



PAN AMERICAN
— SILVER —

2019

Sustainability Report

EXECUTIVE
SUMMARY



CELEBRATING OUR SILVER JUBILEE:

25 years of responsible mining operations in the Americas

About Pan American Silver

Pan American Silver engages in mining precious metals and related activities, including exploration, mine development, extraction, processing, refining, and reclamation. The Company owns and operates silver and gold mines located in Mexico, Peru, Bolivia, Argentina, Guatemala and Canada. In addition, the Company is exploring new mineral deposits and opportunities throughout North and South America. Our vision is to be the world's premier silver producer, with a reputation for excellence in discovery, engineering, innovation, and sustainable development.

To execute our vision, Pan American Silver attracts, develops, and retains a sector-leading team of mining professionals. Our team has a depth of knowledge and experience in all aspects of our business, which enables us to confidently advance early stage projects through construction and into operation.

Our strategy to achieve this vision is to:

- Generate sustainable profits and superior returns on investments through the safe, efficient and environmentally sound development and operation of our assets.
- Constantly replace and grow our reserves and resources through targeted near-mine exploration and business development.
- Foster positive long-term relationships with our employees, shareholders, communities and local governments through open and honest communication and ethical and sustainable business practices.
- Continually search for opportunities to upgrade and improve the quality of our assets, both internally and through acquisition.
- Encourage our employees to be innovative, responsive and entrepreneurial throughout our entire organization.
- Creating sustainable value for stakeholders through operating in a responsible and ethical manner and applying sustainability best practices.

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INVESTORS // SAVE THE DATE

Pan American Silver

Responsible Investor
Conference Call:
A Conversation on ESG

September 14, 2020

Additional information
and webcast will be made
available at:
panamericansilver.com

President's Message

MICHAEL STEINMANN // PRESIDENT & CEO

It is imperative that we continue to strive for excellence by demonstrating sustainability leadership and exceeding stakeholder expectations.

Our focus in 2019 was the integration of the Tahoe assets into our portfolio, including instilling Pan American Silver's values and sustainability approach at the new operations. We have also been working to leverage synergies and share best practices, which are already contributing to performance improvements across the organization. I would like to thank both the Pan American Silver and Tahoe Resources teams for their efforts in making the transition successful.

During the year, we made significant efforts towards formalizing our approach to human rights. We implemented a new human rights policy and appointed a Human Rights Officer. We are also deepening our alignment with the Voluntary Principles on Security and Human Rights and UNICEF Canada's Child Rights and Security Checklist at operations using security forces. Our human rights policy also reinforces our commitment to building a diverse and inclusive workforce. Diversity makes us better, and we will continue to emphasize the importance of diversity and inclusivity at all our operations, including increasing the number of women in our workforce. In 2020, we will be piloting our Building Respect Together program with the intention of creating more respectful, safer, and sustainable work environments. The program will also include content to foster greater understanding and protection of, and respect for women's rights.

We believe responsible mining can provide important benefits to communities. Our host communities are stakeholders in our success, and we work with them to share the benefits of our operations and to create sustainable improvements in their quality of life. We are currently supporting 16 long-term socio-economic development programs in our host communities. Education is a focus in our programs, and we have helped more than 8,000 students acquire quality primary and post-secondary education.

Our human rights policy explicitly makes the connection between protection of the environment and human rights, and it commits us to take action toward reducing our water usage and reducing our emissions. We consider climate change to be one of the most important issues of our time. We are strengthening our



reporting on greenhouse gas emissions and our climate change mitigation efforts. In line with recommendations from the Task Force on Climate-Related Financial Disclosures, we also completed a review of the potential risks that climate change poses for our operations. And, we are investing in initiatives to make our host communities more resilient to climate change; our reforestation projects at Dolores and La Arena, with more than 360,000 trees planted during the year, are good examples of this.

Early in 2020, we find ourselves facing unprecedented challenges stemming from the COVID-19 pandemic. Our primary concern is the health and safety of our employees and contractors, and the communities, where they live and work. We are implementing all the necessary measures to protect our people and help in the global effort to reduce the impact of the pandemic. As a company, we remain flexible and we are adapting our business continuity plans as the situation evolves. The COVID-19 pandemic is a very disruptive, but transitory event and calls for socially responsible leadership. We are adhering to our core values, responding to the impacts of this event with sensitivity, patience, and resilience.

We enter 2020 with a well-diversified portfolio of assets, large reserves, a strong financial position, and a team of top talent. I recognize that with the recent growth of the Company, and the assets we have acquired, comes increased visibility and expectations around our ESG and operational performance.

Throughout our 25-year history, our people have been working to provide value to our stakeholders and contribute to the well-being of our host communities. I am thankful for their contributions and look forward to the future we are building together.

Chairman's Message

ROSS BEATTY // CHAIRMAN

Our long history of building and operating mines throughout Latin America is a testament to our success in managing a sustainable business.

Twenty-five years ago, I founded Pan American Silver with a simple mission: to become the world's best silver mining investment. I wanted to build a world-class mining company, providing solid returns to shareholders while creating value for all of our stakeholders. We always ask ourselves: how can we mine better? One way we achieve this is through honest and transparent dialogue. Communicating and working with our peers, communities, and the NGO community enables us to create better solutions from diverse views. It also helps us understand emerging issues and develop tools and technologies to improve our business. In late 2016, we joined our peers in the Mining Association of Canada and began work on implementing the Towards Sustainable Mining frameworks and protocols. Our participation in this process will help us implement leading social and environmental practices, as well as strengthen our health and safety programs. It is the collective efforts of all of those who work at Pan American Silver that enable us to maintain our stellar reputation - as a great silver mining company and a great leader in sustainability.



Materiality

Our materiality assessment helps us define and analyze the impacts of our business on our Communities of Interest (“COIs”) and enables us to more effectively manage our issues as well as identify goals and priorities for our sustainability planning and strategy.

In assessing materiality, we considered stakeholder expectations, importance to the mining industry, as well as Pan American Silver’s business priorities, management systems, and our ability to influence each topic. Our approach to managing material topics is through the sustainability management implementation system which connects to our core business strategy.

2019 Material Sustainability Topics

Community	Impacts on local communities Community investment and sustainable development Human rights
People	Health and safety Emergency preparedness and business continuity Employee attraction, retention, and development
Environment	Water Climate, energy, and greenhouse gas emissions Biodiversity and mine closure Tailings and waste management
Responsible business	Business ethics and anti-corruption

Sustainability Opportunities

One of the biggest opportunities for Pan American Silver going forward is to develop a more systematic approach to managing, measuring, and monitoring our sustainability objectives and sustainability risks. Pan American Silver has traditionally been a decentralized company with a strong sense of entrepreneurship. This structure has allowed operations to be responsive to local issues and to create successful context-specific sustainability programs and innovations. In the past year, we doubled our size and expanded geographically, so it is vital for us to implement systems that enable all of our operations to meet global sustainability standards and stakeholder expectations. This will help us manage risk, maintain credibility, and be successful in the long term.

Brent Bergeron,
*Senior Vice President,
Corporate Affairs and
Sustainability*

Sustainability Management and Integration

Our sustainability management implementation system provides us with a consistent approach to operating in an ethical and responsible manner in compliance with applicable laws and industry best practices. The system is designed to consider the external factors that affect our industry, including market uncertainties and increasingly demanding political, economic, environmental and social circumstances. We do not control these external factors but have developed an approach to help us navigate risk and deliver value to all Communities of Interest (COIs). Our corporate policies translate our vision and values into specific commitments, which we implement within our Sustainability Pillars.

Sustainability Management Implementation System

OUR PILLARS

Community Investment & Sustainable Development	→	Contributing to the social and economic well-being of local communities
Health & Safety	→	Protecting the health, safety and well-being of our employees, contractors
Human Rights	→	Respecting human rights and managing our potential impact on rights holders
Water	→	Managing the impacts of our activities on water quality and availability
Employee Attraction, Retention & Development	→	Creating the right conditions to attract, develop, and maintain a talented and engaged workforce
Climate & Energy	→	Minimizing our energy consumption and greenhouse gas emissions
Business Ethics & Anti-Corruption	→	Ensuring good corporate governance through ethical business practices and anti-corruption measures
Biodiversity & Mine Closure	→	Mine closure planning and biodiversity management to minimize negative impacts on the environment
Tailings & Waste	→	Responsible management of tailings facilities and waste

VISION
To be the world’s premier silver producer, with a reputation for excellence in discovery, engineering, innovation and sustainable development.

VALUES
Our values set the standard for how we operate as a business.
Operating in a responsible and ethical manner that complies with applicable laws, rules and regulations.
Providing a safe and healthy workplace for all of our employees and contractors.
Conducting our business affairs free from favouritism, fear, coercion, discrimination or harassment.
Providing full, fair, accurate, timely and understandable disclosure to all regulatory bodies, stakeholders and employees.

CODE OF CONDUCT
Our Global Code of Ethical Conduct sets out key principles and expectations for ethical business conduct in how we operate and interact each other and our Communities of Interest.

POLICIES
Our policies translate our values into specific commitments.

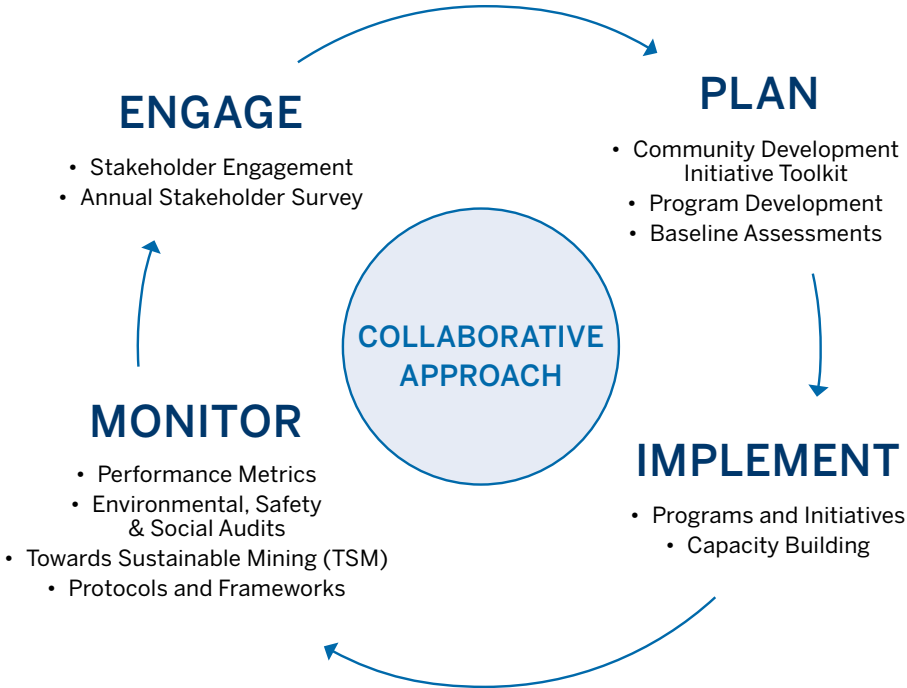
SYSTEMS
Our systems and standards incorporate best practices and provide consistent guidance to sites for managing our sustainability foundations.

PILLARS
Our focus is on managing performance in these areas: Community Investment & Sustainable Development; Health & Safety; Human Rights; Water; Employee Attraction, Retention & Development; Climate & Energy; Business Ethics & Anti-Corruption; Biodiversity & Mine Closure; Tailings & Waste

Sustainability Implementation Strategy

We use a modified plan-do-check-act cycle to ensure our programs and initiatives align with our vision and values, mitigate our impacts, and contribute to long-term sustainability in communities.

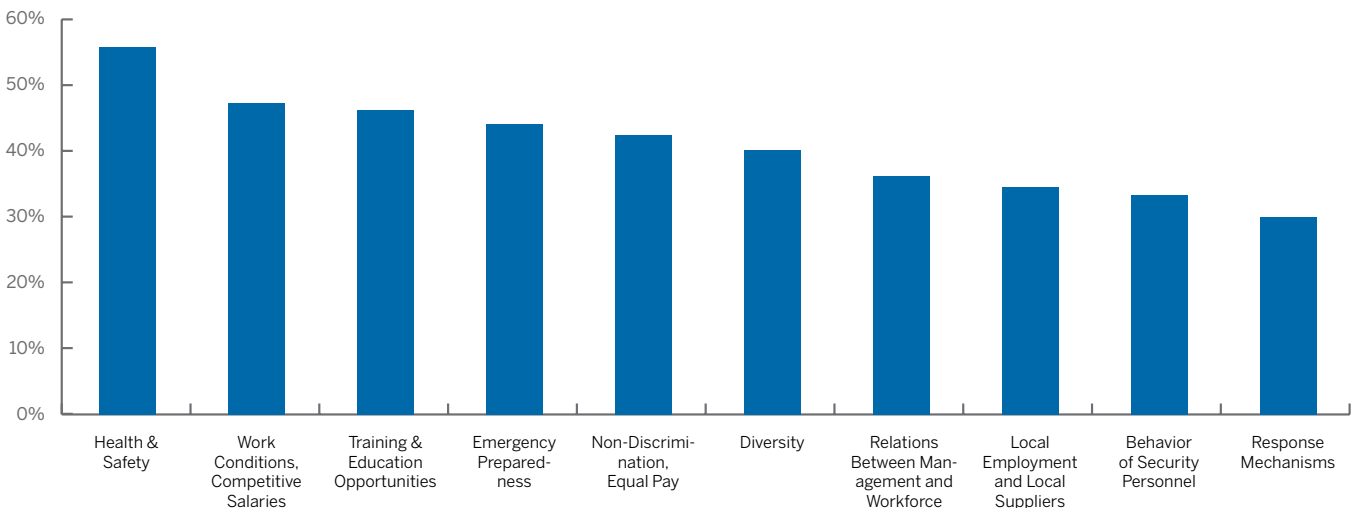
SUSTAINABILITY MANAGEMENT FRAMEWORK



Top 10 Sustainability Topics of Interest

Our COI survey forms the basis of our materiality assessment. It helps us define and analyze the impacts of our business on COIs. By listening, we learn about the issues they see as important, which enables us to adjust the way we work to more effectively manage these issues. It also allows us to align our goals and priorities with those of our COIs. This process both strengthens our relationships with COIs and makes us a better company. Other factors considered in our materiality assessment include global trends, significance of a topic to the mining industry, Pan American Silver’s business priorities, and our ability to influence the topic.

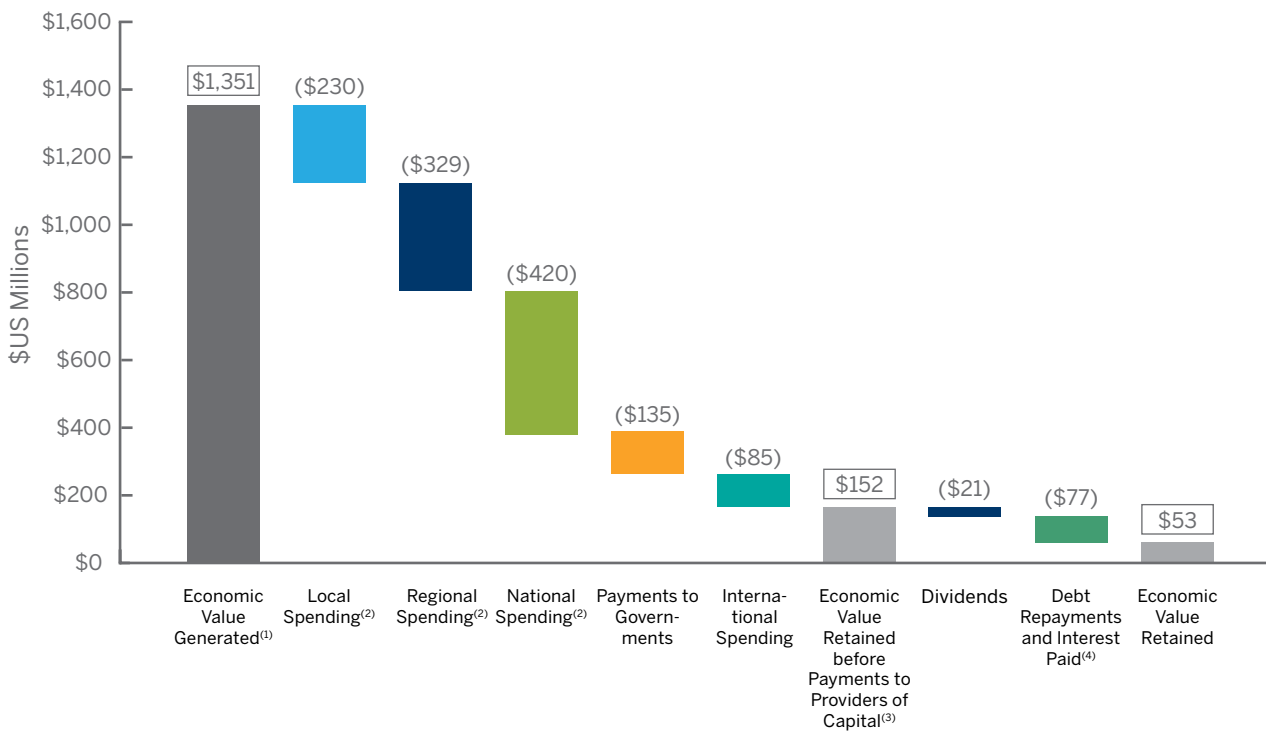
TOP 10 SUSTAINABILITY TOPICS OF IMPORTANCE TO STAKEHOLDERS



Our Company at a Glance

Pan American Silver is determined to conduct its business in a responsible and sustainable manner. We do this by adhering to our core values of caring for the environment in which we operate, contributing to the long-term development of our host communities, ensuring safe and secure workplaces for our employees, partnering with our employees, local communities and government, and operating transparently.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED



(1) Based on 2019 accrued revenue as per annual Financial Statements for fiscal 2019, dated March 12, 2020. Financial metrics for Shahuindo, La Arena and Timmins are as of the acquisition date, February 22, 2019.

(2) Local refers to the expenditures in communities within the direct area of influence. Regional captures expenditures in the indirect areas of influence within surrounding regions. National includes all other areas within a country that are excluded from either local or regional. Local, regional and national expenditures include wages, supplies and services, and community investments.

(3) This is the economic value retained by the company after expenditures from mining activities, but prior to distributions to providers of capital (shareholders and debtholders). Expenditures from mining activities include production costs, royalties, general and administrative expenditures, exploration and project development, mine care and maintenance, income taxes paid, payments for mineral properties, plant and equipment and payment of lease obligations as described in the annual Financial Statements for fiscal 2019, dated March 12, 2020. Production costs exclude purchase price allocation inventory fair value adjustments and NRV inventory adjustments.

(4) Excludes \$335M drawn from our revolving credit facility for the acquisition of Tahoe, and \$125M paid to cancel Tahoe's revolving credit facility.

Corporate Office

- Mining Operations
- Development and Advanced Stage Exploration Projects

Bell Creek
Timmins West

NORTH AMERICA

SOUTH AMERICA

TIMMINS WEST & BELL CREEK⁽¹⁾

Location: Canada
Ownership: 100%
Mine Type: Underground
Gold Production: 143.8 koz
Employees: 750

DOLORES

Location: Mexico
Ownership: 100%
Mine Type: Open Pit/Underground
Silver Production: 5.1 Moz
Gold Production: 117.6 koz
Employees: 1,615

LA COLORADA

Location: Mexico
Ownership: 100%
Mine Type: Underground
Silver Production: 8.2 Moz
Employees: 1,022

SHAHUINDO⁽¹⁾

Location: Peru
Ownership: 100%
Mine Type: Open Pit
Gold Production: 145.4 koz
Employees: 2,159

LA ARENA⁽¹⁾

Location: Peru
Ownership: 100%
Mine Type: Open Pit
Gold Production: 122.5 koz
Employees: 1,291

Dolores

La Colorada
Skarn Deposit

Escobal

HUARON

Location: Peru
Ownership: 100%
Mine Type: Underground
Silver Production: 3.8 Moz
Employees: 1,517

MOROCOCHA⁽²⁾

Location: Peru
Ownership: 92.3%
Mine Type: Underground
Silver Production: 2.5 Moz
Employees: 1,422

SAN VICENTE⁽³⁾

Location: Bolivia
Ownership: 95%
Mine Type: Underground
Silver Production: 3.5 Moz
Employees: 640

MANANTIAL ESPEJO / COSE / JOAQUIN

Location: Argentina
Ownership: 100%
Mine Type: Underground
Silver Production: 2.6 Moz
Gold Production: 22.4 koz
Employees: 773

Shahuindo
La Arena
Huaron
Morococha

San Vicente

COSE

Navidad

Joaquin
Manantial Espejo

(1) Reflects production results subsequent to the February 22, 2019, closing date of the acquisition of Tahoe Resources Inc., as described in the "Acquisition of Tahoe" section of Pan American Silver's management's discussion and analysis (MD&A) for the period ended December 31, 2019.
(2) Morococha data represents Pan American Silver's 92.3% interest in the mine's production.
(3) San Vicente data represents Pan American Silver's 95.0% interest in the mine's production.

Our Goals and Performance

2019 Goals	2019 Results	2019 Performance	2020 Goals
Operations and Safety			
Achieve zero fatalities	✗	Despite meaningful efforts to enhance safety programs throughout the organization, we regrettably incurred two fatalities at our mines.	Achieve zero fatalities
Achieve a lost time injury frequency (LTIF) of 1.5 or less	✓	LTIF rate 1.04	Maintain LTIF of 1.1 or better
Achieve a lost time injury severity (LTIS) of 600 or less	✓	LTIS rate 481	Maintain LTIS of 565 or better
Social			
Achieve zero significant social conflicts at our operations through engagement, resolving grievances, and social auditing	✓	We achieved zero significant social conflicts at our operations in 2019. ⁽¹⁾	Achieve zero social conflicts at our operations through engagement, resolving grievances, and social auditing
Continue to expand our community engagement activities through greater participation in our corporate survey and more in-depth engagement in our CSR projects	✓	We increased COI participation in our annual survey from 645 in 2018 to 1146 in 2019. Our Peruvian sites updated their baseline with participation of the communities. With participation of the families in the mining camp, our team at San Vicente designed a program to improve hygiene, sanitation practices, and living conditions.	Continue to expand our community engagement activities through greater participation in our corporate survey and more in-depth engagement in our CSR projects
Improve access to quality education in the communities near our mines	✓	Our team at Dolores worked with the community of Arroyo Amplio to encourage the return of essential services to the community, who had left due to local security incidents unrelated to the mine.	Improve access to quality education in the communities near our mines
Improve access to health care in the communities near our mines	✓	We continued with our health campaigns and added special campaigns at San Vicente on AIDS and Human papillomavirus protection. We ran health campaigns in La Colorada COIs.	Improve access to health care in the communities near our mines
Develop additional alternative economic opportunities in communities near our mine	✓	We are developing a program around alpaca breeding that will involve 500 producers compared to only 50 in the previous program. We extended the local vegetable production through the greenhouse program in Bolivia until 2020.	Develop additional alternative economic opportunities in communities near our mines

(1) Prior to our acquisition of Tahoe Resources, the Escobal's operation's mining license had been suspended pending the completion of an International Labour Organization (ILO) 169 consultation process mandated by the Constitutional Court of Guatemala. The mine is presently on care and maintenance pending the completion of the consultation. For further discussion, please see the Escobal section in our full Sustainability Report.

2019 Goals	2019 Results	2019 Performance	2020 Goals
People			
Conduct annual Leadership Development Program workshops involving leaders from all operations.	✓	We conducted our Leadership Development Program. We initiated behaviour-based safety programs, and supported learning exchanges between operations.	Conduct on-site leadership skills programs at all our operations.
Conduct “fast track” train-the-trainers leadership program at our newly-acquired Tahoe operations			Conduct safety behavior training programs and facilitate the exchange of learning between operations.
Inclusion and diversity by percentage of women in new hires and promotions by 20%	✗	15.28%	Inclusion and diversity by percentage of women in new hires and promotions by 15%
Environment			
Achieve zero significant environmental incidents (SEIs) at our operations	✓	Zero SEI's at our operations	Achieve zero SEIs at our operations
Improve on annual environmental audit performance	✓	Improved audit performance at Manantial Espejo by reducing the severity of non-conformances compared to prior audit.	Improve on bi-annual environmental audit performance
Reduce water use compared to business as usual by implementing well-designed projects at our operations	✓	Reduced water use from external sources at San Vicente mine through increased use of effluent from the mine water treatment plant for mineral processing. Increased water recycling at our Morococha mine and reduced water use intensity for mineral processing. Implemented improved water accounting and management in our Peruvian and Mexican operations	Reduce water use compared to business as usual by implementing improved project design at our operations
Substantially complete active physical reclamation activities at Alamo Dorado and conduct interim reclamation projects at our active operations	✓	Successfully transitioned Alamo Dorado to post-closure with ongoing monitoring and maintenance activities. Completed progressive closure activities at our Peruvian and Mexican operations on schedule.	Continue post-closure activities at Alamo Dorado and conduct interim reclamation projects at our active operations
Reduce hazardous and non-hazardous waste generation at our operations compared to business as usual	✓	Hazardous waste generation at silver segment* operations decreased by 25% compared to 2018 and recycling of hazardous waste increased. Non-hazardous waste generation reduced by 21% at silver segment operations, influenced by Alamo Dorado.	Reduce hazardous and nonhazardous waste generation at our operations compared to business as usual
Implement projects that can potentially reduce energy use at our operations compared to business as usual	✓	We implemented projects to: improve ventilation, pumping and grinding mills at Bell Creek; install LED lighting at La Colorada; improve diesel power plant efficiency at Manantial Espejo; and optimize the use of ventilation fans at San Vicente, which reduced energy consumption compared to business as usual.	Implement projects to reduce energy use at our operations compared to business as usual
Implement projects that can potentially reduce greenhouse gas emissions at our operations compared to business as usual	✓	Connection of the Shahuindo mine to the national grid reduced greenhouse gas emissions from that operation. Energy projects contributed reductions in greenhouse gas emissions relative in 2019.	Implement projects to reduce greenhouse gas emissions at our operations compared to business as usual
Complete self-assessments under the Mining Association of Canada (MAC) Towards Sustainable Mining (TSM) program and develop action plans for each operation to achieve “A” level compliance by 2020	✓	All silver segment mines continue to implement action plans to achieve level A in 2020 and gold segment mines are on track to meet the goal in 2022.	Achieve A Level TSM performance in 2020 at silver segment operations. Achieve A level by 2022 or earlier at gold segment operations

Communities

Fostering positive long-term relationships with local communities is a key component of our business strategy. We pursue it through open and honest communication and ethical and sustainable business practices. Our aim is to support host communities during the lifespan of our mine and create a positive legacy.

Early and ongoing community engagement and meaningful dialogue form the foundation of our approach to better understanding the actual, potential, and perceived impacts of our activities on and building trust with host communities. We have adopted formal policies, procedures, and industry best practices to manage our impacts and contribute to the social and economic development of these communities. Each country and community in which we operate has a distinct culture and social context. While our management framework provides a consistent methodology for measuring and tracking social impacts and our corporate social responsibility (CSR) performance across our mines, it also offers the flexibility needed to tailor our approach to the particular circumstances of each operation.

Socio-economic Development Programs

Following our acquisition of Tahoe Resources, we conducted a review of our community investment and sustainable development programs with the objective that every program:

- addresses community needs and interests
- is implemented with the acceptance and involvement of the community
- is appropriate to the local social context
- considers mine closure
- incorporates key performance indicators

Local Economic Development Projects

Our local economic development projects include:

- Nutritional Greenhouse Program, Bolivia – provided supplies, training, and capacity building to 436 community members from 11 local communities for sustainable food production, access to fresh produce, and improved family nutrition.
- Passion Fruit Project, Peru – provided 73 passion fruit producers with training on efficient irrigation techniques to improve passion fruit production in Shahuindo. This program indirectly supported 272 community members.
- Guinea Pig Program, Peru – constructed sheds and provided technical assistance to 394 local producers and their families to increase guinea pig production in Chungales, Raumate, La Arena and La Unión.



95

COMMUNITIES AND
INDIGENOUS GROUPS THAT
BENEFIT FROM OUR SOCIO-
ECONOMIC PROGRAMS
DIRECTLY OR INDIRECTLY



2,368

FAMILIES BENEFITED FROM
OUR INFRASTRUCTURE
INVESTMENTS



8,778

PEOPLE RECEIVED
MEDICAL ATTENTION

Education

Our education programs include:

- Child and adult literacy and education programs
- Scholarship programs for university students
- Support for or payment of teachers' wages
- Career counselling for secondary students

In 2019, we provided university scholarships for 196 students in the countries where we operate. In total, our programs provided direct and indirect support to 8,277 students.

Health

Our health programs include:

- Health campaigns that provide training and education on issues such as nutrition and hygiene and health services such as dental check-ups and vaccinations
- Funding for doctors and health care practitioners
- Provision of medical care in communities with limited or no access

Infrastructure and Services Investments

In 2019, our infrastructure initiatives included:

- Construction of a bridge in Chuquibamba in Shahuindo
- Construction of one Health Unit in La Arena community
- Rehabilitation of school facilities in Orion, Las Tapia and La Colorada
- Rehabilitation of school facilities in Moyan Alto, Moyan Bajo, La Fila, Huajo, Chorobamba and Malcas near our Shahuindo mine
- Construction of river flood defence works for six communities near our Shahuindo mine

Local Hiring and Procurement

In 2019, 99% of our employees were nationals of the country where the mine is located.

In 2019, 48% of goods and services were provided by local or regional suppliers. Our mines currently provide support for 558 small businesses.

Key goods and services sourced locally include:

- Materials for road construction
- Machinery and small parts
- Food and catering services
- Maintenance services
- Earthmoving equipment for road maintenance and smaller construction projects

Where local suppliers cannot meet our needs or business standards, we invest in their capacity by offering programs and support focused on:

- Business skills, such as accounting and bookkeeping
- Bidding processes
- Pan American Silver's business standards and expectations
- Health and safety training for contractors
- Health and addiction workshops

Early and ongoing community engagement and meaningful dialogue form the foundation of our approach to better understanding the actual, potential, and perceived impacts of our activities on and building trust with host communities.

Human Rights

Why are human rights important?

Human rights are the foundation of sustainability. All companies have a responsibility to respect international human rights standards. This means not infringing on human rights and addressing adverse human rights impacts that they cause or contribute to, or that are directly linked to their operations, products or services. Largely due to the often remote location and nature of their operations, mining companies have a potential to impact human rights, particularly those of vulnerable populations or Indigenous peoples.

Consequently, human rights have become increasingly important within the mining sector and industry groups such as the Mining Association of Canada (MAC), of which Pan American Silver is a member, have worked to align with global human rights objectives. The work we do affects the lives of the communities we engage with. It is paramount not only that we take steps to understand the linkages between impacts of our activities and human rights, but also that we progressively implement proper measures to manage these impacts appropriately.

In 2019, Pan American Silver adopted the Global Human Rights Policy that is based on the three pillars of the United Nations Guiding Principles on Business and Human Rights⁽¹⁾ and the OECD Guidelines for Multinational Enterprises.

We are committed to respecting international human rights conventions and best practices, including:

- OECD Guidelines for Multinational Enterprises
- Towards Sustainable Mining (TSM): Aboriginal and Community Outreach Protocol
- Towards Sustainable Mining (TSM): Prevention of Child and Forced Labour Verification Protocol
- United Nations Children's Fund (UNICEF) Canada Child Rights and Security Checklist
- United Nations Children's Fund Convention on the Rights of the Child
- United Nations Guiding Principles on Business and Human Rights
- United Nations Universal Declaration on Human Rights

(1) The three pillars of the United Nations Guiding Principles on Business and Human Rights are: the State duty to protect human rights (Pillar I); the corporate responsibility to respect human rights (Pillar II); and access to remedy for victims of human rights abuses (Pillar III).

Engaging with Indigenous People

Pan American Silver recognizes and respects the rights, cultures, heritage and interests of Indigenous Peoples. We are committed to building and maintaining positive relationships with Indigenous groups through on-going engagement and identification of mutually beneficial opportunities. One way in which we do this is by fulfilling our obligations under the Impact Benefit Agreements (IBAs) that we have with the First Nation communities near our two Timmins mines.

On-going engagement

We believe that meaningful engagement with local First Nations offers the greatest potential for building positive, long-term, and mutually beneficial relationships with Indigenous Peoples. It also helps us understand and contribute to their goals.

Local hiring

Pan American Silver emphasizes local hiring of trained and qualified candidates. Across all operations in Timmins, approximately 8% of employees currently self-identify as being of Indigenous descent. There are initiatives in place to increase the Indigenous workforce within our organization.

Environmental stewardship

We provide financial support to our First Nations partners for their community projects.



People

People are Pan American Silver's most important asset. We consider our workforce as a partner in sustainability, as they play a central role in helping us create value for COIs.

Our people provide the intelligence, the ideas and the energy that drive our operating and financial performance and inspire our continued progress in sustainable development.

Health and Safety

Safety Performance

We continuously work to reduce serious injuries and improve our safety performance. We are proud of the safety achievement at our La Colorada mine, where over 2.2 million hours have been worked without a lost time injury. We also congratulate the employees and contractors at our Dolores mine as their excellent safety performance during 2019 resulted in Dolores being selected as the recipient for Pan American Silver's Chairman's Safety Award.

Through the acquisition of Tahoe Resources in 2019, we added four new operations to our Company and nearly doubled our workforce increasing our total numbers of hours worked by over 60% when compared to the previous year. During the year, we focused on integrating these operations into Pan American Silver's safety and reporting systems.

SAFETY PERFORMANCE ⁽¹⁾

	LTIF ⁽²⁾	LTIS ⁽³⁾
2014	1.14	357
2015	1.09	1,757
2016	0.74	373
2017	1.26	771
2018	1.41	723
2019	1.04	481

(1) Safety data includes employees and contractors at operating mines, and active development and exploration projects.

(2) Lost time injury frequency is calculated as the number of lost time injuries, including fatalities, in the exposure period multiplied by 1 million hours and divided by the total number of hours worked in that period.

(3) Lost time injury severity is calculated as the number of workdays lost due to lost time injuries multiplied by 1 million and divided by the total exposure hours. We count 6,000 lost workdays in the event of a fatal accident.



Emergency Preparedness and Crisis Management

In 2019, we focused on improving our crisis management systems by:

- Aligning site-level emergency response and crisis management plans with TSM protocols
- Training of management teams on emergency preparedness and crisis management
- Improving our approach to business continuity by appointing a business continuity champion for each country of operation

Merging our People

We acquired Tahoe Resources in 2019 and increased our workforce by 41%. When we began to consolidate our assets and workforce, turnover was inevitable. Our objective was to maximize the value of each mine site over its lifespan by retaining the best talent from both companies and optimizing and streamlining teams. To manage this transition, we worked extensively with senior management to understand the needs and challenges of each operation and designed a fit-for-purpose organizational structure. Based on this information, we created an objective and transparent methodology for role evaluations and interviewed individuals for existing positions. Through this process, we were able to get the right people in each position and manage employee uncertainty that could have led to the loss of both talent and productivity.

Another focus for us was the integration of employees from Tahoe Resources into our management teams and culture. This meant providing educating site leaders and supervisors on the Pan American Silver values and instilling an understanding of what it means to be a Pan American Silver employee. All of our employees are ambassadors of our values. Therefore, it is important to us that our leaders communicate these values to the site-level workforce and model these values through decision making and interactions with stakeholders.

“Pan American Silver’s greatest strength has always been its people. The acquisition of Tahoe Resources has given us access to new depths of talent, competence, and expertise.”

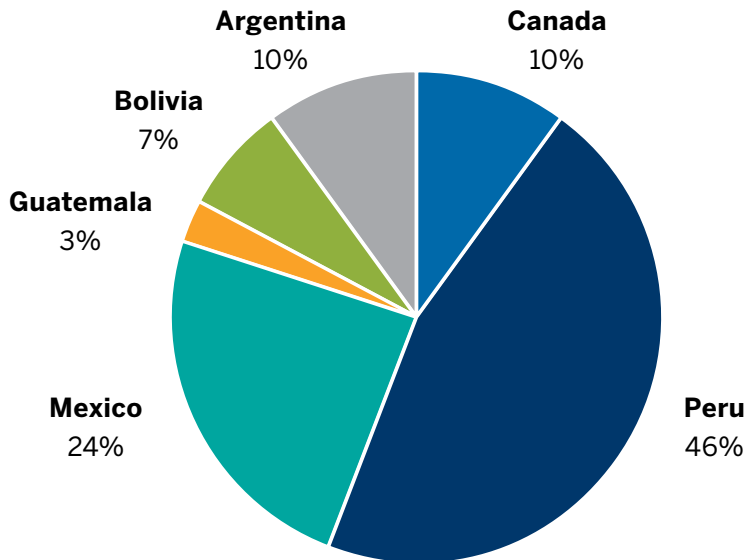
– Steve Busby, Chief Operating Officer



1,065,088

HOURS OF SAFETY
TRAINING IN 2019

PERCENTAGE OF EMPLOYEES BY NATIONALITY⁽¹⁾



(1) Includes only permanent employees.

Respectful Workplaces

We believe that a diverse workforce makes us stronger. We want our workforce to represent the diversity of the communities in which we operate. This means creating the right conditions to attract and retain a diverse workforce.

Gender diversity

Across the organization we increased our emphasis on the recruitment, retention, and promotion of women, with the objective of increasing the number of new hires and promotions filled by women. We undertook a review of the capacity and skills of our female employees. This initiative resulted in an increase in the number of women in management roles in Peru, Mexico and Argentina, promotions for 30% of the women in our Lima office, and increased participation of women in our LDP.



Environment

Environmental stewardship and responsible management of the Earth's finite natural resources are among our founding principles and company vision.

Silver and the other metals we produce make important contributions to reducing global carbon emissions and other environmental impacts, and we implement projects to maximise the energy and water efficiency of our activities. We work to continually improve the environmental performance of our operating mines and minimize the potential impacts of new projects and closed mines.

Why is water important?

Access to clean water is a basic human right and essential for health, agriculture, and other industries in the communities near our operations. Maintaining environmental water flows in certain streams and aquifers is required to protect ecosystems. Water is also a necessary input for mining processes and in some cases groundwater must be extracted to allow safe mining of deeper ore bodies. Mining has the potential to affect both local water quality and quantity. In recent years, the mining industry has emphasized a need to move from traditional site-focused water management to a more holistic water stewardship approach in dialogue with COIs. For Pan American Silver, effective water stewardship is essential to developing access to valuable resources, protecting shared resources, respecting the rights of other water users, and avoiding impacts that may occur within and beyond our operating boundaries.



25%

DECREASED OUR
NON-RECYCLABLE
HAZARDOUS WASTE
GENERATION AT SILVER
SEGMENT OPERATIONS



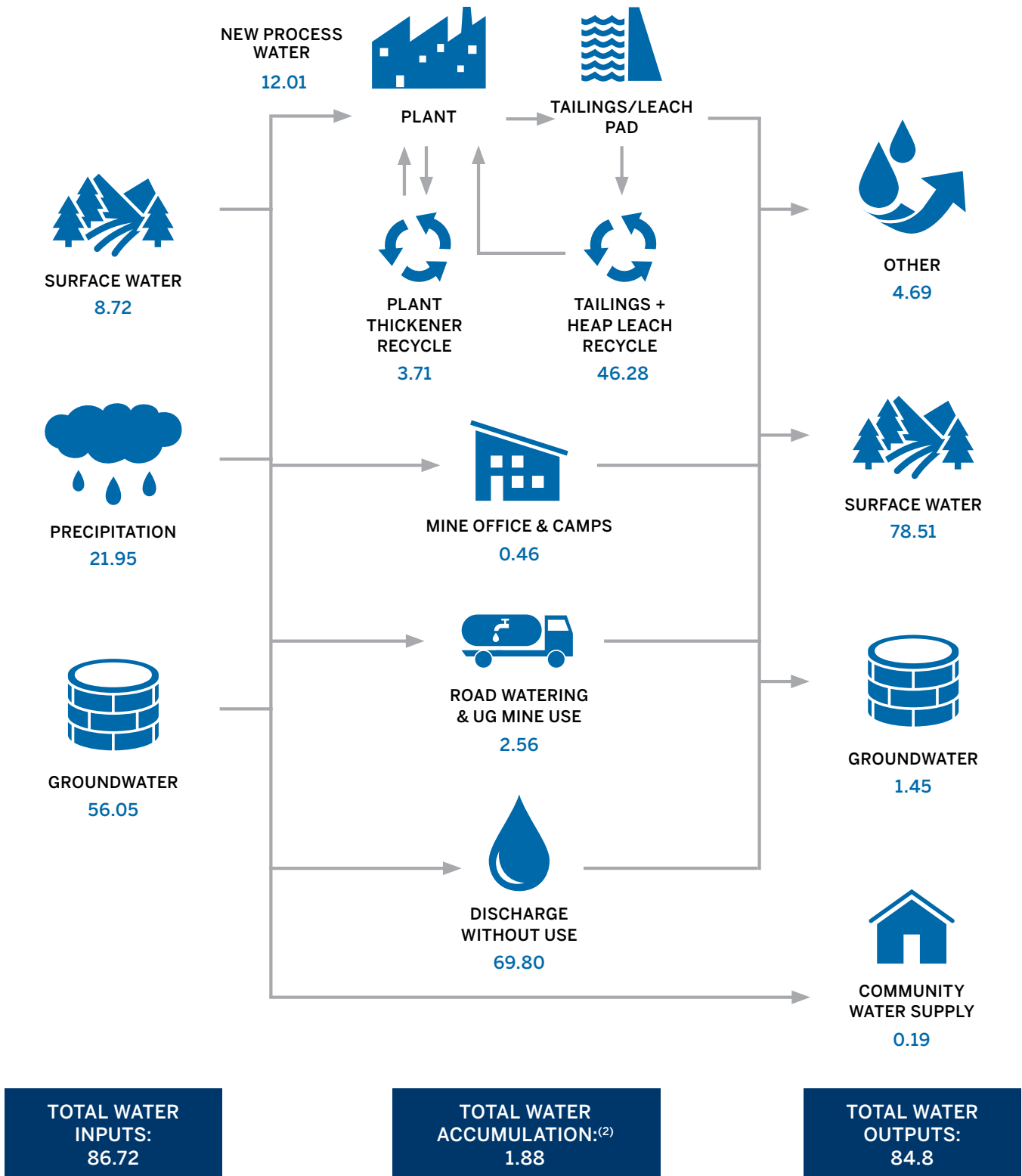
ZERO

SIGNIFICANT
ENVIRONMENTAL INCIDENTS
AT OUR OPERATIONS



2019 COMPANY-WIDE WATER BALANCE

(Million m³)



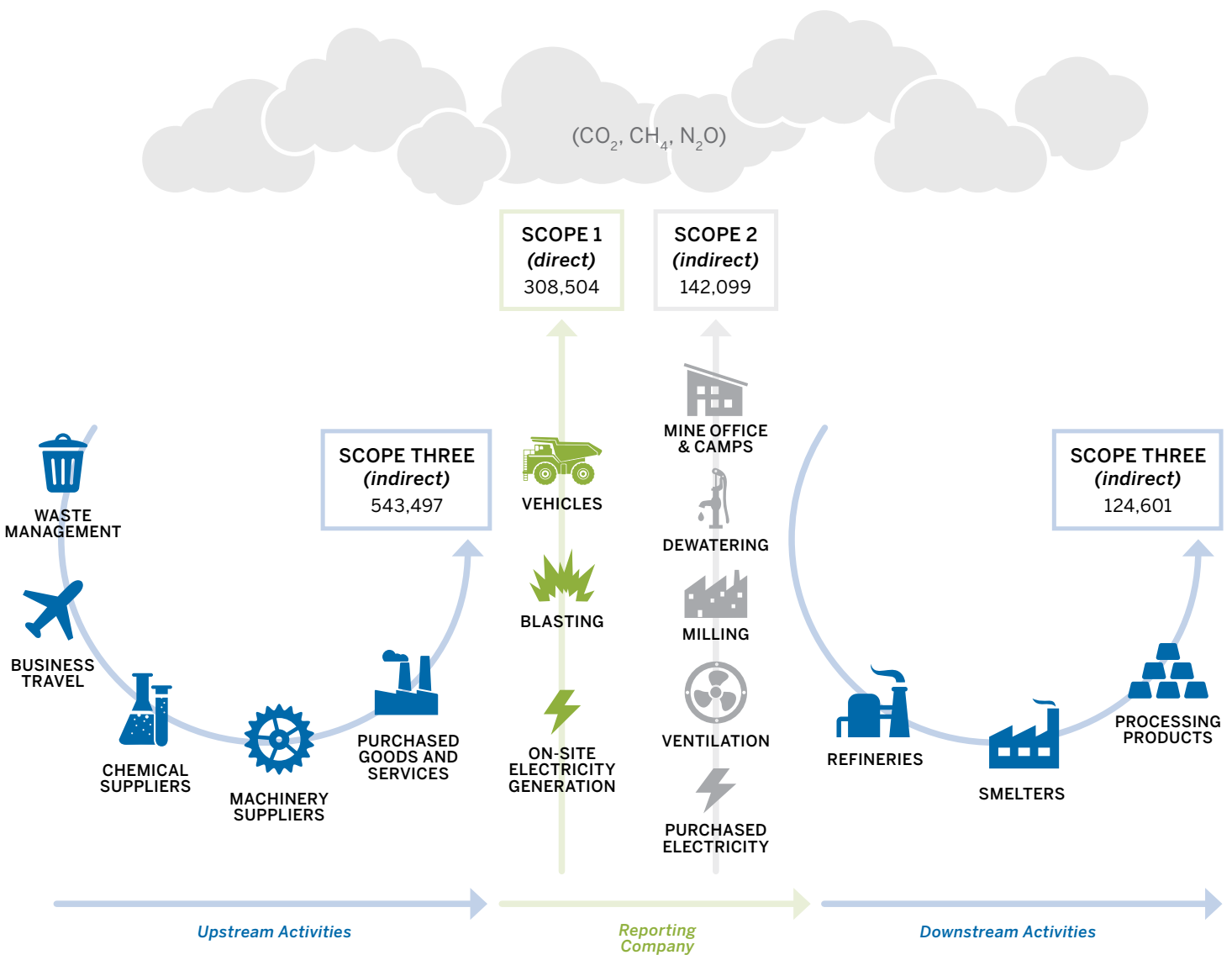
(1) As defined in 'A Practical Guide to Consistent Water Reporting', International Council on Mining and Metals (2017).
 (2) Reflects additional accumulated/collected in water reservoirs and heap leach pads.

Why are climate, energy, and GHG emissions important?

Climate change is one of the biggest challenges currently facing the global community. Mining is an energy-intensive industry. Mines consume energy through extraction, processing, and transportation of products. Energy use, particularly through fuel combustion and electricity consumption, causes direct and indirect GHG emissions, which contribute to climate change. COI expectations around climate action in the mining industry include reducing the carbon footprint and responding to potential climate-related risks. For Pan American Silver, reducing emissions and energy use provides us with cost savings and environmental benefits beyond our operating boundaries, and contributes to the global response to climate change.

We formed a Climate Change Committee with senior management in 2019 to oversee implementation of the TCFD recommendations and our commitments to the World Economic Forum's CEO Climate Leaders Alliance. We continually search for ways to improve energy efficiency at our operations and development projects.

SCOPE 1, 2, AND 3 GREENHOUSE GAS EMISSIONS



The Role of Silver in the Low Carbon Economy

Silver will play an increasingly important role in the energy transition away from fossil fuels. Silver paste is a key ingredient of photovoltaic cells used in solar panels. Transparent silver-coated windows and silver-coated polyester sheets used to retrofit windows reflect the sun's rays and significantly reduce cooling costs and energy usage.

Silver production enables a viable solar energy industry, which contributes to avoiding a large amount of fossil fuel carbon emissions. We estimated the 2019 fossil fuel carbon emissions avoided that can be attributed to silver as a component in solar panels and found that the annual emissions avoided are greater than the total emissions generated by other end uses (jewelry, bars and coins, electronics, and brazing alloys).⁽¹⁾ We are working with the Silver Institute to improve general understanding of silver's unique role in low-carbon energy solutions.

Silver is clearly a key part of the solution to climate change and reducing global carbon emissions. However, the carbon benefits generated by our product do not in any way reduce our commitment and obligation to minimize the direct and indirect carbon footprint of our activities. We will continue to build and adapt our climate strategy over time to contribute to achieving the goals of the Paris agreement, net zero emissions, and a sustainable low carbon economy.

“Silver plays a crucial role in an electrified and low-carbon future, and the members of the Silver Institute are providing the metal needed to achieve society’s goals for renewable energy production through solar panels and other sustainable technologies.”

- Michael Steinmann



(1) Our calculation is a comparative analysis using attributable methods based on a World Resources Institute 2019 Working Paper “Estimating and reporting the comparative emissions impacts of products”.

Why are biodiversity and mine closure important?

Mining activities require the development of infrastructure, which alters the natural features of the local landscape. Open pit mines, processing plants, mine waste rock facilities, ancillary facilities, supporting infrastructure construction and roads can damage habitat, impact individual species, and affect overall ecosystem health. Mines have finite lifespans, and mining companies are responsible for managing their impacts not only during mine operations, but also after mine closure. This means restoring land to a beneficial state and ensuring no health and safety risks remain from the mining wastes, equipment, and infrastructure left behind. At Pan American Silver, our desire to leave a positive beneficial legacy in our host communities means that we engage local communities and governments in planning mine closure before a mine is in operation.

Why are tailings and waste management important?

Mining operations generate waste rock (non-economic material) that can be in the form of open pits, underground portals and shafts, waste rock dumps, processed ore piles, tailings or sludges. Tailings dam failures in other parts of the world have demonstrated the potential for damage to communities, employees, and the environment. As a result, safe management of tailings facilities is a global priority for the mining industry, as well as governments, insurers, and investors. Mining processes also generate hazardous and non-hazardous waste materials, such as solvents and scrap metal. Pan American Silver works hard to ensure stable and long-term management of tailings and other mining wastes, as well as proper waste management and disposal. Both are imperative to maintaining community and environmental health, and essential to our social acceptance.

In response to the Investor Mining and Tailings Safety Initiative conducted during 2019, we have provided additional information on our tailing facilities for the Public Tailings Facility Database which is updated periodically.

Hydroseeding for reclamation of waste rock dumps at Manantial Espejo.



Please visit our 2019 Sustainability Report website at:
www.panamericansilver.com/sustainabilityreport2019

We welcome any feedback related to this report. Please direct your comments or questions to Brent Bergeron, Senior Vice President of Corporate Affairs and Sustainability, or Monica Moretto, Vice President of Social Sustainability, Inclusion and Diversity, at:
csr@panamericansilver.com.

Forward-Looking Statements and Information

This document contains “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, and “forward-looking information” within the meaning of applicable Canadian provincial securities laws. All statements, other than statements of historical fact, are forward-looking statements or forward-looking information. Forward-looking statements or information in this document relate to, among other things: the duration or extent of the suspensions or voluntary reduction of activities at our operations, and the effect that any such reductions or suspensions may have on our operations; timing or achievement of future goals, programs, and related disclosure with respect to our operations, development, safety and diversity initiatives for our employees, investments in sustainable development, and environmental management, including with respect to water management, greenhouse gas emissions, climate change mitigation, and rehabilitation.

These forward-looking statements and information reflect the current views of Pan American Silver with respect to future events and are necessarily based upon a number of assumptions that, while considered reasonable by Pan American Silver, are inherently subject to significant operational, business, economic and regulatory uncertainties and contingencies, and such uncertainty generally increases with longer-term forecasts and outlook. These assumptions include: COVID-19 is managed and the duration and extent of the coronavirus pandemic is minimized or not long-term; our ability to complete goals and initiatives in, among other things, sustainable development, stakeholder engagement, environmental management, and mitigation of climate change; tonnage of ore to be mined and processed; ore grades and recoveries; prices for silver, gold and base metals remaining as estimated; currency exchange rates remaining as estimated; availability of funds for Pan American Silver’s projects and future cash requirements; capital, decommissioning and reclamation estimates; prices for energy inputs, labour, materials, supplies and services (including transportation); no labour-related disruptions at any of our operations; no unplanned delays or interruptions in scheduled production; all necessary permits, licenses and regulatory approvals for our operations are received in a timely manner; our ability to secure and maintain title and ownership to properties and the surface rights necessary for our operations; and our ability to comply with environmental, health and safety laws. The foregoing list of assumptions is not exhaustive.

Forward-looking statements and information involve many known and unknown risks, uncertainties and other factors that could cause actual results or performance to be materially different from the results or performance that are or may be expressed or implied by such forward-looking statements or information, including, but not limited to, factors, such as: the duration and effects of COVID-19 and any other pandemics on our operations and workforce; metal price fluctuations, fluctuation in the costs of energy, labour, materials and other inputs, fluctuations in currency markets and exchange rates, operational risks and hazards inherent with the business of mining (including environmental accidents and hazards, industrial accidents, equipment breakdown, unusual or unexpected geological or structural formations, cave-ins, flooding and severe weather); risks relating to the credit worthiness or financial condition of suppliers, refiners and other parties with whom Pan American Silver does business; inadequate insurance, or inability to obtain insurance, to cover these risks and hazards; employee relations; relationships with, and claims by, local communities and indigenous populations; our ability to obtain all necessary permits, licenses and regulatory approvals in a timely manner; changes in laws, regulations and government practices in the jurisdictions where we operate, including environmental, export and import laws and regulations; changes in national and local government, legislation, taxation, controls or regulations and political, legal or economic developments in Canada, the United States, Mexico, Peru, Argentina, Bolivia, Guatemala or other countries where Pan American Silver may carry on business, including legal restrictions relating to mining, including those in Chubut, Argentina, risks relating to expropriation, and risks relating to the constitutional court-mandated ILO 169 consultation process in Guatemala, and those factors identified under the heading “Risks Related to Our Business” in Pan American Silver’s most recent Form 40-F and Annual Information Form filed with the U.S. Securities and Exchange Commission and with Canadian provincial securities regulatory authorities, respectively. Pan American Silver has attempted to identify important factors, but there may be other factors that cause results not to be as anticipated, estimated, intended or described. Investors are cautioned against attributing undue certainty or reliance on forward-looking statements and information. Pan American Silver does not intend, nor assume, any obligation to update or revise forward-looking statements and information except to the extent required by applicable law.