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Follow-up Statement

Yamana Gold (Minera Florida) and community members of El Asiento, Talami and Villa Alhué (Chile) (the latter represented by Chilean law firm Justicia y Reparación)

1. This is a Follow-up Statement to the Final Statement published by the Canadian National Contact Point (the "NCP") for the OECD Guidelines for Multinational Enterprises ("the OECD Guidelines") on October 25, 2022.
2. In February 2022, the NCP received a request for review from the law firm Justicia y Reparación (the Notifier), representing 42 members from the El Asiento, Talami and Villa Alhué communities in Chile. The request for review raised concerns about the mining operations of Minera Florida (MFL), then a wholly-owned subsidiary of Canadian company Yamana Gold (the Respondent). After consultation with Chile's NCP, it was decided that the Canadian NCP would lead on the specific instance, with the support of Chile's NCP as required.
3. The Notifier's allegations related to the infringement of an environmental permit for a waste rock storage facility corresponding to the Pedro Valencia mine, owned and operated by MFL. Specifically, the Notifier alleged that MFL overflowed the storage facility beyond

the approved limit stipulated in the relevant environmental permit, negatively affecting both the environment and the human rights of local community members. The Notifier cited Chapters IV (Human Rights) and VI (the Environment) of the Guidelines.

4. The NCP conducted an initial assessment and published a Final Statement on October 25, 2022. Although the NCP did not offer its good offices, the NCP encouraged the parties to engage in dialogue through the local grievance mechanism put in place by the Respondent (led by MFL). Both parties accepted this recommendation. The NCP offered to act as a neutral observer at these dialogues. The NCP also committed to follow-up with the Notifier six months from the publication of the Final Statement.
5. The NCP was an observer at three meetings between the Notifier and MFL representatives on October 5th, November 10th, and December 20th, 2022 respectively. During these sessions the NCP observed the willingness of both parties to engage in discussion. However, the NCP also observed that the parties appeared to have differing expectations about the dialogue's purposes and areas of focus. The NCP reiterated to the parties its recommendation for them to use the dialogue to clarify some of the issues at hand, and notably for:
 - the Notifier to substantiate, with evidence, the hardships caused by the waste rock storage facility overflow; and
 - the Respondent to explain how its due diligence and compliance policies are implemented, given the then long-standing non-compliance situation (related to the permit).The NCP did not observe any agreement reached between the two parties. The NCP was not contacted about observing further sessions of dialogue
6. On March 31, 2023, Yamana Gold was acquired by Pan-American Silver Corporation, also a Canadian company. As a result, MFL

became a wholly-owned subsidiary of Pan-American Silver.

7. The Canadian NCP made several attempts to follow up with the Notifier in April and May 2023, but did not receive a response to its outreach.
8. The NCP Secretariat had a follow-up discussion with representatives of Pan-American Silver on May 30, 2023.
9. The company said it was aware of the NCP specific instance and the issues that had been raised concerning the overflow and permit infringement. The company said that it remained open to further engagement with the Notifier, though noted that substantiation of the alleged adverse health impacts related to the overflow would be an important basis for productive discussion.
10. The NCP Secretariat asked the company what measures and due diligence were being undertaken in order to avoid a similar overflow and permit infringement in the future. The company noted that MFL was in the midst of renewing environmental permits for the mine operation, and that it was undertaking community consultations and due diligence as part of that process, including with respect to the risks of adverse environmental impacts.

Conclusion

11. Both parties were provided an opportunity to review and comment on this Follow-up Statement.
12. The NCP welcomes Pan-American Silver's update on due diligence activities being undertaken at MFL's operations, and encourages the enterprise to continue conducting due diligence in line with the OECD Guidelines, including to address the risk of overflows from waste rock storage facilities. The NCP also encourages the enterprise to remain engaged with local communities through meaningful stakeholder consultations, and to communicate proactively with them about due diligence processes and implementation.

13. The NCP thanks both parties for their engagement throughout this specific instance. With this statement, the NCP considers the follow-up process concluded.

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