of students on various mining courses which has resulted in job opportunities being offered.

Health

Medico de Cabecera (the Travelling Doctor programme)

We have continued to working closely with the local offices of the Peruvian Ministry of Health to provide free access to medical care, workshops for health prevention and health education for those communities close to our operations, which comprise approximately 5,000 people.

Socio-economic development

Digital Chalhuanca

In the fourth year of the project's implementation, the Group made significant progress beyond the provision of wi-fi to the

population of Chalhuanca. The purpose-built digital centre established by the Group achieved Cisco Networking Academy status during the year and, with the support of staff who have been trained to internationally recognised standards, the Group looks to build upon the technical skills that have already benefited the local community.

For further information on the Chalhuanca project and the rural business networks supported by the Group, please visit: http://www.hochschildmining.com/en/sustainability/case_studies

HOW WE PERFORMED AGAINST OUR 2015 COMMUNITY OBJECTIVES

Target	Status	Commentary
Continue the development of socio-economic programmes and validate proposals for future innovative initiatives	✓	See below for details on the specific programmes supported by the Group
Review and restructure, as necessary, the Community Relations team to maximise the efficient delivery of services	✓	This was completed during the year. The CR team was relocated and refocused its functions in line with the objectives of each operation.
Maximise employment opportunities to members of the community	✓	Standard procedures have been adopted across the Group in the recruitment and selection of community workers which were put to use during the year.
Enhance sustainability in the communities living close to our Inmaculada project	✓	See further details on the specific projects close to Inmaculada available on the Group's website

Managing our environmental impact

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

2015 HIGHLIGHTS

- Launched new Corporate Environmental Policy and new KPI dashboard as part of re-inforcement of an environmentally conscious culture
- Significant improvement in water management at mining operations

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 incorporating 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 2015

- Continued resourcing of the environmental team with more than 100 people working in related operational roles and environmental management
- Installed more efficient and effective environmental controls in mining operations
- Implemented a more rigorous framework of audits to provide assurance on the adequacy of environmental controls
- Supported the business by securing the:
 - approval of Inmaculada's revised Environmental Impact Assessment ("EIA") and Mine Closure Plan;
 - approval of Arcata's updated EIA to reflect new components;
 - environmental permits for the Arcata exploration project; and
 - necessary permits and approval of the execution and closure-related activities for the Yanacochita exploration project.

HOW WE PERFORMED AGAINST OUR 2014 OBJECTIVES

Target	Commentary
Launch new corporate environmental KPIs	Completed. New monthly KPI dashboard launched during the year
Review and update corporate environmental policy, environmental management system and organisation of the department	In progress.
Implement efficiencies on waste water and drinking water treatment plants across all units	Completed. Installed new waste water treatment plants at Pallancata and Inmaculada; overhauled existing waste water treatment plants at Arcata and Sipan. New drinking water treatment plant at Arcata and improvements to existing plants at Selene and Sipan. Reduced water consumption overall at mining operations

Greenhouse gas emissions data ¹ (tonnes of CO ₂ e)	2015	2014 ²	2013	2012
Emissions from combustion of fuel and operation of facilities (tCO ₂ e)	46,790	73,244	56,234	41,756
Emissions from purchased electricity (tCO ₂ e)	78,163	69,933	72,946	76,637
Emissions intensity, per thousand ounces of total silver equivalent produced (CO ₂ e/k oz) ³	5,531	5,533	4.890	–

1 Includes data for the whole year for Ares, Arcata, Selene, Pallancata, San José and office locations and for the period from June to December 2015 for Inmaculada.

2 Restated following a review of underlying data.

3 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).