

A close-up, profile view of a young boy with short, dark hair, focused on playing a brass instrument, likely a trumpet. He is wearing a brown t-shirt. The background is blurred, showing other band members and instruments, creating a sense of a live performance or rehearsal. The lighting is warm and focused on the boy.

YAMANAGOLD

2011 CSR Report

| Breaking  
Boundaries






At Yamana, corporate social responsibility is a cardinal component of how we operate. Our objective is to meet and exceed our corporate social responsibility goals, ensuring that health and safety always come first and safeguarding our environment and community relationships.

Yamana Gold is **Breaking Boundaries.**





**+87.5%** In 2011, adherence with the YMS system reached 87.5% in Brazil, Argentina and Chile, versus the 3-year average of 83.5%.









## | Awards, Acknowledgements & Certifications

In 2011 some of Yamana's achievements were acknowledged in noteworthy ways:

-  **2011 Canadian Carbon Disclosure Leadership Index** Yamana was among 20 Canadian companies recognized for providing outstanding disclosure of climate change strategies and GHG emissions as part of the 2011 Carbon Disclosure Project (CDP).
-  **2011 Business Ethics Award Finalist** Yamana was recognized for its support of the Cocho de Dentro Community Association's Babaçu Coconut Processing project. Through the Partnership Seminar Program at the Company's Jacobina mine, the Association received the necessary machinery for processing coconuts and the funding to remodel its headquarters to include a lab and a business office.





## Company Overview

Yamana Gold Inc. is a Canadian-based publicly traded gold producer engaged in gold mining and related activities including exploration, extraction, processing and reclamation. Yamana has a diversified portfolio of properties involved in gold and other precious metals production, development, exploration and land positions throughout the Americas including Brazil, Chile, Argentina, Mexico and Colombia. Yamana plans to continue to build on this established production base through the expansion of existing operating mines, throughput increases, development of new mines, the advancement of its exploration properties and by targeting other gold consolidation opportunities with a primary focus in the Americas.



## | Message from the CEO

Corporate social responsibility is one of Yamana's core values, engrained within our business conduct. We are well aware that operating with a social licence is vital to our sustainable growth and to the maintenance of strong relationships with our employees, local communities, all levels of government and all of our other stakeholders. We strive to exceed international standards in all our activities and are continually strengthening our commitment to health and safety, environmental protection and community relations.





Yamana is working steadily towards attaining sustainable annual production of 1.75 million of gold equivalent ounces (GEO) by 2014, almost 60% higher than our record 2011 output of 1.1 million ounces. I am very proud of our accomplishments in 2011 and have every confidence that we shall continue to make good progress towards the achievement of our future goals.

In 2011, we achieved several important goals in advancing our Corporate Social Responsibility program.

We launched our Nine Golden Rules program to establish clearly the critical nature of Occupational Health and Safety, and to convey to employees that a focus on safety is a mandatory part of everyone's job.

At our Chapada mine we completed construction of the Environmental Education Centre. The Centre, created using green building principles, provides space for scientific research and environmental education.

We created an Energy Efficiency Committee to identify opportunities and develop initiatives for reducing electricity and diesel consumption.

Our Gualcamayo mine was recommended for full compliance with the International Cyanide Management Code.

We are working hard to enhance the community programs that we already have in place, and discussing with local leaders how Yamana, as a growing organization, can further support the communities we are part of. In 2011, we held 47 community meetings to discuss common community interests. Through our Open Doors program we hosted 83 site visits attended by over 1,700 people. As part of our Partnership Seminar Program we contributed 85% of resources required by local organizations to launch projects benefiting their communities, supporting 104 projects during the year.

Yamana's achievements of the last year are impressive, not the least of which are those in the CSR area. On behalf of the Board of Directors, I thank all Yamana employees and stakeholders for their contributions to our progress. Our corporate social responsibility actions will continue to be an essential pillar of Yamana's future success.



PETER MARRONE  
*Chairman and CEO*

## | 2011 Performance

- ✓ Continue to decrease the Lost Time Injury Severity and Accident Frequency Rates with the ultimate objective of zero accidents
  - *Our Accident Frequency Rate decreased 13% in 2011, and our Lost Time Injury Severity Rate increased to 99 days from 66 days*
- ✓ Attain full certification at each of our operating mines. Outstanding certifications:
  - OHSAS 18001 Occupational Health and Safety Management: certification was required at Jacobina and Gualcamayo
    - *Jacobina received certification, while Gualcamayo was independently audited and recommended for certification which we expect to receive in 2012*
  - International Cyanide Management Code: Gualcamayo to achieve full compliance
    - *Gualcamayo was independently audited and recommended for certification which we expect to receive in 2012*
- ✓ Reduce all resource consumption indicators year-over-year
- ✓ Complete construction of the Environmental Education Centre at the Chapada mine
- ✓ Implement the following community programs:
  - Partnership Seminar Program at El Peñón.
  - Educational Management Project at Jacobina
  - Integration Program at Minera Florida, El Peñón and Gualcamayo
  - On the Right Track Program at all operations in Brazil, except Chapada which had already introduced the program
- ✓ Open Doors Program: host ten site visits at each mine to enhance communication with local community members and stakeholders
- ✓ Partnership Seminars Program: host 15 seminars for community members to present project proposals and obtain financing for them
- ✓ An Energy Efficiency Committee was formed to identify consumption reduction opportunities.
- ✓ The Retirement Plan, a defined contribution pension plan, was launched for all full time employees.
- ✓ Environmental construction licences were received for the C1 Santa Luz, Ernesto/Pau-a-Pique and Pilar development projects.

## | 2012 Objectives

- ☐ Decrease the Lost Time Injury Severity and Accident Frequency Rates with the ultimate objective of zero accidents.
- ☐ Obtain certification to ISO 14001 and receive an independent recommendation for the International Cyanide Management Code at Mercedes
- ☐ Obtain International Cyanide Management Code certification at Gualcamayo
- ☐ Receive OHSAS 18001 Occupational Health and Safety Management certification at Gualcamayo
- ☐ Initiate the Citizen Meetings Program at El Peñón
- ☐ Formalize a policy for climate change
- ☐ Finalize health and safety key performance indicators and implement a monitoring system for employee health
- ☐ Introduce the Environmental Education Centre at the Chapada mine to the general public
- ☐ Implement a motivational program in collaboration with the Human Resources department
- ☐ Complete the Emergency Response Plan (ERP) for each operation
- ☐ Benchmark all sustainability practices against industry peers









CSR at Yamana

Breaking  
Expectations



## | Key Achievements

## COMMUNITY



### Chapada | Brazil

**Education:** Completed the Education Management Program at six municipal schools providing training and teaching support

**Income generation:** An entrepreneurship conference was held in partnership with SEBRAE (a Brazilian organization that supports small business development)

A facility was built for the Small & Medium Farmers Association of Riberião do Meio

**Integration day:** 17,937 attendees participated in the areas of health, citizenship, and the environment



### Jacobina | Brazil

**Education:** 14 schools participated in the initial launch of our Education Management Program in the region

**Income generation:** 64 local candidates completed our Sales Techniques course

**Integration day:** 24,958 attendees participated in activities related to health, citizenship, the environment and leisure



### Fazenda Brasileiro | Brazil

**Education:** 2,946 students benefited from the Education Management Program

**Income generation:** 69 local candidates completed our Income Generation and Local Development course

**Integration day:** 47,957 attendees participated in activities related to health, citizenship, the environment and leisure



## ENVIRONMENT

Maintained ISO 14001 certification

Completed the Environmental Education Centre

Organized regularly scheduled environmental awareness activities such as ecological walks for employees and community members

Maintained ISO 14001 certification

444 tonnes of solid waste were recycled

Grew 36,000 native species seedlings of which 1,200 were planted in environmental protection areas, and 15,000 were donated locally

Maintained ISO 14001 certification

The nursery produced 25,000 native seedlings; 9,000 were donated or planted as part of Tree Day

100% of organic waste generated was composted for the production of soil fertilizer

## HEALTH & SAFETY

Conducted 9,013 safety evaluations

Performed 14 simulated safety evacuations

Initiated the use of Smartmine, an automated control system for vehicles and equipment

Conducted 10,311 safety evaluations

Achieved International Cyanide Management Code certification (ICMC)

Achieved OSHAS 18001 certification

Conducted 9,383 safety evaluations

170 employees were trained to be leaders in risk identification and perception

Purchased three refuge chambers

## | Key Achievements

## COMMUNITY



### El Peñón | Chile

**Education:** 80 students participated in our Pre-university Education Program

**Income generation:** Quebrada El Hueso received an olive oil press, generating employment and income for 144 people

**Integration day:** 2,772 attendees participated in the first Integration Day at the mine



### Minera Florida | Chile

**Education:** 50 students participated in our Pre-university Education Program

**Income generation:** 69 local candidates participated in our sponsored Micro Entrepreneurship course

**Integration day:** 4,510 attendees participated in activities related to health, citizenship, the environment and leisure



### Gualcamayo | Argentina

**Education:** 240 teachers and 4,800 students were given computer training

**Income generation:** five organizations participated in our sponsored Micro Entrepreneurship course

**Integration day:** 3,039 attendees participated in activities related to health, citizenship, the environment and leisure

## ENVIRONMENT

Maintained ISO 14001 certification

Installation of solar light posts in the bus lodging areas

220 trees were donated to the community as part of Environment Week

## HEALTH & SAFETY

Conducted 44,117 safety evaluations

Maintained ISO 14001 certification

Production of 37,000 Chilean palm saplings, a threatened species, in support of the Chilean Palm Conservation Program

3,100 other native saplings were grown

Conducted 4,149 safety evaluations

Implemented an Emergency Response System for aerial rescue and evacuation

Implemented the “Right to Know” process, focusing on risk evaluation

ISO 14001 certification

Finalized a Reforestation Plan

Conducted 8,847 safety evaluations

Recommended by independent audit for the achievement of the International Cyanide Management Code certification (ICMC)



## | Commitments & Memberships

### CANADA

- Canada Council for the Americas
- International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold (ICMC)
- Prospectors and Developers Association of Canada (PDAC)
- World Gold Council

### BRAZIL

- Associação Brasileira dos Consumidores de Energia / Brazilian Association of Major Power Consumers and Free Consumers (ABRACE)
- Associação Brasileira de Cobre (SINDICEL / ABC)
- Brazil-Canada Chamber of Commerce
- Federação das Indústrias do Estado de Goiás (FIEG)
- Federação das Indústrias do Estado de São Paulo (FIESP)
- Instituto Brasileiro de Mineração / Brazilian Mining Association (IBRAM)
- Pacto Empresarial Contra a Exploração Sexual de Crianças e Adolescentes nas Rodovias Brasileiras

### ARGENTINA

- Camara Argentina de Empresarios Mineros (CAEM)
- Grupo de Empresas Mineras Exploradoras de la República (Gemera)
- Canada-Argentina Chamber of Commerce

### CHILE

- Asociación de Industriales de Antofagasta (AIA)
- Canada-Chile Chamber of Commerce / Camara Chileno Canadiense
- Consejo Minero de Chile AG: Mining Council
- Sociedad Nacional de Minería (SONAMI)

### MEXICO

- Canadian Chamber of Commerce in Mexico / Cámara de Comercio de Canadá en México (CanCham)
- Cámara Minera De México (CAMIMEX)
- Mining Task Force (MTF)

# | Sustainability Principles & YMS System

## Yamana's Sustainability Principles

- 1 We continuously strive to minimize our environmental impact.
- 2 We prioritize the development of cleaner, greener and safer technologies and work closely with our suppliers to improve processes and techniques that maximize environmental protection.
- 3 We train each employee and contractor to be conscious of safety in their daily routines and encourage them to promote responsible mining.
- 4 We review our programs and targets on a regular basis to ensure they are aligned with the expectations of our stakeholders and local communities.
- 5 We build and operate all of our sites in accordance with rigorous international environmental standards.

## Yamana Management System

Yamana has a responsibility to all its stakeholders to build and adhere to a strong corporate social responsibility program. In 2006, we developed an integrated management system that governs our activities in safety, health, environment and community relations; the Yamana Management System (YMS). The system involves risk assessment, identification of all legal and contractual requirements, definition of company objectives and targets and includes procedures to ensure that we operate in compliance with our policies and management programs. It was developed based on the following best practices and international standards: ISO 14001 Environment Management System, OHSAS 18001 Occupational Health and Safety Management System, SA 8000 Social Accountability Standard, and the International Cyanide Management Code. The YMS also helps to define corporate goals related to the reduction of natural resource consumption, zero accident targets and certifications. In 2011, standards were further refined and new procedures were added to improve and integrate all existing systems. A corporate cross audit has also been implemented to improve efficiencies of the management system at all mine sites.



In 2011, adherence with the YMS system reached 87.5% in Brazil, Argentina and Chile, versus the 3-year average of 83.5%.

## | Corporate Governance

As an international mining company, we are committed to the highest standards of governance and stewardship. Our Board of Directors and management recognize the importance of governance in effectively managing the Company, protecting employees and shareholders, and enhancing shareholder value.

### Board of Directors

Our Board is highly engaged, and committed to strong stewardship and our long-term success. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Our governance practices meet the applicable requirements in Canada, the United States and the United Kingdom, and for best practices in general. We also monitor governance developments to ensure our practices remain current and appropriate.

The Board is made up of 11 directors, nine of whom are independent, who provide a strong and diverse mix of skills in finance, mining, sustainability, metallurgy, mergers and acquisitions and international business. Our Chairman is Peter Marrone, who founded Yamana Gold in 2003 and also serves as Chief Executive Officer (CEO). Another director served as our Chief Operating Officer (COO) from 2003 to 2007 and as President from 2007 to 2009 until he retired from the Company. Both are non-independent directors according to the Board's independence criteria and governance guidelines.

The corporate governance and nominating committee monitors the performance of the Board and the Chairman and CEO and believes that the combined position does not detract from the effective functioning of the Board. Our position is unique because our Chairman and CEO is also the founder of the company. Both the Committee and Board believe Mr. Marrone's passion, drive and leadership have been instrumental in Yamana's success to date.

The Lead Director is independent and appointed by the Board. His primary focus is to provide leadership to the independent directors and ensure that the Board successfully carries out its duties. The Lead Director chairs all meetings of the independent directors and ensures that the Board's responsibilities are well understood and respected by both the Board and management.

### Committees of the Board

All of the committees are 100% independent. The committees operate independently of management and report directly to the Board. The Board may also appoint independent or ad hoc committees from time to time as appropriate.



The Board has the following four standing committees:

#### **Audit Committee**

The audit committee assists the Board in fulfilling its financial reporting and control responsibilities to shareholders and the investment community. Our independent, external auditors report directly to the audit committee.

#### **Compensation Committee**

The compensation committee is responsible for recommending strategy, policies and programs for compensating and developing directors and senior management.

#### **Corporate Governance and Nominating Committee**

The corporate governance and nominating committee develops Yamana's corporate governance policies and practices, assesses the effectiveness of the Board and its committees, and leads the process for recruiting and appointing directors and ensuring their ongoing development.

#### **Sustainability Committee**

The sustainability committee assists the Board in overseeing sustainability, environmental, and health and safety matters, which includes monitoring the implementation and management of our policies, procedures and practices relating to these four areas of corporate responsibility.

#### **Core skills and qualities for serving on the Yamana Board**

- financial literacy
- integrity and accountability
- ability to engage in informed judgment
- governance
- strategic business development
- excellent communications skills
- ability to work effectively as a team

#### **Board Development**

Assembling a board that has an appropriate mix of skills, experience and other qualities provides management with effective leadership and direction to support our strategic growth as a company.

The Board assessment process helps the corporate governance and nominating committee determine Board effectiveness and identify areas it may need to enhance when recruiting new director candidates for nomination to the Board.

The corporate governance and nominating committee has developed a long-term plan for Board composition that is based on our strategic direction, skills matrix and other factors. Director independence, the competencies and skills of the Board, core skills and qualities, the current strengths, skills and experience of each director as well as each director's personality and other qualities they bring to the dynamics of an effective board are all factors that the committee takes into consideration when recruiting director candidates.

Shareholders, employees and other interested parties may communicate directly with the Board by contacting the Chairman and CEO or the Lead Director at the addresses noted in our Contact Information section. Additionally, to view Yamana's Board and committee charters, ethics policy and corporate governance practices, as well as how they compare to the NYSE standards, please visit [www.yamana.com/governance](http://www.yamana.com/governance).

### Executive Compensation

Quality people are the foundation for Yamana's continued success. At every opportunity, we strive to create an environment that encourages innovation, manages change and nurtures development.

Yamana's pay-for-performance philosophy seeks to reward the achievement of performance goals and aligns the interests of executives with Yamana's shareholders. Beginning in 2012, our shareholders have an opportunity to participate in an advisory vote on our approach to executive compensation because we believe it's important to have regular and constructive engagement with our shareholders, and to receive shareholder feedback on this issue. Details of how compensation is aligned with economic, social and environmental goals can be found in Yamana's 2011 Management Information Circular.

### Risk Management

The Board is responsible for the stewardship of Yamana, supervising the management of our business, and acting in the best interests of the Company and our shareholders. The Board receives quarterly updates on operations, health, safety, environment and community, exploration and construction.

We have a system in place to manage the various risks facing our business, including audit and financial risk, sustainability, health and safety and compensation. In light of our significant growth in eight years and evolving governance practices, in 2011 we began working on a new enterprise risk management (ERM) framework as a good business practice and to support management and employees across the company in identifying, assessing and mitigating our principal risks.

The new framework will provide current and accurate information about our major risks, and allow management to run the business more effectively by minimizing the downside risk while maximizing opportunity within our risk appetite.

## | Our Business Values & Conduct

Yamana is committed to conducting business according to the letter and spirit of the law and our high standards of ethical business conduct. Our core values shape the way we do business and meet our commitments to our people, the marketplace and the communities where we operate. We believe our values also help drive our success.

### Code of Conduct

The Board has adopted a Code of Conduct (the “Code”) for its directors, officers and employees. The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations in all jurisdictions in which the Company conducts business; providing guidance to directors, officers and employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct. All directors, employees and service providers receive a copy of the Code when they join our team and they go through planned training according to an annual training plan with requirements specific to each area.

Yamana has established a toll-free compliance call line and website to allow for anonymous reporting of any suspected Code violations, including concerns regarding accounting, internal controls over financial reporting or other auditing matters.

The corporate governance and nominating committee reviews the Code regularly and last updated it in January 2012. A copy is available on our website at [www.yamana.com](http://www.yamana.com).

### Yamana’s 10 core values

- entrepreneurial spirit
- operational excellence
- continuous improvement
- transparency
- safe work environment
- ethical attitude
- responsive to local communities
- responsibility
- respect for the environment
- integrity





## Breaking Records





## | Our Employees

We understand that our employees are our most valuable asset, and we are focused on attracting and retaining motivated professionals who strive to develop their skills. We continue to advance our programs in an effort to provide our employees with the resources necessary to succeed. Our emphasis remains on long-term achievement because we understand that when our employees grow, so does Yamana.

As part of our ongoing progression, Yamana's Human Resources department went through a major restructuring in 2011, proudly creating the role of Senior Vice-President of Human Resources. We believe this will support the strategic change in Human Resources which is already well under way.

The formal launch of our Company-wide employee pension plan is one example of this change. The defined contribution pension plan is designed to enhance our employees' financial security, and is part of a larger effort to reinforce and reward the creation of sustainable operations, and encourage our people to look to a future at Yamana over the longer term.

In 2012, the further development of our compensation and benefits plan is a priority. Several other key initiatives include the development, implementation and monitoring of key human resources indicators, an increase in employee training, and the advancement of our selection and skill update program for employees transferring to our expansion projects.

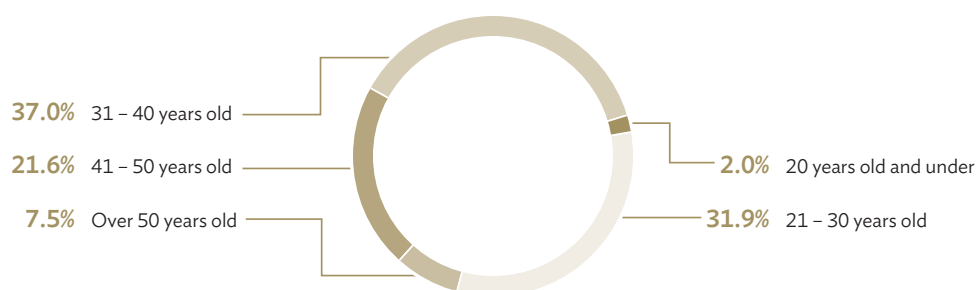
### Economic Growth and Employee Development

The Company currently employs approximately 9,700 people: 5,085 employees and 4,620 contractors. It is our policy to give preference in hiring to applicants from the communities near our operations, in an effort to contribute actively to local development. Today, over 75% of our new employees come from the communities in which we operate directly or indirectly.

Yamana's Human Resources Plan calls for a 60% increase in the number of employees over the next two years to meet the labor demands of our new operations. As a result, we have initiated a proactive hiring and teaching campaign with the aim of employing and training local workers, developing their intellectual capital, and smoothly integrating them into our new operations. At C1 Santa Luz, we began a training program for the local workforce, to prepare 106 workers for working as mechanics, electricians, and drill and plant operators. The Company's intention is to use this workforce to fill the work vacancies opening at C1 Santa Luz, which will begin production in 2012.

COUNTRY	EMPLOYEES	CONTRACTORS	TOTAL
Brazil	2,042	1,584	3,626
Argentina	577	264	841
Canada	64	15	79
Chile	2,053	2,092	4,145
Colombia	9	9	18
Mexico	328	650	978
USA	12	6	18
<b>TOTAL</b>	<b>5,085</b>	<b>4,620</b>	<b>9,705</b>

Employee Age Group Breakdown



In addition to our wages and benefits plans, Yamana also offers scholarships to employees through agreements with educational institutions, so they can pursue further education. During 2011 in Brazil, more than 250 employees benefited from this program, representing about 12% of the total workforce. Over the last three years we have committed an average investment of \$209,580 annually to educational programs.

Along with educational support, Yamana provides employees with professional training and structured career plans, with the objective of assisting employees to realize their career goals. We use tools such as our Individual Development Plan (IDP) and the Team Development Plan (TDP), which covered more than 80% of employees last year.

To support both employees and the residents of the communities in which we operate, Yamana provided training opportunities for over 14,000 people in 2011.

### Diversity

Yamana holds as a basic principle respect for the diversity of its employees and seeks to ensure a discrimination-free work environment, as per our Code of Conduct.

We are a proponent of equal opportunity hiring practices, and believe in hiring the best people. Due to unique characteristics of the mining industry, women currently make up only 10% of our workforce. We recognize the opportunity to increase this number. Compared to 2010, we have 42% more female employees. Additionally, females represent 20% of senior leadership. We have policies in place to ensure there is no distinction between each gender's salaries within the same employee category.

### Volunteer Programs

Yamana has a Volunteer Committee that is responsible for creating programs that can fulfill identified needs in the communities where we operate. In 2011, employees at our Brazilian operations surpassed their goal of a 40% volunteer participation rate through a variety of initiatives, such as our seedlings distribution program and environmental education activities for local school children. This encouraged employees at our other operations, who participated in internal campaigns and volunteer programs which were established as part of our "Integration Day".



## | Health & Safety

Creating a safe work environment is the most important aspect of the commitment and pledge we make to each and every employee. Yamana has rigorous procedures in place to manage health and safety protocols and is continually investing time and resources to enhance health and safety at all operations. We strive to go beyond compliance and ensure the prevention of accidents at our sites through the implementation of best practices. At Yamana, safety is part of our culture.

We have recently adopted a strategy focused on leadership training to create “safety managers” out of our leaders, with the objective of emphasizing health and safety success as one of our principal key performance indicators. We have developed several initiatives to determine why certain accidents occur, and establish protocols to eliminate any potential hazards. Our Sequentially Timed Events Plotting (STEP), Hierarchical Cause Scheme (HCS), Cause and Effect Diagram (CED), and Root Cause Analysis (RCA) systems provide a detailed framework of how to evaluate employee safety. These systems have proven to be effective, resulting in a 54% reduction in the accident frequency rate since 2009.

### 2011 Highlights

- All operations, except Gualcamayo, are OHSAS 18001 certified. Gualcamayo has already been independently audited and recommended for certification
- Out of the six operations that use sodium cyanide, five are certified and/or have been recommended for certification under the International Cyanide Management Code (ICMC)
- El Peñón and Minera Florida have expanded their air rescue programs
- A quarterly geo-mechanical inspection was completed at each operation
- More than 99,000 safety behavior checks were performed
- Forty-five health campaigns were conducted for employees, contractors and the community
- New employees and contractors each undergo an average of 27 hours of training to learn about the hazards they might face, and the means of preventing accidents. This training is in addition to the standard ongoing safety, corporate and operating procedures that are already in place at each operation to ensure all current employees work safely

## Yamana's Nine Golden Rules

We have created Nine Golden Rules to illustrate our commitment to preventive safety and ensure all employees make safety their primary focus.

- 1 The use of personal safety equipment is mandatory.
- 2 The use of seat belts in vehicles is mandatory.
- 3 Speed limits on private and public roads must always be obeyed.
- 4 When working with hazardous materials, employees must ensure additional safety procedures are followed and all cautionary labels are prominent.
- 5 Vehicles may be operated by Company authorized personnel only.
- 6 Prior to operating any vehicle or cargo equipment, employees must complete the Company's safety training program.
- 7 Employees must review and confirm knowledge of all safety requirements before working in confined spaces.
- 8 When working at heights greater than 1.8 metres, employees must use safety harnesses.
- 9 Never attend work under the influence of alcohol or narcotics.

## Accident Prevention

Yamana strives to anticipate and prevent accidents before they occur. At each operation the Company has created a Safety, Health, Education and Community (SHEC) management committee and appointed an Internal Accident Prevention Commission chairman who meet regularly to discuss and improve occupational health and safety programs.

Each SHEC team is responsible for the successful implementation and monitoring of our health and safety programs. The teams have established initiatives such as our Yamana Safety Day, in which members of the SHEC Corporate Committee, chaired by the COO and composed of the Company's senior leadership, spend a day at each operation to highlight and reinforce the importance of safety to all employees.

Employees are encouraged to identify and report risky situations to management during the Daily Safety Dialogue (DSD) and may refuse to perform a task if it is deemed unsafe according to our PEACE tool – standing for Think, Study, Analyze, Correct and Execute in Portuguese. Additionally, the Safety Incident Report (SIR) allows employees to report potentially hazardous situations. These reports are analyzed by the responsible supervisors for subsequent correction of the hazard.

In 2011, Yamana began a Planned Work Observation (PWO) pilot project at our Chapada operation to ensure that all routine activities, changes, and process alterations are based on formal procedures for safer operations, through the identification of potential hazards and risks in the short, medium and long-term so that each potential problem can be controlled or mitigated. A review process plan has been established to evaluate risks and schedule operator training. In 2012, the project will be expanded to all of Yamana's operations.

In the past year we have enhanced our Yamana Management System, through the introduction of new safety tools and protocols, to ensure we are providing the safest work environment possible. The result has been a reduction in our accident rate year-over-year.

SAFETY PERFORMANCE*	2009	2010	2011
Accident Frequency Rate	5.72	3.05	2.66
Lost Time Injury Frequency Rate	0.54	0.21	0.28
Lost Time Injury Severity Rate	121	64	99
Occupational Diseases Rate (ODR)	0	0	0
Absentee Rate (AR)	-	2.2	2.5

\*Calculations based on 200,000 hours worked

OTHER PERFORMANCE INDICATORS	2009	2010	2011
Accidents without lost time	675	336	328
Lost time accidents	65	23	39
Total Lost days	14,020	7,077	13,725
Fatalities	2	1	2

Tragically, we experienced two fatalities during the year. Both involved employees of outside contractors, although we strive to ensure that the standard of care applies as much to our contractors' employees as to our own. Both cases were immediately reported to senior management, and public authorities as required, and an internal inquiry was initiated to investigate the causes of the accidents. The results have been used to further enhance our safety management procedures as applied to our contractors. We are continually working to enhance our safety standards.





Environment



| Breaking  
Ground



## | Environment

Yamana's environmental programs are designed to minimize our impact on, while ensuring the sustainability of, the environment. We adhere to best practices in all environmental matters while maintaining compliance with local and international legislation.

Throughout the economic evaluation of expansions at existing operations, the development of new projects and our exploration activities, consideration is given to the potential impact on the climate and the environment in general. To further formalize this consideration, in 2012 Yamana will define our Corporate Climate Change Policy and will establish Greenhouse Gas (GHG) goals for the coming years.

In 2011, our environmental investments reached \$14,397,423. This investment includes improvements at our operations, our development projects, and the closing of our operations in the United States.

INVESTMENTS	TOTAL (\$)
Environmental monitoring	4,332,758
Waste management	2,628,991
Area reclamation	1,643,022
Sewage treatment	251,935
Environmental education	199,521
Protected areas management	98,177
Certifications	268,928
Closure	4,577,030
Environmental licensing / Environmental rates	192,189
Others	204,872

## Environmental Performance

Yamana's environmental policy is incorporated into all aspects of the mining process, from the exploration stage to decommissioning. The Company's environmental impact assessment, analysis and management of risks, and environmental monitoring and controls are all part of the Yamana Management System.

It is Yamana's goal to continually reduce the consumption of natural resources. Our consumption reduction efforts over the past year resulted in impressive year-over-year reductions of energy, water and diesel consumption and solid waste generation, highlighted by our 27% reduction in fresh water usage.

	2010	2011	CHANGE
Diesel (m <sup>3</sup> /kGEO)	60.61	55.03	-9%
Electricity (MWh/kGEO)	567.31	552.32	-3%
Solid Waste (t/kGEO)	10.52	9.63	-8%
Fresh Water (m <sup>3</sup> /kGEO)	10,403.33	7,591.15	-27%

\*Calculation based on consumption divided by the kGEO production.

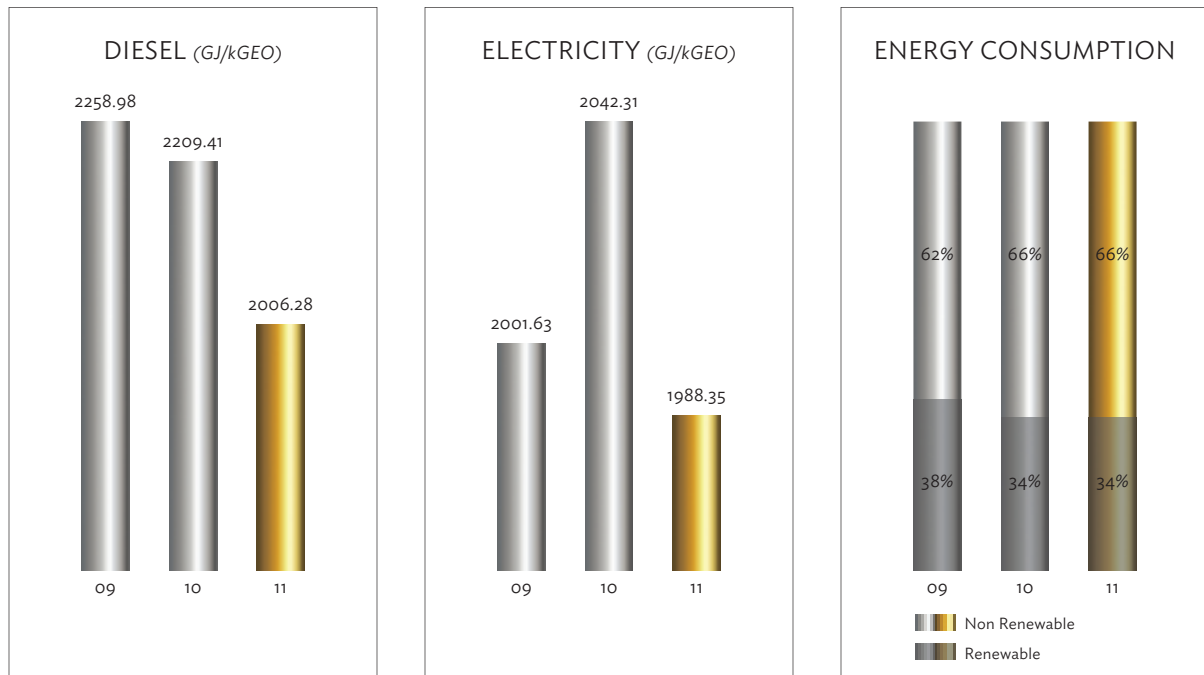
Additionally, we have monitoring and control systems in place for other environmental indicators, including effluent discharge levels and land reclamation, in an effort to further improve our environmental management.

## Energy Consumption

In October 2011, the Energy Efficiency Committee was created to identify opportunities and develop initiatives to reduce electricity and diesel consumption. Yamana continues to reinforce the use of renewable energy, especially in countries with sensitive energy grids, like Chile, which produces most of its electricity from gas and oil. As a result, more robust energy programs are expected to be implemented at each operation in the coming years.

The implementation of energy saving programs, such as using electronic devices to control refueling trucks and equipment, our fleet management system, and investment in modern vehicles will enable Yamana to reduce diesel and electricity consumption by more than the 2.5% reduction target established by the Corporate SHEC Committee.

Total energy consumption in 2011 was 4,403.19 million GJ (diesel + electricity), a reduction of 257.09 GJ/kGEO. The ratio of renewable to non-renewable energy consumption was the same as 2010, 34% and 66%, respectively.



## Fuel savings

Vehicle operators at the each of Yamana's mines participate in continuing education workshops to ensure they maximize fuel efficiency and operate machinery safely. At the Chapada mine, a virtual off-road truck simulator was introduced as part of this initiative. It teaches drivers how to operate their vehicle in the most fuel efficient manner.



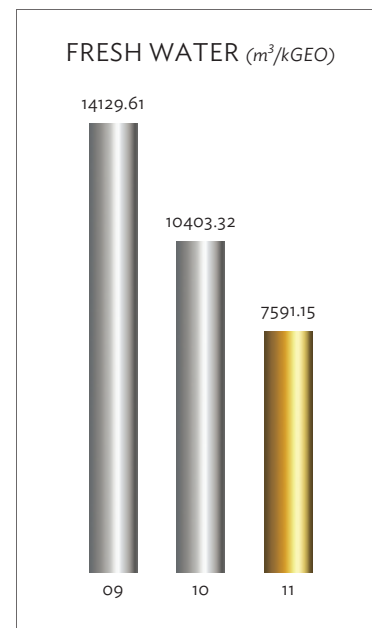
## Water Consumption

Aware of the importance of water to our operations, Yamana has made the effort to reduce fresh water consumption. Compared to 2010, we reduced fresh water usage by 27%. We used approximately 8.4 million cubic meters of fresh water from the following sources: rivers (4.6 million m<sup>3</sup>); aqueducts (823 thousand m<sup>3</sup>); wells (1.8 million m<sup>3</sup>); mine water (1.1 million m<sup>3</sup>). This number represents 13% of the total water used at our operations. In other words, 87% (55.7 million m<sup>3</sup>) of the total water volume was reused in mineral processing at the operating units.

Water availability is a product of local climates and surrounding environments. This is evident at our El Peñón and Gualcamayo mines, which are located in desert and semi-arid areas, where water availability is a key focus. In an effort to ensure we maximize our efficient use of this critical resource, El Peñón utilizes a tailings filtering system that recovers more than 80% of water used, which is then reused in the ore processing plant.

Additionally, our Chapada mine has been successful in diminishing water usage from the Dos Bois River. Although authorized to use up to 10,300,000 m<sup>3</sup>/year, or 5% of the river's water flow, the operation used only 3,700,000 m<sup>3</sup> in 2011, representing an average of 1.8% of total water flow. We are proud to say that our fresh water consumption indicator has declined 54% since 2009.

Along with continued efforts to reduce water consumption, Yamana monitors the quality of surface and ground water inside and outside operational boundaries. Hydrogeology and geochemical programs enhance this monitoring by identifying and controlling environmental factors that may impact water quality.

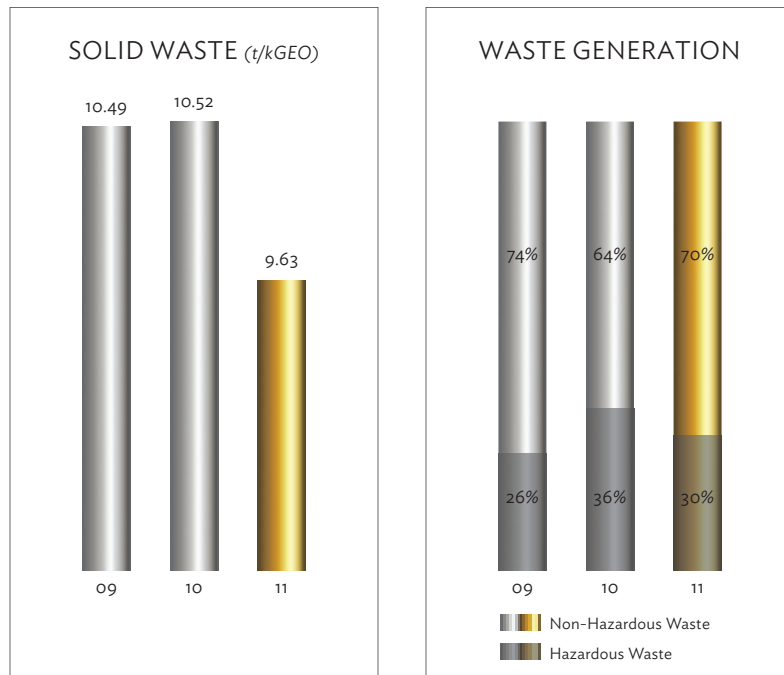


## Waste Management

All of Yamana's operations have a Solid Waste Management Plan which outlines how waste is separated and properly disposed of, based on defined categories. In 2011, approximately 50% of Yamana's solid waste was sent to landfills, with 26% recycled, 19% incinerated and 4% co-processed. The remaining 1% was disposed of in other manners, including composting.

Yamana's goal of a 5% reduction in waste generation was achieved in 2011. Approximately 10,600 tonnes of non-mineral solid waste was generated, 30% being hazardous.

We also invest in waste management initiatives that consider reuse whenever possible. At our C1 Santa Luz project we installed two bio-digesters this past year. They produced 28 kilograms per day of organic compound from organic waste generated at the site. This fertilizer is used to grow native saplings at the Company's nursery.



## Cyanide Management

Yamana uses sodium cyanide at its operations in compliance with the International Cyanide Management Code (ICMC). ICMC is a voluntary initiative created for managing cyanide in the gold production chain (gold miners, producers/handlers and cyanide transportation) to minimize risks to human health and the environment. Essential for the gold mining industry, cyanide is a chemical product used at almost 90% of the world's gold mining operations.

As signatories of the Code, all of Yamana's operations underwent independent audits to demonstrate the implementation of the measures complying with ICMC standards. Currently, all of Yamana's operations have full Code compliance certification or are recommended for certification, except Mercedes, which started production in the end of 2011.

Yamana not only follows the Code's standards but also establishes operating procedures in the Yamana Management System (YMS) to prevent cyanide-related accidents. The Company also has a mine visitation program to educate internal and external stakeholders about the impact of cyanide and how the Company manages its use to minimize risks.

Visitors take part in lectures and receive educational material regarding the features and necessary precautions to avoid contamination during transportation, unloading, storing and handling of the cyanide. This education initiative also explains Yamana's practices to avoid cyanide accidents and, in the event of an accident, how the Company handles the occurrence in order to avoid any environmental impact.

## Greenhouse Gas Emissions

Yamana works for the continuous improvement of its processes to reduce its greenhouse gas emissions. The Energy Efficiency Program was launched to contribute to this goal, reducing the consumption of electricity and diesel in our operations.

In 2011, we expanded the scope of the Greenhouse Gas (GHG) emissions inventory, aiming to consolidate our Corporate Climate Change Policy, as well as to define emissions targets and establish reduction plans for the coming years.

The Company's total emissions were 462,321.92 tons of CO<sub>2</sub> equivalent. The GHG inventory was calculated according to the GHG Protocol methodology, including all operations and corporate offices.

We included new emission sources, such as cyanide consumption and waste incineration. We also adjusted some methodologies used in 2010, such as emissions derived from soil usage and explosives. Regarding explosives, we have developed a specific detonation procedure for each type of explosive, which also monitors CO<sub>2</sub> and N<sub>2</sub>O<sub>2</sub> emissions from each component. This has enabled us to track emissions in a more precise manner. However, the increased monitoring has also increased the aggregate amount of emissions.

Our ability to deliver transparency in reporting emissions data resulted in Yamana being recognized in the 2011 Canadian Carbon Disclosure Leadership Index, which includes the top 20 Canadian companies disclosing climate change strategies and opportunities relating to the 2011 Carbon Disclosure Project (CDP). For more details please visit [www.cdpproject.net](http://www.cdpproject.net).

ABSOLUTE EMISSIONS (tCO <sub>2</sub> equivalent)	2009	2010	2011
Direct GHG emissions	174,565.20	184,677.91	263,190.83
Electricity and heat indirect GHG emissions	90,330.49	122,932.06	131,011.81
All indirect emissions	Not measured	71,885.37	68,119.28
<b>TOTAL</b>	264,985.69	379,495.34	462,321.92

### Biodiversity

Preservation of the environment and biodiversity is given due consideration in all of our operational decisions and, through a management matrix, we monitor and assess all potential impacts. The matrix is generated based on an Environmental Impact Assessments established during the feasibility and development stages, and becomes one of the environmental management tools used during operations.

Although there is no formally constituted Biodiversity Management Plan, we have developed a series of measures to mitigate biodiversity impacts. In compliance with our YMS standards, we have developed a Flora and Fauna Management plan, as well as a Disturbed Areas Management plan, both of which are active during all project stages.

To maintain habitats in areas affected by our mining activities, Yamana develops environmental conservation programs that seek to recreate in the best possible way the original environment, and to conserve threatened habitats with high biodiversity. The animals and plants removed from areas impacted by our operations are relocated to similar habitats to ensure the continuity of their natural life cycles.

#### Environmental Conservation

In Mexico, at our Mercedes operation, we have a monitoring program in place to observe a colony of more than one million bats. The species is endemic to the region, and Yamana is committed to ensuring that our activities do not interfere with the habitat of these mammals that live in close proximity to the underground mine. In this case, we have been able to let the colony remain in its original habitat and not be relocated.

Yamana currently operates in areas of rich biodiversity. In Brazil, our Jacobina operation is located near the Sete Passagens State Park in Bahia, which covers 2,700 hectares.

In Chile, our Minera Florida operation is located inside the Altos de Cantillana Conservation Area, considered one of the most biodiverse areas in the world. The protected area covers 205,000 hectares, of which 14,000, or 8%, are owned and conserved by Yamana. The Company is committed to the regional Biodiversity Preservation Program and currently is focused on reforestation efforts for the Chilean wine palm, an endangered species. In 2011 alone, 40,100 seedlings of native species were produced at Minera Florida, and 14,000 were planted as part of our conservation efforts.



### Helping the Hulk: A Conservation Story

The Chilean wine palm (*Jubaea Chilensis*) is known as the “Incredible Hulk” of the palm world because of its massive diameter, often exceeding five feet, and the ability to grow to over 100 feet in height. In fact, its trunk is so strong it is invulnerable to fire!

Renowned for the delicious “palm honey” that is derived from its sap, the tree has experienced drastic overharvesting because the honey can only be accessed effectively by cutting the palm down.



Yamana has teamed up with local conservation groups in an effort to revitalize this amazing tree, which is now identified as a threatened species in Chile. In 2011, Yamana produced over 37,000 seedlings at our Minera Florida operation, and we were able to plant 12,500 saplings in their indigenous habitat.

The revitalization effort is no short-term commitment. Seeds take 6-18 months to germinate and growth is very slow. However, the results are extremely rewarding, as a full-grown Chilean wine palm can live for hundreds of years, majestically dominating its temperate forest landscape.

### Mine Decommissioning

All of Yamana’s operations have a mine decommissioning plan, with the goal of minimizing our impact and restoring the location to its original state. The process considers the unique characteristics of each operation and includes decommissioning cost estimates, which range from \$15 million - \$50 million depending on factors such as: the mining process used at the mine, the type of mine, the area occupied and the decommissioning process used.

Decommissioning lasts at least five years and normally is initiated prior to mine closure. Our decommissioning plans are reviewed and updated every three years, while estimated costs are updated every six months.

We aim to create programs that ensure the continuity of the local economy. Internally, Yamana seeks to reallocate employees to other operations and develop programs for professional orientation and entrepreneurship.

Post-closure, the Company continues to monitor vegetation, water and soil conditions, among others characteristics, in accordance with international mining regulation standards.







Community Relations

| Breaking  
Boundaries



## | Community Relations

Yamana takes an active interest in the well-being of the communities surrounding its operations. We work with local suppliers, hire local employees and build relationships in the regions in which we operate. Yamana provides various sustainable economic development programs, and as a result, has created strong community relations.

In 2011, we consolidated our social investment priorities under four pillars:

- local development
- education
- quality of life
- culture

Investing in these areas allows us to promote the economic, social and cultural development of the regions in which we operate, with the goal of leaving self-sustaining communities after operations end.

Our Citizens Meetings program has been established to improve communication with local communities in order to design programs that meet the unique characteristics of each community. We have established programs at each operation, along with initiatives in 15 cities, an increase from eight cities in 2007.

On a bi-annual basis, Yamana conducts an “Effectiveness Evaluation” to better understand the community’s perception of Yamana, and the effectiveness of our social programs and projects. The next evaluation will take place during 2012.

### Partnership Seminar Program

SEMINAR BREAKDOWN	2009	2010	2011
Income generation	21	34	37
Social assistance	12	20	35
Environment	2	0	1
Education	14	7	11
Health	5	9	4
Culture / Sport	12	9	16
<b>TOTAL</b>	<b>66</b>	<b>79</b>	<b>104</b>



Our Partnership Seminar program supports projects that contribute to the sustainable development of local communities. We accept proposals to support local education, and environmental, cultural, economic and health initiatives. In 2011 we increased our percentage contribution to project funding to 85% from 70% previously. During the year we supported 104 projects, an increase of 32% from 2010.

We continue to encourage projects focused on job creation because of their contribution towards long-term financial sustainability. Thirty-seven of these projects were supported during the year versus 21 in 2009, and we are currently working to expand our efforts as the program enters its first year at our El Peñón mine in Chile. The project will start in 2012 at the Mercedes mine in Mexico.

### Supporting Sustainability in Cedro

In Brazil, Yamana is working with the Cedro community, located in the same region as our Fazenda Brasileiro mine, to create economic sustainability beyond the mining sector.

The Cedro Community Development Association was chosen as a worthy recipient for economic funding and technical support as part of our Partnership Seminar program.



The association's headquarters have been expanded to include additional workspace for local entrepreneurs. The result has been "As Marias", an initiative that has provided new machinery, raw materials and business training for a local co-operative group to produce women's and children's clothing, towels and bedding. Nineteen direct jobs, and numerous secondary opportunities, have helped provide sustainable incomes for community members.

Our goal is to work with the communities in which we operate to understand their needs and determine where opportunities may lie. Supporting the skills of local entrepreneurs goes a long way to creating a diverse and sustainable community.

## Integration Program

PROGRAM BENEFICIARIES	2009	2010	2011
Health	21,946	11,427	16,163
Citizenship	10,542	14,498	14,467
Environment, Culture & Income Generation	19,804	17,044	20,313
Leisure	5,517	39,618	50,230
<b>TOTAL</b>	<b>117,809</b>	<b>82,517</b>	<b>101,173</b>

Note: 2009 and 2010 include data from the São Francisco and São Vicente operations which are no longer owned by Yamana. 2011 includes data from the El Penón operation, which did not participate in the program in the previous years.

The Integration program's goal is to improve the quality of life of surrounding communities by providing support in four key areas: health, the environment, family, and community involvement.

The program includes our Integration Day at each operation. Volunteers, in partnership with local governments and members of the private sector, offer services free of charge including medical exams, environmental education and support completing legal documents.

Our Integration Days have grown significantly in popularity since their inception five years ago. In 2011, community participation increased 23%, to over 100,000 attendees at our Brazilian, Chilean and Argentinian operations. An Integration Day was held for the first time at our El Penón operation, bringing together 2,800 community members who represented 30% of the population of Taltal, Chile.

Yamana's Integration Team, comprised of employee volunteers, conducts interest surveys to establish the needs of local communities that can be addressed through our Integration Days and other initiatives throughout the year.

A key finding of the surveys has been the need for access to health services, which have become an essential part of the program. Several of our operations are located near rural communities, where citizens face challenges accessing adequate medical care. Yamana is trying to supplement existing services when possible, as evident in Barrocas, Brazil, where we were able to provide 102 electrocardiograms in 2011 to meet the community's needs. We work with local communities to prioritize needs, and provide a wide range of health care services from general check-ups to dealing with serious diseases.

## Open Doors Program

With our Open Doors program, the community has the opportunity to learn about our operations, our values, vision, safety standards and environmental management.

The presence of the community at Yamana's operations reinforces our focus on transparency and our goal of addressing questions to aid in a better understanding of complex mine issues. We encourage community members to provide recommendations for improvement, and have a formal program in place to ensure suggestions are evaluated and, where appropriate, integrated into the Company's operational guidelines.

In the past year, 1,709 people, including employees, their families, students, community members and mining association members, visited our operations via 83 mine tours.

### Citizen Meetings Program

Building on our Open Doors program, we have developed Yamana Citizen Meetings, which are focused on building stronger ties with the local communities. The program promotes open, two-way, dialogue in order to identify community needs and for us to understand the community's perception of the Company's activities.

Issues discussed at the meetings are suggested by community representatives, and are not necessarily related to the impacts of Yamana's operations. In such instances, Yamana positions itself as another social entity within the community.

In 2011, 47 citizen meetings were held, at our C1-Santa Luz, Fazenda Brasileiro, Ernesto/Pau-a-pique, Chapada, Jacobina, Pilar, Minera Florida and Gualcamayo operations. The program will be introduced at our El Penón operation in 2012.

### Citizen Meetings in Action: A Three-Step Approach

At the first meetings held at our Brazilian operations, Yamana provided educational seminars on corporate issues that the communities wanted clarified, such as the mining processes being used, the useful life of the mines, safety and health standards, community involvement, employment opportunities, local purchasing, taxes and other contributions to the community.

The second round of meetings focused on more detailed community questions related to issues such as total water usage, noise levels, traffic increases and local population growth.

In response to the community's questions, Yamana provided social and economic impact studies outlining local impacts and solutions to local concerns. These meetings have contributed to our industry-leading water recirculation program, traffic mapping initiative, dust reduction strategy, and income generation programs.

### Educational Program

Much of our effort to enhance the sustainability of local communities involves our Education program. It is Yamana's view that investment in education is the foundation for building a prosperous and sustainable community. We utilize the expertise of local teachers, school boards and city councils to provide guidance on what the key educational needs of a region are, and then work with stakeholders to maximize our contribution.

In Brazil, our efforts have been focused on basic education. We have established an Educational Management program aimed at improving the quality of primary school education, with structured training for teachers, and better classroom conditions for students. Teachers participate in a two-year program, divided into 16 training modules, focused on teaching methods, motivational strategies, and behavioural needs.

There have been tangible improvements at schools where the program has been implemented, specifically through the increase in attendance. Currently, we are awaiting an official evaluation by the Brazilian federal government, a third party confirmation of the program's successes that is scheduled to occur in 2012.

In Chile, Argentina and Mexico, Yamana's educational initiatives have been focused on college preparatory education. Our local communities have requested that we offer guidance and support to local students who strive to reach their goal of obtaining post-secondary education. In response, Yamana has provided computer training, standardized testing tutoring and financial education. Additionally, we have been able to provide financial support to students in several communities. At our Mercedes operation in Mexico, we have provided \$10,000 in scholarships, starting in mid-2010, to high school and college students from the local community of Cucurpe.

### Investing in Local Suppliers

Conducting business with local suppliers is a priority for Yamana. Doing so contributes to the economic and environmental sustainability of local communities, while strengthening our relationships with stakeholders. As a global company, we believe it is important to acknowledge that Yamana regards local suppliers as those companies with operations within a 100 km radius of our mine sites.

In 2011, purchases through local suppliers reached \$177.5 million, up 5% over 2010. These contracts represented 17.5% of total services and goods purchased.

	2009	2010	2011
Share of purchases in the countries where Yamana operates	92.1%	90.9%	93.7%
Share of purchases in the provinces where Yamana operates	34.8%	37.8%	36.7%
Share of purchases in the cities where Yamana operates	16.7%	18.6%	17.5%

	BRAZIL	ARGENTINA	CHILE	MEXICO	TOTAL
Total purchases (US\$ million)	707.6	85.3	161.8	61.0	1,015.7

Every year we strive to increase our level of business with local companies. In an effort to achieve this goal, Yamana has created a Supplier Portal, which became operational at the end of 2011 and will be available to all suppliers in 2012. The portal allows vendors to submit their qualifications and services for pre-approval, and review Yamana's upcoming requirements. Additionally, suppliers can review Yamana's health, safety, environmental and social responsibility prerequisites to ensure they are able to meet our high standards.

We have also created a Supplier Development Program (SDP), in collaboration with local business associations, involved with training, promoting, and fostering business with local suppliers. The program's goal is to assist the local business community understand the needs of Yamana and create sustainable relationships. In 2011, Yamana hosted six workshops, attended by over 250 people, and made 50 on-site visits to local businesses in order to better align the needs of local businesses and the Company.

Yamana has also implemented a Purchasing Portal. Initiated in 2011, the portal's purpose is to provide a more detailed breakdown of local purchases, and then assist local suppliers to grow their business not only with Yamana, but also with other businesses in the region.

All suppliers that join Yamana's supply chain receive a copy of our Code of Conduct to ensure that they understand and accept the Company's guidelines for conduct, ethics and transparency. Additionally, for any contract greater than US\$1.0 million periodic reviews take place through the framework of the Yamana Management System. In the event that a supplier does not comply with a certain mandate, contracts are suspended, and suppliers are granted an agreed-upon period to correct the issue before the Company decides to continue or cancel the contract.





Procedures, Indicators  
& GRI Index

| Conclusion

## | Reporting Procedures

Our sustainability reporting procedure continues to evolve in an effort to maintain transparency and accountability to our stakeholders. The Company's 2011 CSR report is the fourth report to be published in accordance with the Global Reporting Initiative – GRI (G3 version) guidelines, and covers economic, environmental, and social issues considered material by the Company and our stakeholders.

In 2011, the Company reported 61 performance indicators, up from 28 in 2010, along with compliance with all Metals and Mining Sector indicators, and the disclosure of information regarding management's approach to each area. This allowed Yamana to increase our application level to B, as externally verified by GRI. Key topics include reduction of natural resource consumption, biodiversity, occupational safety and community relations.

Pre-established internal controls and interviews with management and stakeholders were used to compile information. Issues regarding labor practices and greenhouse gas inventory include operational and corporate offices. The Mercedes mine began production in November 2011, and therefore reported information for Mercedes only refers to the period since then.

For environmental indicators (diesel, electricity, non-mineral solid waste and fresh water) the Company uses consumption divided by production in gold equivalent ounces (GEOs) as a calculation base.

This 2011 report is published in three languages: Portuguese, Spanish and English. The GRI Content Index presents the reported indicators, indicating the pages on which they can be located. No re-statement of information provided in earlier reports has been necessary. To find out more on GRI guidelines and indicators used in this report, log on to: [www.globalreporting.org](http://www.globalreporting.org)



## | Corporate Structure

Yamana is a publicly traded corporation listed on the Toronto Stock Exchange (symbol: YRI), the New York Stock Exchange (symbol: AUYY) and the London Stock Exchange (symbol: YAU). Our principal product is gold, with its sale accounting for the majority of revenues. Yamana sells its precious metals into the worldwide commodities market at the spot price, and does not rely solely on one purchaser. The Company began producing gold-copper concentrate in 2007 at its Chapada mine, which significantly adds to the revenues and cash flows generated from the Company's production. Yamana has contracts with a number of smelters, refineries and copper-trading companies to sell its gold-copper concentrate.

The Company's operating assets include the El Peñón and Minera Florida mines in Chile; the Gualcamayo and Alumbra (12.5%) mines in Argentina; the Mercedes mine in Mexico; and the Chapada, Jacobina and Fazenda Brasileiro mines in Brazil.

Additionally, Yamana has a strong pipeline of development and advanced stage exploration projects including the Ernesto/Pau-a-Pique, C1 Santa Luz and Pilar projects in Brazil; the QDD Lower West deposit at Gualcamayo; and the Minera Florida tailings and the Jeronimo (57%) projects in Chile. These assets, along with others, will contribute to the Company's expansion going forward.

Our stakeholders include shareholders, the investment community, employees, contractors, suppliers, local community members, regulators, and government and non-government organizations. Stakeholder engagement is ongoing on a local and corporate level. Yamana is committed to effective stakeholder engagement which can take many different forms and include investor presentations, community relations, meetings with local business groups and government officials, and employee conference calls. The reasonable expectations and interests of stakeholders are a key reference point for many decisions in the preparation of this report.

Yamana was continued under the Canada Business Corporations Act on February 7, 1995. During 2011, there were no significant changes regarding the Company's size, structure, or ownership.

## | Performance Indicators

### Economic Value Generated and Distributed

Yamana strives to create economic opportunities in the areas surrounding its operations and development projects. In addition to generating economic value for our shareholders we are dedicated to creating opportunities for members of our local communities by purchasing local goods and services, creating job opportunities, building community infrastructure, paying taxes and royalties to local governments, helping local entrepreneurs and in general strengthening the sustainability of each community.

In 2011, the direct economic value generated by Yamana for its stakeholders included:

ECONOMIC VALUE ADDED	
Direct community investments	\$5.5M
Corporate donations and sponsorships	\$1.0M
Tax and royalty payments to local governments	\$275.4M
Shareholder value (dividends)	\$100.1M

KEY ORGANIZATIONAL CHARACTERISTICS	2009	2010	2011
Revenue (thousands)	\$1,183,314	\$1,686,811	\$2,173,325
Net earnings (thousands)	\$192,631	\$466,487	\$548,294
Adjusted earnings (thousands)	\$346,131	\$448,203	\$712,896
Annual production (GEO)	1,201,015	1,090,478	1,102,296
Total assets (thousands)	\$9,707,260	\$10,319,092	\$10,769,940
Shareholders' equity (thousands)	\$8,557,100	\$9,621,800	\$10,977,800



## BENEFITS PROVIDED TO FULL-TIME EMPLOYEES

By-law Benefits	Covering
Mine Transportation	All full-time employees
Maternity leave	
Paternity leave	
Variable remuneration	
Additional Benefits	Covering
Health care	All full-time employees
Dental care	
Group life insurance	
Disability coverage	
Retirement plan	
Others (language scholarships / educational assistance)	

NON-RENEWABLE MATERIALS	2011	UNIT
Fuel	60,661,946	l
Explosives	19,371,362	kg
Tires	2,843	pc
Cyanide	6,177,672	kg
Balls	18,025,556	kg
Lime	16,938,842	kg
Power	608,810	MwH
Xanthate	396,872,596	kg

# GRI Index

GRI INDICATOR	RESPONSES	STATUS
<b>1. Strategy and Analysis</b>		
1.1. Statement about the relevance of sustainability	Message from the CEO - Page 6	Fully answered
1.2. Key impacts, risks and opportunities	Message from the CEO - Page 6 Environment - Page 23 Additional information on all key impacts, risks and opportunities can be found in our 2011 Annual Information Form at <a href="http://www.yamana.com">www.yamana.com</a>	Fully answered
<b>2. Organizational Profile</b>		
2.1. Name of the organization	Company Overview - Page 5	Fully answered
2.2. Primary brands, products, and/or services	Corporate Structure - Page 49	Fully answered
2.3. Operational structure	Corporate Structure - Page 49	Fully answered
2.4. Location of the organization's headquarters	Contact Information - Page 61	Fully answered
2.5. Geographic breakdown	Company Overview - Page 5	Fully answered
2.6. Legal nature and ownership form	Corporate Structure - Page 49	Fully answered
2.7. Markets served	Corporate Structure - Page 49	Fully answered
2.8. Scale of the organization	Our Employees - Page 25 Corporate Structure - Page 49	Fully answered
2.9. Significant changes during the reporting period	Corporate Structure - Page 49	Fully answered
2.10. Awards received in the reporting period	Acknowledgements and Awards - Page 4	Fully answered
<b>3. Report Parameters</b>		
<b>Report Profile</b>		
3.1. Reporting period	Reporting Procedures - Page 48	Fully answered
3.2. Date of most recent previous report	Reporting Procedures - Page 48	Fully answered
3.3. Periodicity	Reporting Procedures - Page 48	Fully answered
3.4. Information for contact	Contact Information - Page 61	Fully answered

GRI INDICATOR	RESPONSES	STATUS
<b>Report scope and boundaries</b>		
3.5. Process for defining report content	Reporting Procedures – Page 48	Fully answered
3.6. Report boundary	Reporting Procedures – Page 48	Fully answered
3.7. Scope and boundary of the report	Reporting Procedures – Page 48	Fully answered
3.8. Basis for reporting	Reporting Procedures – Page 48	Fully answered
3.9. Data measurement techniques and bases of calculations	Reporting Procedures – Page 48	Fully answered
3.10. Effect of re-statements of information	Reporting Procedures – Page 48	Fully answered
3.11. Significant changes from previous reporting periods	Reporting Procedures – Page 48	Fully answered
<b>GRI Content Summary</b>		
3.12. Location of the information	GRI Content Index – Page 52	Fully answered
<b>Assurance</b>		
3.13. External assurance	Reporting Procedures – Page 48	Fully answered
<b>4. Governance, Commitments and Engagement</b>		
<b>Governance</b>		
4.1. Governance structure	Corporate Governance – Page 18	Fully answered
4.2. Identification of the main executive officers	Corporate Governance – Page 18	Fully answered
4.3. Statement of the number of members from the highest governance body that are independent and/or non-executive	Board Development – Page 18	Fully answered
4.4. Communication channels with the Board	Board Development – Page 20	Partially answered
4.5. Linkage between compensation for members of the highest governance body, senior managers, and executives (including severance packages), and the organization's performance (including social and environmental performance)	Executive Compensation – Page 20	Partially answered

GRI INDICATOR	RESPONSES	STATUS
4.6. Processes in place for the highest governance body to ensure conflicts of interest are avoided	Our Business Values and Conduct – Page 21	Fully answered
4.7. Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	Board Development – Page 19	Fully answered
4.8. Statements of mission, values, codes of conduct, and internal principles	Yamana's Sustainability Principles – Page 17 Our Business Values and Conduct – Page 21 Yamana's Nine Golden Rules – Page 28	Fully answered
4.9. The Board's initiatives on the evaluation of the sustainability performance	Executive Compensation – Page 20 Risk Management – Page 20	Fully answered
4.10. Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Executive Compensation – Page 20 Risk Management – Page 20	Fully answered
<b>Commitments to External Initiatives</b>		
4.11. Precautionary approach	Yamana Management System – Page 17 Risk Management – Page 20	Fully answered
4.12. Charters, principles and initiatives	Commitments and Memberships – Page 16	Fully answered
4.13. Memberships in associations	Commitments and Memberships – Page 16	Fully answered
<b>Stakeholder Engagement</b>		
4.14. List of stakeholders	Corporate Structure – Page 49	Fully answered
4.15. Identification and selection of stakeholders	Corporate Structure – Page 49	Fully answered
4.16. Stakeholder engagement	Community Relations – Page 42 Corporate Structure – Page 49	Partially answered
4.17. Key topics and concerns that have been raised through stakeholder engagement, and the organization's adopted measures	Community Relations – Page 44 Reporting Procedures – Page 48	Partially answered



PERFORMANCE INDICATORS	RESPONSES	STATUS
<b>Economic Performance</b>		
EC1. Direct economic value generated and distributed	Performance Indicators – Page 50	Fully answered
EC2. Financial implications and other risks and opportunities for the organization's activities due to climate changes	Environment – Page 35	Partially answered
EC3. Coverage of the organization's defined benefit plan obligations	In Brazil, our complimentary benefits plan is granted to 100% of our employees. The contributions are monthly and limited to 12% of the employees' salaries.	Partially answered
EC6. Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Investing in local suppliers – Page 46	Fully answered
EC7. Procedures for local hiring and proportion of senior management hired from the local community	Economic Growth and Employee Development – Page 24	Partially answered
EC8. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	\$388,202 was spent on infrastructure projects in communities surrounding Yamana operations	Fully answered
<b>Environmental Performance</b>		
EN1. Materials used	Material consumption is managed by each operation and office, which work for better efficiency and safer utilization of products used throughout gold production at Yamana. Cyanide Management – Page 37 Performance Indicators – Page 50	Fully answered
EN2. Percentage of materials used that are recycled input materials	No recycled materials are used in the production of primary metals	Fully answered
EN3. Direct energy consumption	Energy Consumption – Page 34	Fully answered
EN4. Indirect energy consumption by primary source	Energy Consumption – Page 34	Fully answered
EN5. Energy saved due to conservation and efficiency improvements	Energy Consumption – Page 34	Fully answered
EN8. Total water withdrawal by source	Water Consumption – Page 35	Fully answered

PERFORMANCE INDICATORS	RESPONSES	STATUS
EN9. Water sources significantly affected by withdrawal of water	Water Consumption – Page 35	Fully answered
EN10. Percentage and total volume of water recycled and reused	Water Consumption – Page 35	Fully answered
EN11. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity – Page 38	Fully answered
EN12. Description of significant impacts on biodiversity	Biodiversity – Page 38	Partially answered
EN13. Habitats protected or restored.	Biodiversity – Page 38	Fully answered
EN14. Strategies, current actions, and future plans for managing impacts on biodiversity	Biodiversity – Page 38	Partially answered
EN16. Total direct and indirect greenhouse gas emissions by weight	Greenhouse Gas Emissions – Page 38	Fully answered
EN17. Other indirect greenhouse gas emissions	Greenhouse Gas Emissions – Page 38	Fully answered
EN19. Emissions of ozone-depleting substances by weight	Yamana never uses or emits substances that are responsible for damaging the ozone layer	Fully answered
EN22. Total weight of waste by type and disposal method	Waste Management – Page 36	Fully answered
EN26. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Environmental Performance – Page 33 Fuel Savings – Page 34 Water Consumption – Page 35	Fully answered
EN28. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Even though Yamana is licensed to operate and meets all legal demands, the Jacobina operation responded to a public civil lawsuit that claims supposed environmental damage caused by the traffic of trucks and excessive rock explosions. The Company presented a defence proving the absence of air and noise pollution caused by truck traffic and rock explosions. The suit is still in progress.  In 2011, Yamana was fined \$33,131 due to a dam break of a water impoundment near the Ernesto project in the municipality of Pontes e Lacerda in Brazil.	Fully answered
EN30. Total environmental protection expenditures and investments by type	Environment – Page 32	Fully answered

PERFORMANCE INDICATORS		RESPONSES	STATUS
<b>Social Performance – Labor Practices and Decent Work</b>			
LA1.	Total workforce by employment type, employment contract and region, by gender	Our Employees – Page 25	Partially answered
LA2.	Total number and rate of employee turnover by age group, gender, and region	In 2011, we had a 17,5% turnover rate; below the average for the mining industry (19%). In addition to the turnover, we had 2% new hires.	Partially answered
LA3.	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Performance Indicators – Page 50	Partially answered
LA4.	Percentage of employees covered by collective bargaining agreements	100% of employees in Santiago (Chile), San Juan (Argentina) and São Paulo (Brazil) are covered by collective bargaining agreements. In Canada there are no collective agreements. The contracts are individual and respect the Company's policies.	Fully answered
LA6.	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	100% of employees are represented by a safety committee for each country of operation. The committees are in compliance with national labour regulations and are comprised of an equal number of representatives, who were voted in by their peers.	Fully answered
LA7.	Rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities by region and gender	Accident Prevention – Page 29	Partially answered
LA8.	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Integration Program – Page 44	Partially answered
LA9.	Health and safety topics covered in formal agreements with trade unions	Accident Prevention – Page 29	Partially answered
LA10.	Average hours of training per year, per employee, by gender and by employee category	Economic Growth and Employee Development – Page 26	Partially answered
LA12.	Percentage of employees receiving regular performance and career development reviews, by gender	Economic Growth and Employee Development – Page 26	Partially answered
LA14.	Ratio of basic salary of men to women by employee category, by major operations	Diversity – Page 26	Fully answered

PERFORMANCE INDICATORS	RESPONSES	STATUS
LA15. Return to work and retention rates after parental leave, by gender	Retention rates after parental leave were 100%, in accordance with current local laws.	Partially answered

#### Social Performance – Human Rights

HR1. Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening	Investing in local suppliers – Page 46	Partially answered
HR4. Total number of incidents of discrimination and corrective actions taken	In 2011 we had no recorded instances of discrimination.	Fully answered
HR5. Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights	The Company respects its employees' right to exercise freedom of association or collective bargaining. In 2011, there was no record of disrespect of these rights.	Fully answered
HR6. Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	In 2011, there were no recorded incidents regarding child labour. Investing in local suppliers – Page 46	Fully answered
HR7. Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor	In 2011, there were no recorded incidents regarding forced or compulsory labour. Investing in local suppliers – Page 46	Fully answered

#### Social Performance – Society

SO1. Percentage of operations with implemented local community engagement, impact assessments, and development programs	Community Relations – Page 42 Citizen Meetings Program – Page 45	Fully answered
SO3. Percentage of employees trained in organization's anti-corruption policies and procedures	Our business values and conduct – Page 21	Fully answered
SO4. Actions taken in response to incidents of corruption	No incidents of suspected fraud were reported in 2011	Fully answered
SO9. Operations with significant potential or actual negative impacts on local communities	Citizen Meetings in action: a three-step approach – Page 45	Partially answered
SO10. Prevention and mitigation measures implemented in significant operations with negative impacts on local communities	Citizen Meetings in action: a three-step approach – Page 45	Fully answered



PERFORMANCE INDICATORS	RESPONSES	STATUS
<b>Social Performance – Product Responsibility</b>		
<b>Product and Service Labeling</b>		
PR1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Our product (gold) is sold rough to refineries, where it is processed in order to be sold as a final product. Our product has no significant impact on people's health and safety.	Fully answered
PR3. Information on products and labeling procedures	Not relevant to Yamana Gold because our product (gold) is sold rough, reducing the packaging needs to zero.	Fully answered
<b>Indicators – Mining and Metals Supplement</b>		
MM1. Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	Currently disturbed areas at all of Yamana's operations - Chapada, Jacobina, Fazenda Brasileiro, El Peñón, Gualcamayo, Minera Florida and Mercedes - total 2,849 hectares	Fully answered
MM2. The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	Biodiversity – Page 38	Partially answered
MM3. Total amounts of overburden, rock, tailings, and sludges and their associated risks	In 2011, Yamana generated 68,265 kton of waste rocks and 33,366.42 kton tailings. Waste rocks and tailings are managed through the Integrated Management Systems SIGDEP and SIGBAR. Both systems are based on the permanent monitoring of the structures' safety using specific tools. The monitoring results are assessed monthly by a geotechnical consultant. This ensures that the main risks associated with dams and deposits, such as ruptures, overflows, slides and generation of acidic waters, are under control. For tailings dams, a Technical Report is annually issued by a third party consultant regarding the safety condition of each dam.	Fully answered
MM4. Number of strikes and lock-outs exceeding one week's duration, by country	There was a strike lasting approximately 15 days at the Minera Florida operation in Chile.	Fully answered

PERFORMANCE INDICATORS	RESPONSES	STATUS
<p>MM5. Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities (*)</p> <p>* The term "Indigenous Peoples" in GRI Guidelines includes both indigenous tribes, as defined in Art. 231(d) of the Brazilian Constitution, and traditional peoples and communities.</p>	<p>In the studies of social and environmental impacts, Yamana identifies and maps the existence of indigenous communities (*) in or adjacent to its operations, properly safeguarding these communities' rights. In 2011, there was no record of units operating in or adjacent to Indigenous Peoples' territories.</p>	Fully answered
<p>MM6. Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples</p>	<p>There were no registered significant disputes relating to land use or customary rights of local communities and Indigenous Peoples.</p>	Fully answered
<p>MM7. The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and outcomes.</p>	<p>There were no such disputes.</p>	Fully answered
<p>MM8. Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks</p>	<p>In an area adjacent to the Jacobina mine, Yamana has signed an agreement with the environmental protection agency to support artisanal mining cooperatives. At C1 Santa Luz, Yamana conducted a survey of workers operating artisanal and small-scale mining (ASM). For these workers, Yamana offered the possibility of receiving specific professional training. The goal is to prioritize their access to the Company's job vacancies.</p>	Partially answered
<p>MM9. Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process</p>	<p>No resettlements took place at any of our sites in 2011.</p>	Fully answered
<p>MM10. Number and percentage of operations with closure plans</p>	<p>Mine Decomissioning – Page 39</p>	Fully answered
<p>MM11. Programs and progress relating to materials stewardship</p>	<p>As described in PR1, gold is sold to refineries, where it is processed in order to be sold as a final product.</p>	Fully answered



[www.yamana.com](http://www.yamana.com)

YAMANAGOLD