



**PAN AMERICAN**  
— SILVER —

## HUMAN RESOURCES AND COMPENSATION COMMITTEE CHARTER

### PURPOSE

The purpose of the Human Resources & Compensation Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Pan American Silver Corp. (the "**Company**") is to assist the Board in fulfilling its responsibilities relating to human resources and compensation issues.

### COMPOSITION AND OPERATION

The Committee shall be composed of at least three members of the Board, all of whom shall be independent<sup>1</sup>.

The Committee members shall be appointed by the Board annually and the Board may at any time remove or replace any member of the Committee and may fill any vacancy with another Board member, as required.

The Board shall appoint a chair (the "**Chair**") from among the Committee members. If the Chair is not present at any meeting of the Committee, one of the other Committee members present at the meeting shall be chosen to preside as the chairperson at the meeting.

A majority of members shall constitute a quorum for meetings of the Committee, present in person or via telephone or via other telecommunication device that permits all persons participating in the meeting to speak and hear one another.

The Committee will make every effort to meet at least four times each fiscal year, on such dates as may be determined by the Committee, and shall conduct additional meetings as required from time to time. The Committee shall fix its own procedures for meetings, keep records of its proceedings, and report to the Board routinely.

The Committee shall hold in-camera sessions at each meeting, during which the members of the Committee shall meet in the absence of management.

The Committee may act by unanimous written consent of its members. A resolution approved in writing by the members of the Committee shall be valid and effective as if it had been passed at a duly called meeting.

### RESPONSIBILITIES AND DUTIES

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board.

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<sup>1</sup> A director's "independence" shall be determined in accordance with the securities laws, rules, regulations and guidelines of all applicable securities regulatory authorities, including without limitation, the securities commissions in each of the provinces and territories of Canada and the United States Securities and Exchange Commission, and the stock exchanges on which the Company's securities are listed (collectively, the "Securities Laws").



## Human Resources

To fulfill its responsibilities and duties, the Committee will:

- a. in consultation with the Chief Executive Officer ("CEO"), develop the Company's human resources strategy that supports its business strategy;
- b. review the human resources organizational structure and report any significant organizational changes to the Board;
- c. at least once annually, together with the CEO, review and approve or determine, succession plans for the executive officers<sup>2</sup> other than the CEO, including specific plans and career planning for potential successors;
- d. review and recommend to the Board any proposed appointment of any person as an officer of the Company, and to the extent necessary, collaborate with the Nominating and Governance Committee of the Board in the confirmation of the corporate and executive officers of the Company annually;
- e. review and approve any agreements between the Company and senior management employees, other than the CEO, that address terms of employment, responsibilities, compensation, retirement, termination or other special conditions; and
- f. review and recommend to the Board for approval any agreement between the Company and the CEO that addresses terms of employment, responsibilities, compensation, retirement, termination or other special conditions.

## Compensation

The Committee will develop, review, and approve the overall compensation philosophy, strategy and guidelines for officers and employees of the Company, and will review and make recommendations to the Board with respect of the following:

- a. administration of the Company's Stock Option Plan and other equity-based compensation plans and determining their use, from time to time, as a form of compensation for employees and contractors of the Company;
- b. incentive compensation programs and payments, including the annual ("AIP") and long term ("LTIP") incentive plans, the setting of corporate goals and objectives and the assessment of corporate performance related thereto, and the awards granted under any such programs, as well as any material benefit or retirement programs; and
- c. special compensation, recruiting, and retention programs to address unique circumstances, as and when needed.

In fulfilling its responsibilities relating to compensation, the Committee may, where it deems appropriate and as otherwise provided herein, consult with the CEO, management or external consultants.

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<sup>2</sup> The Company's executive officers are determined by the Board having regard to relevant Securities Laws.



## Chief Executive Officer and Other Executive Officers

The Committee will:

- a. review and make recommendations to the Board with respect to the annual and long term corporate goals and objectives relevant for determining the compensation of the CEO;
- b. annually review and evaluate the personal performance of the CEO relative to the corporate goals and objectives established for this position (the "**Performance Review**");
- c. report to the Board the results of the Performance Review;
- d. determine and recommend to the Board the compensation for the CEO based on relevant market considerations, the Performance Review and any existing contractual arrangements;
- e. consider and recommend to the Board the succession plan for the CEO; and
- f. review and approve the compensation levels for the other executive officers of the Company.

The CEO may not be present during voting or deliberations by the Committee on his or her individual compensation.

## Other Duties

The Committee will:

- a. consider and, if it deems appropriate, establish minimum share ownership recommendations for executive officers and annually review compliance with such recommendations;
- b. establish peer groups of comparable companies and target competitive positioning for the Company's compensation programs;
- c. monitor strategic labour and social issues, such as inclusion, diversity, employment opportunity and employment assistance programs;
- d. perform an annual compensation risk assessment and identify any risks arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company, and report the results of such assessment and any related recommendations to the Board;
- e. identify and recommend proposed mitigation of any risks arising from the Company's compensation policies and practices that could encourage executive officers to take inappropriate or excessive risks;
- f. review and monitor the Company's practices for supporting diversity in the workplace, as well as making recommendations to the Board on matters relating to corporate diversity;
- g. review and approve disclosure relating to executive compensation, including such information that is contained in the management information circular of the Company;
- h. review and assess this Charter at least annually and recommend any proposed changes to the Board; and
- i. evaluate the functioning of the Committee as a whole and its individual members on an annual basis.



## AUTHORITY

The Committee shall have the authority, in its sole discretion, to retain or obtain the advice of any compensation consultants, legal counsel or other advisers, in each case only after taking into consideration the following factors<sup>3</sup>:

- a. the provision of other services to the Company by the person<sup>4</sup> that employs the compensation consultant, legal counsel or other adviser;
- b. the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
- c. the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
- d. any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
- e. any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- f. any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

The Committee shall be directly responsible to approve the appointment and compensation, and to oversee the work of any such compensation consultant, legal counsel or other adviser to be retained by the Committee. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any consultant, legal counsel or other adviser retained by the Committee.

The Committee shall have unrestricted access to all records, facilities, and personnel of the Company necessary to carry out its responsibilities.

At the invitation of the Committee, one or more officers or employees of the Company may, and if required by the Committee, shall, attend a meeting of the Committee.

The Committee, upon approval by a majority of the members of the Committee, may delegate certain of its duties and responsibilities to subcommittees of the Committee which must report back to the full Committee.

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<sup>3</sup> The Committee may select, or receive advice from, any compensation adviser it prefers, including ones that are not independent, after considering all of the enumerated independence factors.

<sup>4</sup> In relation to the independence factors, the term "person" shall include any natural person, partnership, corporation, association or other legal entity.