

SOCIO-ECONOMIC CONTRIBUTIONS

OUR MANAGEMENT APPROACH

We invest in local communities near our operations to promote sustainable development. We establish participatory processes to identify socio-economic development programs and investments that can provide long-term benefits beyond the life of the mine. Our community investment programs are designed in close partnership with local communities and guided by collaborative processes.

These initiatives include comprehensive baseline studies, surveys, and formal consultation processes. Our programs are directed towards the priorities identified by local communities within Pan American Silver pillars and standards. We closely monitor the effectiveness of our programs and provide space for adjustments and improvements based on each community's needs and priorities. We also generate economic benefits directly in host countries and communities through wages, local procurement, education, training, taxes and royalties paid to governments, and infrastructure improvements.

Policies

- [Social Sustainability Policy](#)
- [Global Human Rights Policy](#)
- [Inclusion & Diversity Policy](#)
- [Global Anti-Corruption Policy](#)

Standards and Guidelines

- The Community Development Initiative (CDI) Toolkit guides the development and implementation of our socio-economic development programs, as well as their impact assessment.

Plans, Programs, and Initiatives

- Participatory processes such as baseline assessments conducted jointly with communities

help us understand the existing social context, our operations' actual and potential impacts, and community needs and interests. This collaborative process with our local partners enables us to identify opportunities for long-term investment. Baseline assessments are updated when designing new programs or initiatives with Communities of Interest (COIs).⁽¹⁾

- Our socio-economic development programs are intended to (a) address clearly identified community needs and interests, (b) be developed and implemented in partnership with the community and key development organizations, including local and regional governments, (c) be relevant to the local social and cultural context, (d) consider key environmental concerns including water access and climate change, (e) include key performance indicators to measure progress, (f) align with our priority Sustainable Development Goals (SDGs), (g) reflect our commitments stated in our Social Sustainability Policy and Global Human Rights Policy, and (h) take into consideration the Mine Closure Plan.
- When appropriate, focus groups are conducted to engage with and seek input from community leaders, including individuals who are neither elected nor part of a formal group.
- Our programs and initiatives stem from community feedback. We respect their culture and beliefs to ensure that those programs thrive.
- Our economic development programs are designed to create sustainable economic opportunities by supporting local families or groups with alternative incomes to mining, such as animal husbandry, agriculture, tourism, or manufacturing. We provide capacity building,

training, equipment, tools, supplies, and other support during a specified time frame. Socio-economic development programs focus on development that surpasses the life of the mine, creating a legacy and an economic opportunity for communities in carefully designed programs that are intended to offset, in part, the economic changes triggered by mine closure.

- Education programs are designed in collaboration with local authorities to improve educational opportunities for individuals of all ages, especially vulnerable groups in host communities. These programs include (a) literacy and education for children and adults, (b) scholarships for university students, (c) support for teachers, including payment of wages, professional training, and provision of food and housing if needed, (d) contribution of school materials to students, (e) career guidance counselling services for students in their last year of high school, and (f) support for environmental education programs.
- Health programs, coordinated with the local authorities, include initiatives and efforts to boost local healthcare services, emphasizing nutrition and vulnerable populations. Overall, our projects aim to broaden the reach and improve the quality of healthcare in the communities near our operations.
- Local procurement initiatives to engage with and build the capacity of local suppliers aim to create indirect employment opportunities for community members and local businesses. These initiatives are coordinated with each site's Compliance Officer and our contracts department. Our aim is to support local businesses by providing them with the necessary guidance and resources to meet our business standards and needs. We provide

support on (a) business skills such as accounting and bookkeeping, (b) bidding processes, (c) Pan American Silver's business standards and protocols, and (d) health and safety training for contractors.

- We invest in local infrastructure and support social services near our operations only when necessary, as we consider these initiatives a central tenet of government development.

Monitor and Evaluate

- The Mining Association of Canada (MAC)'s Towards Sustainable Mining (TSM) Indigenous and Community Relationships Protocol provides a standard process for community engagement against which operations self-assess their performance.
- Independent auditors complete the TSM Indigenous and Community Relationships Protocol external verifications every three years, a frequency recommended by MAC.
- Social Sustainability audits help us verify that our community investment programs meet our Social Sustainability Policy and that the CDI Toolkit guidelines have been applied. The audits also assess our progress in fulfilling our commitments.

Accountability

- The Vice President of Social Sustainability, Diversity, and Inclusion leads social sustainability programs.
- The Senior Vice President of Corporate Affairs and Sustainability oversees social sustainability in the Company.
- The Communities and Sustainable Development Committee of the Board oversees the Company's community investments.

(1) We use the Mining Association of Canada (MAC)'s definition of Community of Interest (COI), which includes all individuals and groups that have an interest in or believe they may be affected by decisions regarding the management of our operations.