



February 2017

Open Letter to Chief Investment Officers

**Re: Tahoe – Strong Performance in Environmental, Social and Corporate Governance**

Tahoe Resources Inc. is a leading, Americas-based precious metals producer that works diligently to achieve high levels of corporate transparency, including regularly communicating with our shareholders. In that spirit, we want to thank you for your support of our company and also share with you our thoughts on the ESG component of our business.

Two critical drivers of success for Tahoe are community and social responsibility (“CSR”) and corporate governance. Since 2013, we have aligned our policies and practices with a number of international CSR standards including the United Nations Guiding Principles on Business and Human Rights, the Voluntary Principles on Security and Human Rights, the International Finance Corporation Performance Standards on Environmental and Social Sustainability and the Equator Principles. The effectiveness of our CSR and governance programs is reflected in the receipt of a number of prestigious awards, among them the 2015 Best Sustainability, Ethics and Governance Program award from the Governance Professionals of Canada.

The foundation asset of our business is the Escobal silver mine in Guatemala. We also have a growing gold business, having recently completed the acquisitions of Rio Alto in April 2015 and Lake Shore Gold in April 2016. Focusing on Escobal, it is truly one of the world’s great silver mines, with total production in 2016 of 21.2 million ounces, and costs that are among the lowest in the industry. An important feature of the Escobal operation, one that is often overlooked, is the consistency and reliability of its performance. We have achieved over 20.0 million ounces of silver production for three consecutive years (since the mine reached commercial production). Over that same period, cash costs have consistently averaged below \$7.00 per ounce<sup>(1)</sup>, while all-in sustaining costs have averaged below \$10.00 per ounce<sup>(1)</sup>.

In addition to strong operating and financial results, Escobal provides an excellent example of how the responsible development of natural resources can play an important role in moving countries like Guatemala towards development and prosperity. Escobal is clearly making a very meaningful and important contribution to improved quality of life for people at and around the mine. We have over 1,000 employees at Escobal, 97% of whom are Guatemalan. We pay our employees approximately US\$20 million per year in wages and benefits, well above the average wage in most cases. In addition, last year we paid approximately US\$35 million in royalties and taxes to governments and communities in Guatemala to support their social and other programs. We also make significant direct investments in support of nutritional programs, education, skills training, agriculture and infrastructure development.

Tahoe very much supports the emergence of sustainability as an important investment criteria and welcomes the opportunity to discuss our policies and performance in this key area. With greater investor interest in sustainability, we have seen a growing number of ESG consulting firms contacting us with surveys and other requests. Our view is that to truly evaluate our ESG performance, these firms need to visit Escobal, where we are happy to give them access to our CSR and environmental teams. To date, only one firm has taken the

initiative to visit our operations in Guatemala. Other firms seem content to focus their work on desktop research, drawing on the Internet for their information.

The one firm that took the initiative to visit Guatemala was Global Engagement Services (“GES”), which last year completed an ESG analysis of Escobal. GES’s comprehensive review included desktop due diligence, in-person company engagement, employee and community interviews and, most importantly, a site visit to the mine and surrounding communities. After their extensive due diligence effort, GES concluded, “We have enough documentation that indicates that there are no violations of international ESG-norms. We also recognize the continuous improvements from Tahoe in aligning its policies and procedures to those of international human rights norms.”

Our intent in providing this information to you is to highlight the fact that the level of work done by ESG firms in preparing their company assessments varies widely. We believe that the level of thoroughness and due diligence performed by these firms can be directly related to the quality of the reports they produce.

In reviewing material generated by ESG firms, if you have questions or become concerned about information being provided, please do not hesitate to contact us directly. We will be happy to meet with you to address your concerns and review our ESG program in more detail. In addition, we will also be pleased to extend to you an invitation to visit Escobal to see the valuable contribution it is making to Guatemala for yourself.

Yours truly,



Ron Clayton  
President & CEO  
Tahoe Resources Inc.

(1) Costs per ounce are presented net of byproduct credits.