

January 4, 2019

Mr. Mark Machin
President and CEO
Canada Pension Plan Investment Board (CPPIB)
One Queen Street East, Suite 2500
Toronto, ON, M5C 2W5
Canada

Re: Concerns about investment in Pan American Silver Corp.

Dear Mr. Machin and members of the CPPIB Board of Directors,

On November 14, 2018, Pan American Silver (TSE: PAAS; NASDAQ: PAAS), announced its intent to purchase Tahoe Resources (TSE: THO; NYSE: TAHO), and noted its Board had approved the purchase.

The two undersigned organizations reviewed Pan American Silver's full shareholder list in December 2018. Much to our surprise and disappointment we discovered that the CPPIB is an investor in the company.

Tahoe Resources, the seller in this proposed transaction, is a Canadian/American mining company with operations in various countries in Latin America. Its flagship El Escobal silver-gold-lead-zinc mine has been suspended since 2017 first due to community protest, and later by court order for discrimination and failure to consult with Xinka Indigenous people. This mine has been the subject of much documented violence and conflict.

In May 2014, MiningWatch Canada wrote a letter to the CCPIB to request it divest from Tahoe due to human rights abuses, environmental concerns and investor risk.¹ In 2017, it was reported that the CCPIB, like other major pension funds, no longer had shares in the company. But with the recent announcement of this merger we are concerned that once again the hard-earned pension funds of Canadian workers will be tied to such a conflictive mine with great possibility for future repeated abuses. Whereas both Tahoe and Pan American have been reporting positively about the potentiality and prospects of this mine, which would thrust Pan American into the position of "world's largest silver producer", we write to inform you of continued ongoing concerns around disclosure, opposition to the

¹ MiningWatch Canada, "Sixteen-year old girl murdered in continued violence associated with Tahoe Resources' mine – Canada Pension Plan urged to divest"
<https://miningwatch.ca/news/2014/5/7/sixteen-year-old-girl-murdered-continued-violence-associated-tahoe-resources-mine> May 7, 2014.

Escobal mine, and the likelihood of further human rights abuses if communities' rights are not respected. As such, we would like to take this opportunity to express our concerns and alert the CPPIB of the potential risks of such a transaction.

Background

Tahoe's, and now Pan American's, "failures to disclose"

In 2016, the Canadian legal organization Justice and Corporate Accountability Project (JCAP), filed a complaint with the U.S Securities Commission against Tahoe Resources, and in 2017 filed another complaint to the British Columbia Securities Commission (BCSC) against the company on behalf of US and Canadian human rights organizations, including MiningWatch Canada and Breaking the Silence. The complaint indicated that Tahoe had not disclosed the social conflict around its Escobal mine in Guatemala and that the company had not consulted with the Xinka Indigenous Peoples. At that time, Tahoe denied both the existence of the Indigenous population and any obligation to proceed with the consultation process. Shortly after the second complaint was filed, a Guatemalan court order was issued to suspend the Escobal mine, and later on September 3, 2018, the suspension was confirmed by the Constitutional Court of Guatemala and will remain in effect until the consultation process is complete. Escobal has already been suspended for 18 months and there is no clear idea as to if or when it will begin operating.

This week, on January 3rd, JCAP, on behalf of the Earthworks (USA) Maritimes-Guatemala Breaking the Silence Network (Canada) and MiningWatch Canada submitted two more complaints to the BCSC, this time against both Tahoe Resources and Pan American Silver, requesting that an investigation of both companies' disclosures be undertaken by the Commission.²

This last series of complaints insists that both Tahoe Resources and Pan American Silver have presented unjustifiably "positive" outlooks on the likelihood of obtaining a "social licence" around the Escobal mine.

This pattern of failing to disclose information pertinent to shareholders seems endemic. Tahoe Resources is currently the subject of 4 class action lawsuits that shareholders have filed in the US and Canada for material losses incurred due to the company's failure to fully disclose.³

Tahoe Resources' Escobal mine faces strong opposition at the local level

Furthermore, Canadian organizations like Breaking the Silence and MiningWatch Canada and US-based organizations like Earthworks have been working in collaboration with Guatemalan organizations to help make their voices heard. They have been reporting on Tahoe's long-standing failure to achieve a "social licence" to operate the Escobal mine.

² MiningWatch Canada, "Securities Commissions Asked to Investigate Ahead of January 8 Tahoe-Pan American Silver Merger" <https://miningwatch.ca/news/2019/1/3/securities-commissions-asked-investigate-ahead-january-8-tahoe-pan-american-silver> January 3, 2019

³Earthworks, "Pan American Silver poised to buy huge trouble with acquisition of Escobal mine", <https://earthworks.org/blog/pan-american-silver-poised-to-buy-huge-trouble-with-acquisition-of-escobal-mine/> December 1, 2018.

For nearly a decade, communities in Guatemala have been peacefully resisting Tahoe's operations in southeastern Guatemala, including the Escobal mine and surrounding exploration permits over concerns about environmental, social and cultural impacts. Their efforts have resonated internationally. In September 2018, over 3700 individuals signed onto a letter which endorsed the demand of the communities of peaceful resistance of Santa Rosa, Jalapa, and Jutiapa, and the Indigenous Xinka Parliament, for "permanent closure" of the mine. In addition, the communities, in a letter which was delivered to the Tahoe Resources' offices in Reno, Nevada, and Guatemala City in August of this year, clearly stated their unwavering opposition to the mine.

"Let us be clear: Our opposition to mining in our territory and the future of the Escobal mine specifically does not depend on the outcome of the legal case currently before the Constitutional Court."

Furthermore, mayors in five municipalities surrounding the Escobal mine are refusing royalty payments, respecting the wishes of their constituents who voted in municipal referendums saying "no" to metallic mining in their communities. Currently, there are two peaceful resistance camps in the communities of Casillas and Mataquescuintla, working as a checkpoint for mine-related traffic 24 hours a day since June 2017.

The company has not respected the communities' actions, instead opting to repress, downplay, distort, and manipulate communities' peaceful forms of resistance. Tahoe Resources is currently the subject of an ongoing civil lawsuit for negligence and battery in British Columbia brought by four Guatemalan citizens who were shot at close range by the company's private security forces in 2013 during a peaceful protest.⁴ Human rights organization Protection International released a report documenting an escalation of repressive tactics against those involved in the mine's opposition and a generalized state of tension in the region.⁵

It is clear that despite the positive outlook that Pan American Silver may be presenting to its shareholders about the purchase, there are serious concerns that need to be considered before voting in favour of a merger which would enable continued investment in such a problematic project.⁶ Moreover, serious questions need to be asked, and the CPPIB, as a shareholder, needs to exercise its right to be fully informed and made aware of all of the risks (moral, economic, and political) that this investment poses for Canadian public money.

CPPIB should vote "no" to the proposed merger on January 8th, in Vancouver.

As Canadian organizations and as individual contributors to the Canada Pension Plan, we are concerned that the CPPIB will renew its shareholding interest in the Escobal project with this announced merger, despite the grave human rights abuses which have occurred, thereby endorsing its violent past and surely conflictual future. According to reporting in 2017, major pension funds divested from Tahoe Resources, noting it a "harmful investment"

⁴ For more information on the ongoing suit, see the "Tahoe on Trial" blog: <https://tahoeontrial.net>

⁵ <https://www.protectioninternational.org/es/publications>

⁶ Earthworks, op cit.

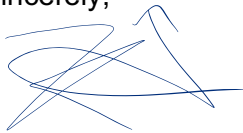
due to the violations which occurred in Guatemala.⁷ We are also concerned, given the submission of this most recent complaint, that Pan American Silver is repeating the mistakes of Tahoe Resources by not fully disclosing the seriousness of the risks associated with the Escobal project, and by downplaying the degree of opposition on the ground.

There is a wealth of documentation demonstrating that the Escobal mine is fraught with environmental and social conflict. We believe that if this deal goes through, holding an investment of this kind would go against the CPPIB's mission to "invest responsibly" in "organizations that manage environmental, social and governance factors effectively."⁸ The evidence suggests that Pan American Silver's purchasing of Tahoe Resources will not contribute to the CPPIB's aim of generating value in a responsible way, and that the merger presents a dangerous risk for the lives of Guatemalan Indigenous peoples and farmers who have been in peaceful opposition to metal mining for years.

As such, we insist that the CPPIB raise these concerns, inform other shareholders, and **vote against** the merger at the shareholders' meeting this January 8th, in Vancouver, B.C. Furthermore, we expect that the CCPIB will, in the unfortunate event that the merger goes through, **take action to divest** from Pan American Silver and any investment ties to the Escobal mine.

We would appreciate it if you could circulate this letter to the CCPIB's Board of Directors.

Sincerely,



Kirsten Francescone
Latin America Coordinator
MiningWatch Canada



Lisa Rankin
Guatemala Coordinator
Breaking the Silence Maritimes-Guatemala Network

⁷ <https://tahoeontrial.files.wordpress.com/2017/02/tahoe-facing-finance-press-release.pdf>

⁸ <http://www.cppib.com/en/how-we-invest/>