



## MANDATE OF THE BOARD OF DIRECTORS

Subject to the constating documents of Pan American Silver Corp. (the “**Company**”) and applicable law, the Board of Directors of the Company (the “**Board**”) has a responsibility for the stewardship of the Company, including the responsibility to supervise the management of and oversee the conduct of business of the Company; provide leadership and direction to management and consider management’s performance in conjunction with the Company’s compensation plans; set policies appropriate for the business of the Company; and approve corporate strategies and goals.

### COMPOSITION

A majority of the Board shall be independent<sup>1</sup> from the Company.

The directors will be elected each year by the shareholders of the Company at the annual general meeting of shareholders. The Nominating and Governance Committee will recommend to the full Board nominees for election to the Board and the Board will propose nominees to the shareholders for election as directors for the ensuing year.

### DUTIES AND RESPONSIBILITIES

- a. A principal responsibility of the Chair of the Board (the “**Chair**”) will be to manage and act as the chief administrative officer of the Board with such duties and responsibilities as the Board may establish from time to time. The Chair shall be independent.
- b. The Board will ensure that proper limits are placed on management’s authority.
- c. In conjunction with each annual general meeting and at such other times as may be required, and subject to the constating documents of the Company, the Board shall:
  - i. appoint a Chair and, if determined appropriate, a Lead Director of the Board;
  - ii. appoint or confirm the officers of the Company and, if necessary, approve the senior management structure of the Company;
  - iii. confirm, or approve any changes to, the size of the Board, and the appointment of interim Board members if so required; and
  - iv. appoint committees of the board, including a Nominating and Governance Committee, an Audit Committee, a Human Resources and Compensation Committee, a Health, Safety, and Environment Committee, and a Communities and Sustainable Development Committee.

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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 U.S. Securities and Exchange Commission, and the stock exchanges on which the Company’s securities are listed, including without limitation the Toronto Stock Exchange and the New York Stock Exchange.



- d. The Board is responsible for making decisions with respect to vacancies and proposing nominees as provided in the Majority Voting Policy, the Board and Senior Management Diversity Policy, and any such other applicable policies in place from time to time.
- e. The Board will ensure that it maintains current and appropriate mandates and charters, including the Board, the CEO, the Chair, and the Committee Chair mandates, as well as Committee charters.
- f. From time to time, the Board may appoint special committees to assist the Board in connection with specific matters.
- g. The Board will determine the form and amount of director compensation, and the Nominating and Governance Committee will periodically undertake a review of Board compensation. When determining the form and amount of director compensation, the Board will critically evaluate any matter that may raise concerns about the Board's independence from management.
- h. The Board shall meet not less than five times during each fiscal year. Subject to the constating documents of the Company, the Board may also meet at any other time at the call of the Chair or of any director.
- i. Each Board member should attend, prepare for and be actively involved in Board meetings and, as applicable, Board committee meetings.
- j. With the assistance of the Nominating and Governance Committee, the Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively.

### **Management Oversight**

The Board will ensure the Company has management with the appropriate skillset and experience. This responsibility is carried out primarily by:

- a. appointing the CEO as the Company's business leader and determining the compensation of the CEO, and receiving reports and recommendations from the Human Resource and Compensation Committee in connection therewith;
- b. developing and approving corporate objectives and other criteria which the CEO is responsible for meeting, and assessing the CEO against these objectives and criteria on an ongoing basis;
- c. developing a mandate for the CEO and reviewing performance against such mandate; and
- d. satisfying itself as to the integrity of the CEO and other executive officers, and that the CEO and other executive officers create a culture of integrity and ethical behaviour throughout the organization.

### **Strategic Planning Process, Risk Management, and Governance**

The Board is responsible for providing oversight and guidance on the strategic planning process and for ensuring that a strategic plan is developed which takes into account, among other things, the opportunities and risks of the Company's business. In connection with this responsibility:

- a. The CEO and senior management team will have direct responsibility for the ongoing strategic planning process and the establishment of annual corporate objectives for the Company, which are to be reviewed and approved not less than annually by the Board.



- b. The Board will have a continuing understanding of the principal risks associated with the business, largely through continuous communication with management. The Board will ensure the implementation of appropriate systems to manage any such risks.
- c. The Board will provide guidance to the CEO and senior management team with respect to the Company's ongoing strategic plan. The Board is responsible for monitoring the success of management in implementing corporate strategies and goals.
- d. With the oversight of the Board, senior management will establish systems to ensure that appropriate and responsible levels of internal controls are in place for the Company. The confidence of the Board in the ability and integrity of management is the paramount control mechanism.
- e. With the assistance of the Nominating and Governance Committee, provide oversight and guidance with respect to the Company's approach to corporate governance, including in the development of a set of corporate governance principles and guidelines that are specifically applicable to the Company.
- f. Adopt and monitor, through the Nominating and Governance Committee, a formal code of business ethics that will govern the behaviour of directors, officers and employees of the Company, and, in appropriate circumstances, grant waivers from such code of business conduct.

### **General Obligations**

The Board will be responsible for the review and approval of the following:

- a. The annual budget.
- b. All significant capital plans and major financing activities, and the establishment of priorities for the allocation of funds to ongoing operations and capital projects.
- c. All single expenditure items and capital appropriate requests proposed by the Company if so required by the Company's Spending Policy.
- d. Any policy for hedging and forward sales of silver and/or base metals, and any policy for the management of foreign currency risk, including approval of significant hedging and foreign currency risk management programs proposed by management, provided however, that the Board may delegate such responsibility to an appropriate Board committee.

### **COMMUNICATIONS**

- a. The Board will monitor and periodically review the policies and procedures that are in place to provide for effective communication by the Company with its shareholders, other stakeholders and with the public generally, including:
  - i. effective means to enable shareholders and other stakeholders to communicate with senior management and the Board; and
  - ii. effective channels by which the Company will interact with analysts and the public.
- b. The Board will review and if necessary, approve the content of the Company's major communications to shareholders and the investing public, including interim and annual reports, management information circulars, annual information forms and any prospectuses that may be issued.



- c. The Board will ensure that the Company has a disclosure policy which summarizes its policies and practices regarding disclosure of material information to investors, analysts and the media.
- d. All directors will have open access to the Company's senior management.
- e. The Board encourages individual directors to make themselves available for consultation with management outside Board meetings in order to provide specific advice and counsel on subjects where such directors have special knowledge and experience.

### **SUCCESSION PLANNING**

The Board will regularly consider and develop succession plans for the Chair, the CEO and senior management personnel, and provide mentorship to senior management. The Board will receive reports and recommendations from the Human Resources and Compensation Committee in connection therewith.

### **BOARD INDEPENDENCE**

The Board will, where deemed desirable or necessary, implement appropriate structures and procedures to ensure that the Board can function independently of management which may include:

- a. the appointment of a Lead Director who is not a member of management; and
- b. the institution of regular in-camera meetings of independent directors at every quarterly Board meeting, such meetings being without the presence of non-independent directors and management and being chaired by the Board Chair or by one of the independent directors selected by the group of independent directors if the Chair is not present.

### **NEW DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

The Nominating and Governance Committee, in conjunction with the Chair and the CEO, is responsible for ensuring that new directors are provided with an orientation and education program, such that new directors can understand the role of the Board and its committees and the nature and operation of the Company's business.

The Board will assist the Nominating and Governance Committee in establishing and maintaining an ongoing director education program.

### **INDEPENDENT ADVISORS**

The Board and any committees may at any time retain outside financial, legal or other advisors at the expense of the Company. Any director may, subject to the approval of the Chair, retain an outside advisor at the expense of the Company.