



YAMANAGOLD

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We have consulted our stakeholders to better understand the priorities when it comes to how we operate and perform as a business. As a result of these consultations, this report includes information on:

Governance | Strategy



Health & Safety



Community Relations | Social License



Water



Waste | Tailings Management



Climate Change



About Yamana Gold

Yamana Gold Inc. is a precious metals producer with a portfolio of producing mines, development projects and exploration properties focused in the Americas. We currently operate in Canada, Brazil, Chile and Argentina. We look for jurisdictions that have clear and established mining and business processes, including permitting, and where the communities have an understanding of the potential benefits of responsible mining.



About This Report

Focus on Material Issues: Similar to last year, our 2016 report presents our annual performance which focuses on a more direct discussion of the key material sustainability issues at Yamana and the industry more broadly. All aspects of sustainability are addressed in our GRI Index found on our website.

The issues covered in this report were determined by an internal materiality review process that was informed by regular dialogue with stakeholders. The report is an attempt to address issues in direct, non-technical language that we hope presents the material in a more accessible and transparent manner. Each section of the report has been designed to highlight our performance, our management/governance approach and the strategy associated with each material issue. We believe this format allows for a more transparent and more meaningful discussion with our stakeholders. We are always striving to improve our reporting; if you have comments about the material in this report or our approach to disclosure, please contact us and let us know.

This report covers Yamana's wholly owned operations Chapada, El Peñón, Gualcamayo, Minera Florida and Jacobina, and where applicable its development and exploration projects, such as Cerro Moro and Monument Bay. This report also includes the Mercedes mine up to its sale on September 30, 2016, and consolidates performance from Brio Gold Inc, a portfolio of Brazilian assets that became a standalone public company late in 2016 and of which Yamana retained 84.6% ownership at year end. Yamana's 50% owned Canadian Malartic mine is not included in this report. For more information on this

operation, please see Canadian Malartic's annual sustainability report available at www.canadianmalartic.com.

GRI G4 Guidelines: The 2016 report is our ninth sustainability report and it is our second time reporting under the Global Reporting Initiative's (GRI) G4 guidelines. The GRI (www.globalreporting.org) is an independent organization that supports transparency, reliability and accountability in the reporting of critical sustainability issues. It is a standard used across industries allowing for a universally applicable, comparable framework for analyzing and understanding economic, social and environmental data and information.

The complete set of G4 indicators and our responses are available on our website, which you can access by visiting www.yamana.com.

The information for this report was compiled using data collected through existing internal controls, in addition to interviews with Yamana's management.

For further information, please contact us at: sustainability@yamana.com.

All amounts in this report are expressed in United States dollars unless otherwise specified.

CEO Message

Over the course of 2016, Yamana delivered on operational expectations, and in doing so, also delivered some of our best Health, Safety, Environment and Communities (“HSEC”) performance to date. In addition to delivering strong performance during the year, we continued to enhance and strengthen our HSEC management systems and teams to ensure we are well positioned to deliver value for all of our stakeholders.



Delivering on Our Commitment to Employees

At Yamana, we focus heavily on health & safety. This is a commitment we have made to our employees and their families, and a commitment all employees and contractors on our sites embody every day.

We began 2016 aiming to reduce our total recordable injury frequency rate and I am proud to say that we have reached our goal, as our total recordable injury frequency rate fell from 0.91 to 0.84 over the year.

Our safety performance was also reflected in a 20% reduction in the number of lost time incidents that occurred at our sites. Impressively, our exploration teams and our Cerro Moro development project team went the full year without a serious injury. This is a tangible example of the level of performance we believe is possible.

Ultimately, we achieved our goal of zero operational fatalities on our sites during the year. In October, Yamana's Jacobina facility experienced a homicide in the course of criminal activities by external perpetrators. While deemed to be outside the scope of the health and safety performance criteria and therefore, not recorded as a workplace fatality, we nevertheless take such an incident very seriously and conducted a full investigation. The investigation determined that the site security contractors acted appropriately and in accordance with procedures/training. We continue to work with local authorities on the robbery and homicide investigation.

Yamana is committed to ensuring that each and every employee and contractor can return home safely at the end of each day. Part of this commitment is ensuring that we have the procedures, policies and

people in place to minimize the potential for tragic events such as the one that occurred last year.

We also delivered strong performance as it relates to our stewardship of the environment. All of our operations maintained third-party certifications for the International Cyanide Management Code and ISO 14001 for environmental management.

We also paid close attention to the security and performance of our Tailings Management Facilities (TMFs) in 2016. Third-party reviews were conducted of all of our TMFs by internationally-recognized experts in the field. While the results concluded that there were no major flaws or inconsistencies from international best practices, we recognize the need to be vigilant on this extremely critical element of our operations.

One Team, One Goal: Zero

In 2016, we developed a vision statement for HSEC at Yamana: One Team, One Goal: Zero. This vision aims to align our team performance and culture across all departments at all operations, towards the shared responsibility and commonly understood objective of Zero.

Quite simply, Zero means Zero incidents and Zero harm to our employees, our communities and the environment.

The vision and its implementation are intended to build a common understanding for all our stakeholders and empower our employees to deliver on Yamana's HSEC commitments. We will be rolling out the vision more formally across our offices and operations throughout 2017.

The development of One Team, One Goal: Zero, marked an important milestone as we continue to move towards an organizational culture where health, safety, environment and community relations are a company-wide responsibility. In many way, this is a continuation of the work and performance to date, it provides a clear guiding light for our efforts going forward.

Building a Culture of Integration

We began a process in 2015 to enhance our HSEC management and better integrate our efforts into our operations, and in 2016 we took further steps to achieve that, many of which are outlined in this report.

Foremost among these was the launch of an Integrated HSEC Management Framework, which is designed to standardize our understanding of best practices and drive operational performance across all operations. Built in collaboration with operations, the Framework represents a shift from an audit-based approach to a focus on the integration of HSEC responsibility across our operations and the effectiveness of leadership in these areas.

We also developed a Significant Incident Reporting (SIR) procedure in 2016, with the aims of: improving our internal reporting culture, increasing our ability to learn valuable lessons from actual events that occurred, as well as high potential incidents that under different circumstances may have caused harm. We investigate and treat high potential incidents as we do actual accidents, as it is an important part of the learning process which improves our safety culture.

Lastly, we also began building the internal capacity for a shift towards reporting on leading-indicators to measure performance, as opposed to lagging indicators. Leading indicators measure proactive activities that can impact performance and will help us drive better planning and performance management. The use of leading-indicators will better position us to manage risks going forward.

Beyond Risk Management

While managing risks is at the core of our approach, we strive to go beyond risk mitigation in many areas. We aim to do better than Zero and look for ways to contribute to the overall health and well-being of our employees and our communities.

Ensuring that all our employees can go home at the end of the day is important and will remain our focus, though we also have wellness campaigns to support our employees' long term prosperity. We offer improved food choices at many of our sites, and we offer programs to educate and support our employees in their pursuit of healthier lifestyles overall.

An acute, but important example of these efforts was our active response to the Zika virus outbreak in 2016, notably at our Chapada and Jacobina operations in Brazil. We worked with local officials and health authorities to educate people in at risk areas and contributed to efforts to control the spread of the virus.

Making a positive contribution goes past health and safety, and our contributions through our community relations programs speak directly to how our presence adds positively to the regions where we operate. In 2016, we contributed \$6.8 million to local communities, which is above the \$5.8 million that was spent in 2015.

While these contributions are important, we also recognize that the far greater contribution we make to local communities is through direct and indirect employment.

In 2016, more than 45% of our workforce came from local communities, while 80% were from the specific states/provinces where we operate. That represents more than 2,800 people from local communities who are employed directly at our operations.

Additionally, 25% of our purchasing was done locally, which represents approximately \$240 million of direct economic activity in our local communities.

We are proud of our contributions to the communities where we operate, but also recognize that these contributions do not negate the obligations we have to properly manage any potential negative impacts we may generate. Our aim is to manage these impacts, in part, through effective dialogue, and in 2016 we held 110 formal community meetings and hosted 122 different site visits to our operations. In total, we hosted over 4,500 people through these meetings.

This pro-active engagement with our stakeholders has been and will continue to be a core tenant of how Yamana operates.

In 2016, we undoubtedly delivered strong HSEC performance; this is the new baseline for us. Many of the achievements in 2016 lay the ground work for future performance and will help us as we manage the HSEC risks and challenges we may face in the years to come.

I would like to thank all Yamana employees for their continued dedication and commitment, but would also like to thank all our stakeholders, who continue to work with us and to challenge us to continually improve, ensuring that we can all share in the benefits of responsible mining.

“Peter Marrone”

PETER MARRONE
Chairman and Chief Executive Officer

2016 Targets & Objectives

The following table provides our progress on key targets and objectives aimed at improving our performance on health & safety, environment and community (HSEC) aspects

Targets




Define and articulate a strong **vision for HSEC**, aimed at focusing Yamana's HSEC management approach.






Develop an **Integrated HSEC Framework** for health & safety, environment & community relations, designed to standardize understanding of best practices and drive operational performance across all operations.

Develop and implement a **Significant Incident Reporting (SIR)** procedure, in order to understand how to reduce the potential for significant incidents across all operations.

Develop site-specific **HSEC leading indicators** to predict and manage risks, and improve performance.

Conduct a pilot at Jacobina to develop a **Social License to Operate (SLO)** Index.

-  Targets Achieved
-  Targets Partially Achieved
-  Targets Not Achieved

Performance	Status
	A working group was formed to brainstorm and create a new company-wide HSEC vision. The new HSEC vision will be socialized at all sites throughout 2017.
	The Integrated HSEC Framework was developed from collaborations between our site, regional and corporate teams. In 2017, the final framework will be introduced to all sites and those will be expected to conduct self-assessments against the new framework.
	A Significant Incident Reporting procedure was developed in collaboration between sites and corporate. The procedure was implemented and sites began reporting on SIRs in Q2 2016.
	Each site created leading indicators for health, safety, environment & community based on site-specific risks. The sites will begin reporting internally on the leading indicators in 2017.
	Pilot began in October 2016 in collaboration with the <i>Commonwealth Scientific and Industrial Research Organization</i> .

One Team, One Goal: Zero is our newly developed health and safety, environment and community (HSEC) vision aiming to align our team performance and culture across all departments at all of our operations. The new vision and its implementation is intended to empower employees to demonstrate HSEC leadership at their operations.

2016 Highlights

-
- Developed and began the implementation of our new Integrated HSEC Management Framework.
 - Recognized by Corporate Knights Magazine as one of the Best 50 Corporate Citizens in Canada, for the 6th year in a row.
 - Included in Sustainalytics' Jantzi Social Index for the 8th successive year.
 - Integrated social and environmental risk assessment reviews carried out at all operations
-

Governance

Governance is what ties together all of the material issues discussed in this report. It relates to how we ensure responsibility and accountability, and how we approach the management of HSEC issues. An HSEC management transition period, which began in 2015, continued through 2016, where we have streamlined management and our organizational structure to ensure we are positioned to meet or exceed our objectives.

Responsibility and Accountability

Our HSEC team, led by a Senior Vice President of Health, Safety and Sustainable Development (SVP HSSD), helps implement policy and strategy, as well as promoting dialogue on Yamana's mission/vision. The team collaborates with its operations to develop standards and procedures; though any new developments or modifications go through consultations across the General Managers of operations, regional directors, the senior executive team, and ultimately the Board of Directors. The SVP HSSD reports directly to the CEO, who reports

directly to the Board of Directors. The Sustainability Committee of the Board of Directors contributes to additional in-depth insight into the management of HSEC matters, including: policies review, compliance issues, incidents and risks, which ensures that the company continues to maintain its responsibilities and carries out actions to resolve such issues, while maintaining compliance.

Overall governance of HSEC takes place from our mine sites to the Board level through various levels of management. At the corporate level, we have regional directors, a director of health and safety, a corporate manager, director and SVP HSSD. Each of our sites have an HSEC committee that discuss HSEC and operational-related issues and solutions on a monthly basis at a minimum. Any significant issues are reported to the site's General Manager who handles issues as necessary.

One of the ways in which we maximize the unified responsibility of HSEC across Yamana is by linking compensation, specifically bonuses, with HSEC performance. In 2016, 10-15% of our company's Short-Term Incentive Plan (annual bonuses), including the CEO's were related to HSEC performance.

Policies and Standards

We have over 85 different HSEC policies and standards. Policies range from general management (risk assessment and management, document management and legal requirements etc.), to more theme-specific policies and procedures on a wide range of critical risk controls. While most of these standards and procedures are internal documents, some of our more important documents, such as our Human Rights Policy, Code of Conduct and Integrity Helpline can be found on our website.

Our Human Rights Policy combines internal policies, such as our Code of Conduct, with international law, standards and best practices to ensure that employees understand their responsibilities towards respecting human rights while carrying out daily business activities. This aims to protect the human rights of our employees, as well as the communities affected by our operations, and provides guidance on how to support this.

Our Code of Conduct applies to all employees and contractors across our organization. It is intended to provide information on the compliance and integrity rules that we have to follow, and who to go to for guidance when questions related to this topic arise. This ensures that we conduct all our day-to-day business ethically and legally.

In keeping with our commitment to working ethically, we have a Whistleblower hotline as a way to report concerns about unlawful or unethical behavior; this can be accessed by computer and telephone.

Policies, standards and procedures are contained within the Yamana Management System (YMS), which our sites have been audited against. The YMS is an internal system that consists of policies and standards related to planning, risk assessment, operating procedures, the identification of legal requirements, the definition of company targets and objectives, and internal auditing systems. Traditionally, the YMS was implemented to make sure that sites were in compliance with the system. The basis of the YMS is risk-management, as each site's HSEC risks are continuously managed and monitored with assistance from the YMS.

5 Pillars of HSEC Management Framework



Together with our internal standards and management approaches, we also maintain a number of external commitments and certifications, including: ISO 14001 Environmental Management Systems, OHSAS 18001 Occupational Health and Safety Management Systems, the International Cyanide Management Code and participation in the World Gold Council's Conflict-Free Gold Standard.

Yamana has also been reporting against the standards developed by the Global Reporting Initiative (GRI) since 2007.

Strategy

2016 marked the transition from a more audit-based approach to corporate governance, to the development of a performance-oriented, company-wide HSEC performance culture, that focuses on the full integration of HSEC into all operations of the organization. This shift is in line with our belief that HSEC is everybody's responsibility across the organization.

Growing a Culture of Integration

The development of our Integrated HSEC Framework is an example of applying the above belief, and exemplifies how management and governance at Yamana continue to evolve.

The framework provides strategic guidance on each of the HSEC aspects, which is distinctively centered on management effectiveness, and the transition towards the complete integration of HSEC responsibilities throughout our whole company. The framework is primarily risk-based and highlights best practices across the industry. Part of the integration of the framework consists of a shift from a solely audit-based focus approach, to the development of a performance-oriented, company-wide HSEC culture that is integrated into all levels of our company.

A component of the Leadership pillar of our new framework is a focus on the practice of Visual Felt Leadership (VFL) by our managers, especially by the General Managers of our sites. The objective to develop an active 'learning' culture, where open dialogue and engagement on HSEC concerns, issues and opportunities by all employees is encouraged, and rewarded for. VFL also provides more clarity around what the responsibilities and accountabilities of managers and employees are.

As part of the integration of our new framework, and to support Yamana's mission statement, to mine precious metals profitably and responsibly, we created an HSEC-specific mission statement in 2016: ONE TEAM; ONE GOAL: ZERO. This mission statement is the foundation of significant changes that will be carried out towards the

complete integration of HSEC into our operations and company culture. This HSEC-specific vision will be integrated at all our operations by mid-2017 to ensure that every employee understands HSEC and how it is part of their responsibility.

Improving Data and Decision Making

A Significant Incident Reporting (SIR) procedure was developed and implemented at all of our sites with the intent of raising awareness around high potential incidents (HPIs). These HPIs are investigated and treated the same way as actual accidents, as it is an important learning process which improves our safety culture. The information from this reporting is shared across our operations and management, with the aim to learn from others and understand how this can apply in comparable circumstances. Practices and procedures can subsequently be put in place to mitigate similar incidents from occurring in the future.

In order to improve our data and day-to-day actions, we are moving in the direction of developing and measuring leading indicators, as opposed to 'lagging' indicators. Leading indicators are measurable proactive activities that can impact performance. Even though lagging indicators will continue to be measured, 2017 will mark the start of tracking sets of leading indicators. Each site has established their own set of leading indicators and targets that focus on issues relevant for that location, though some common indicators have been adopted across all operations, with one constant leading indicator being the reporting of HPIs. The objectives of this shift to measuring leading indicators are: to gain a greater understanding of what the major issues at our sites are; to set targets around the resolution of these issues; and to prevent the occurrence of future incidents while we focus on

day-to-day actions. This will help to drive a proactive (rather than reactive) risk identification culture and provide knowledge-gaining opportunities for all operations.

As part of our goal to improve both data and decision-making, we have started two unique pilot projects. At the end of 2016, we started the Social License to Operate (SLO) Index at our Jacobina operation in Bahia, Brazil. The project aims to take a more thorough look at our operation's SLO with the community. It involves a series of community perception surveys that aim to: measure the degree of social license in that area, highlight the community's most pressing concerns and issues, and evaluate how we as a company are doing in terms of engagement. This pilot project will take over a year to be carried out.

A second project is a new method for reporting on environmental performance. We have developed a unique internal reporting framework for reporting on each site's environmental key performance indicators (KPIs), which are based on that site's primary risks, challenges and subsequent targets. This project will allow sites to determine what issues are most important and how they should be managed, while assessing performance against their developed internal targets. The project will begin in 2017 and will provide all levels of management a monthly view of each operation's overall environmental performance, as well as their performance against specific targets. We look forward to this additional engagement of management teams, from operations to the Board of Directors on managing critical and emerging risks.

Both these projects will allow us to better communicate our performance and will drive better decision-making.

Health & Safety

We had zero fatalities in 2016, and a decreased rate of both lost time injuries and total recordable incidents rate. We need to pause to congratulate our operations for these improvements, but also recognize that there is still significant work to be done in continuing the journey to zero incidents.

2016 Highlights

- Zero workplace fatalities in 2016.
- Argentina, Brazil and Chile explorations teams achieved a significant milestone concluding the year without any incident.
- Reduction of 32% in Lost Time Injury Frequency Rate.
- Active response to the Zika Virus outbreak for our employees and local communities in collaboration with local public health officials.

Performance

In 2016, we showed an improvement in our overall Health and Safety (H&S) as we had a number of notable achievements and put in place important measures that will help advance our H&S performance in the future. Notably, we had zero workplace fatalities in 2016.

Our exploration teams throughout Latin America as well as our Cerro Moro development project team achieved significant milestones in 2016, as they operated for a full year without serious injury to employees or contractors (no lost time injuries, no restricted work cases and no medical aids).

Our Lost Time Injury Frequency Rate (LTIFR) decreased to 0.13 in 2016, from 0.25 in 2015, which is almost a 50% decrease from 2015. Our Total Recordable Incident Rate also decreased by approximately 8% in 2016. The strength in our performance is a testament to the commitment and diligence of our entire workforce, especially the H&S leaders at our operations.

In October, Yamana's Jacobina facility experienced a homicide in the course of criminal activities by external perpetrators. While deemed to be outside the scope of the health and safety performance criteria and therefore, not recorded as a workplace fatality, we nevertheless take such an incident very seriously and conducted a full investigation. The investigation determined that the site security contractors acted appropriately and in accordance with procedures/training. We continue to work with local authorities on the robbery and homicide investigation.

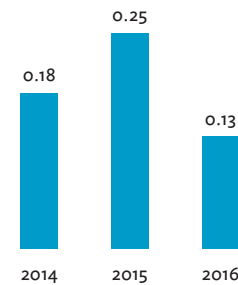
Management/Governance

All of our operations maintain extensive H&S teams, which report under the General Manager of that operation. Our General Managers are actively involved in all matters related to Health and Safety. We recognize that this level of engagement and shared management across our organization is an efficient way of ensuring all employees understand that H&S is the responsibility of all employees.

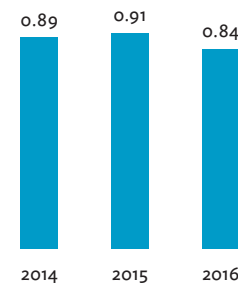
Our sites maintained a number of external commitments and certifications, including the internationally recognized OHSAS 18001 Occupational Health and Safety Management System. OHSAS 18001 audits are carried out by a third party, which ensures that our sites have control over and knowledge of health and safety hazards.

Further to managing safety risks, we support our employees and communities through extensive health campaigns, including covering areas such as the ongoing Zika virus. In response to the Zika virus, we continued to provide training, incorporate federal government campaigns directly into site activities, and collaborated with local public health officials to support a wider campaign for local communities.

Lost Time Injury Frequency Rate



Total Recordable Incident Rate



At the beginning of 2017, a Yellow Fever outbreak led to a multi-faceted response at our operations in Brazil. For example, our Chapada operation carried out an employee program that comprised of an immunization campaign and extensive prevention education.

Strategy

In 2016 we developed an Integrated Management Framework to guide our sites on our company-wide approach to HSEC management and help improve performance, including specific aspects of H&S and sustainable development. See the Governance and Strategy section for more information on the Framework.

A Significant Incident Reporting (SIR) procedure was developed and implemented at all of our sites with the aim to raise awareness of high potential incidents. The reporting for each SIR is shared across our sites and with our management to increase awareness of the types of risks present at operations. Reporting both actual and high potential incidents helps prevent similar incidents and ensuring that practices and procedures are in place and implemented.

In order to improve our incident investigations, our sites have started to implement the Incident Cause Analysis Method (ICAM), which is a leading investigation method in the industry. This practice allows us to learn from the underlying factors and conditions that contribute to incidents and share the lessons learned across the organization.

We also began a process of developing leading indicators that are proactive activities that will be measured in order to improve HSEC performance. While each site has established their own unique set of

leading indicators and targets specific for that location, some common indicators have been adopted across the organization. 2017 marks the beginning of this strategic transformation, and while we will continue to track lagging indicators, operations will begin tracking sets of leading indicators that focus on pursuing proactive activities (e.g., leadership interactions), and measuring priority issues. The one uniform leading indicator that will be adopted by all operations is High Potential Incidents (HPIs), aimed to help create a proactive risk identification culture and provide learning opportunities for all operations.

Stability in our safety performance demonstrates our endeavors toward our goal of zero injuries, while underlining the need for ongoing improvement to achieve year-over-year reductions. We have continuous learning and improvement initiatives in place across our organization that aim to affect step changes in safety performance. Priorities for our H&S team in 2016 and 2017 are as follows: increased measurement and reporting of leading indicators; ensuring that our Fatal Risk Controls are best-in-class; and the development of new leadership standards.



Community Relations | Social License

During the course of 2016, we began the process of looking internally at our community engagement activities to not only understand how many people we reach through our programs, but also to understand the quality of that engagement and the value this brings to our stakeholders and the company.

2016 Highlights

- Minera Florida recognized with the "San Lorenzo" Prize by the National Mining Society (SONAMI); granted to companies or individuals who have made an outstanding contribution to the mining sector in the area of regional development
- Approximately \$6.4 million spent on community programming, a 10% increase from 2015
- Number of grievances increased by 60%, but all of them resolved within their closeout periods
- No significant community incidents
- Over 106,000 participants in *Integrar Days*

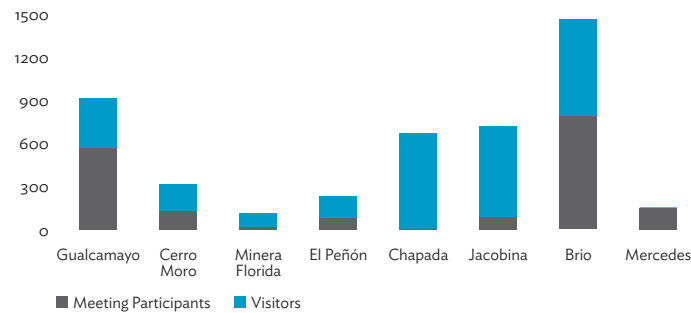
Performance Overview

Stakeholder Engagement

The focus of our community relations continues to be pro-active and transparent engagement with our stakeholders. Where and when possible, we try to actively engage stakeholders in the management of issues that matter to them – from environmental concerns to the availability of local jobs and contracts.

In 2016, the number of stakeholder meetings held at our mine sites increased by more than 70%, some of which is due to the addition of a new mine site. With a total of 110 formal citizen meetings with community stakeholders, we reached over 1,800 people. Through a total of 122 site visits, we also hosted over 2,700 visitors directly at our mines. These Open Doors programs hosted community members, students, employee family members, press, government officials and others.

Stakeholder Engagement



2016 Stakeholder Meetings

	Stakeholder Meetings	Open Door Visit
Gualcamayo	11	22
Cerro Moro	5	11
Minera Florida	3	10
El Peñón	3	10
Chapada	-	12
Jacobina	9	25
Brio	56	32
Mercedes	23	-
Total	110	122

Grievance Management

Through our active grievance mechanisms, in 2016, we received a total of 32 grievances, which represents a 60% increase from our 2015 numbers. The increase is due to the acquisition of the Riacho dos Machados (MRDM) operation to Yamana's portfolio, which represented 17 of the 32 grievances in 2016. The majority of the MRDM grievances were related to dust management. Through increased dialogue with the community, the site has increased its dust management initiatives and grievances have since declined.

The grievances at our other sites are mainly around dust and vibrations. Our grievance management approach in 2016 achieved a 100% closeout rate. The closeout period at our operations range between 7 and 14 days. None of the grievances received were human rights related and none were considered higher than a Level 2 (on a five-point scale with 5 being the most severe). Like in previous years, we did not have any major community incidents in 2016.

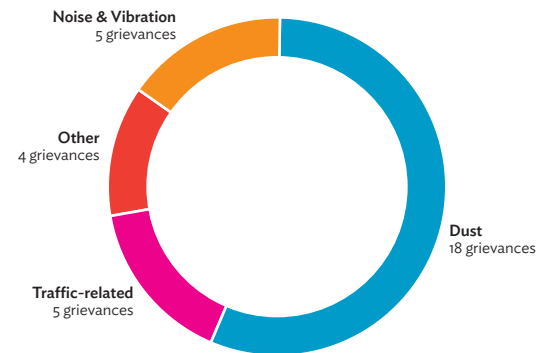
Total Grievances by Site

	Grievances
Gualcamayo	0
Minera Florida	2
El Peñón	0
Chapada	5
Jacobina	7
Brio	18
Mercedes	0
Total	32

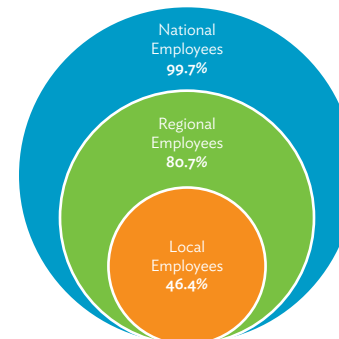
Local Employment

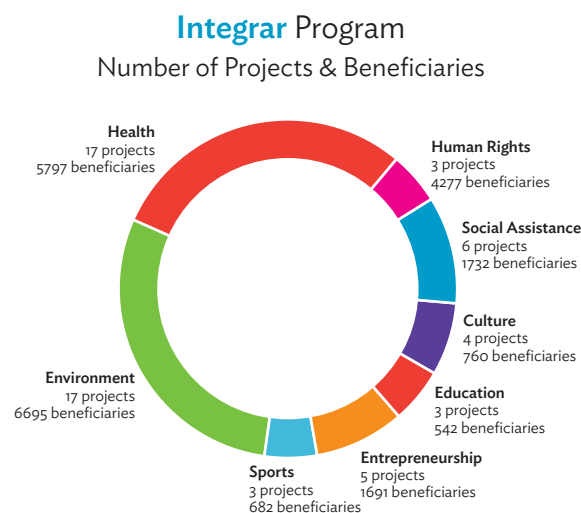
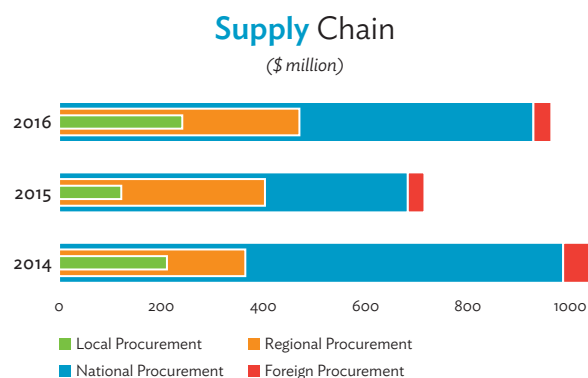
While we are committed to contributing to local community development in the areas that we operate in, we recognize that the greatest benefit we bring to our host communities is through the

Grievance Topics



Workforce Breakdown





generation of local employment and capacity building among the local workforce. It is always our priority to hire locally and regionally whenever possible. In 2016, 81% of our employees were from the regions that we operate in, which is reflective of the regions which are typically mining-oriented regions with experienced and educated employees. This number is relatively unchanged from previous years. We consider regional employees as those coming from within the province or state of our operation.

Local procurement

Another way in which we provide economic benefits to our communities is by supporting local suppliers in the areas that we operate in. As such, purchasing in local communities increased by 8% to 25% in 2016, while a total 96% of our purchasing was done in our host countries. This represents over \$925 million dollars (not including Cerro Moro, which is under construction).

Community Investment

We invested approximately \$6.8 million in community investments including donations and sponsorships and direct contributions to local governments, which is a 10% increase from 2015.

Our two main pillars of community investment initiatives are called *Integrar Program* and *Partnership Alliance* initiative. Investing in 58 unique projects throughout our host communities, our Integrar programs reached over 22,000 people in 2016, focusing on support in areas of health, entrepreneurship, the environment and human rights.

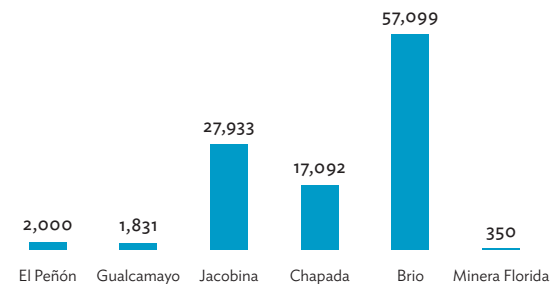
Within the *Integrar Program*, most of our sites also host *Integrar Days* in conjunction with local authorities. This activity consists of one day where community members can receive free services which are not readily accessible in that community. In 2016, over 106,000 people attended *Integrar Days*, which focused largely on health services, but also offer programming in areas such as education, culture and the environment.

Each of our operations also run *Partnership Alliance* programs, which are community investments in projects that are selected directly by community participants. The program establishes a framework for local and regional development projects: applications are received from local enterprises and beneficiaries are selected through a voting process by community members. Yamana can fund up to a maximum of 85% of the project. The projects are required to contribute the rest of the funding themselves. In 2016, over 100 projects were selected directly benefitting over 40,000 individuals.

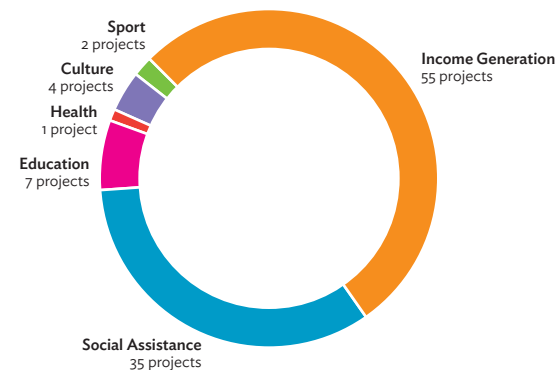
Beneficiaries of Partnership Alliance Programs

Region	Number of Projects	Beneficiaries
Argentina	17	1,755
Brazil	72	31,703
Chile	15	8,237
Total	104	41,695

Attendance at Integrar Days



Partnership Alliance Programs by Topic



Direct Economic Contribution

Direct and indirect job creation along with host-country procurement are the major drivers of value to local, regional and national governments in the areas where we operate. Direct economic contribution to those communities and governments also play an important role in local economic development. The following provides an overview of these contributions.

Direct Economic Contribution

	Direct Community Investment	Donations & Sponsorship	Tax & Royalties
Argentina	3,801,747	473,505	8,588,460
Brazil	442,519	710,069	42,039,560
Canada	-	515,453	800,964
Chile	358,125	444,619	57,672,388
Mexico	9,815	36,355	740,554
Other	-	-	1,007,647
Total	4,612,206	2,180,601	110,849,573

Yamana is reporting under the Extractive Sector Transparency Measures Act (ESTMA) starting in 2017, covering the 2016 year. The report is available on the Corporate Sustainability Reports section of the Yamana website.

Human Rights Training

We believe it is important to maintain ethical standards and respect the human rights of our employees and communities. As such, over the past 5 years, training on human rights policies and procedures has been provided to 98% of our security personnel.

Governance

Maintaining strong, positive relationships with our communities is one of Yamana's top priorities. We recognize that without strong relationships with communities, we put our operations at risk and can compromise people's well-being.

The focus of our community relations management consists of managing impacts, such as noise, dust, vibration or concerns about the environment, and managing benefits, such as jobs, local contracts and community development through fair and transparent processes. Effective community engagement is the mechanism that underlines all of these discussions. To Yamana, effective engagement means transparency and responsive dialogue where we don't just listen to stakeholder concerns, but where possible, involve them in decision-making processes.

Each of our operations has individual(s) in charge of Community Relations that frequently engages with our communities through both formal and informal mechanisms. Examples of these include our Open Doors program, community meetings, such as our Citizen Meetings program, as well as formal grievance mechanisms. Examples of these include open houses such as our Open Doors program, community meetings, such as our Citizen Meetings program, as well as formal

grievance mechanisms. We understand that mining brings both benefits as well as impacts, and through these multiple platforms of engagement, we are able to better understand what community concerns are and in turn, mitigate risks and issues through participatory processes, where all parties have a stake in the outcome. These programs also allow communities to ask and learn about our operations, including our facilities, social activities, internal processes, environmental care and work safety.

Our social activities are guided by a set of Community Relations standards that are covered in our internal management system, the Yamana Management System (YMS). These standards are based on social policies, such as our Human Rights, Stakeholder Relations and Social Responsibility policies. In 2016, all of our operations conducted thorough social-risk review processes, which included the participation of leadership from all functions of the mine site, in order to more fully integrate the responsibilities and accountabilities of social risk management into each operation. In other words, to make the management of our social license a site-wide responsibility, not only the responsibility of a community relations team.

Strategy

In 2017, we will begin conducting a full review of community relations at all of Yamana's operations to better understand the risks, gaps and best practices that exist at our sites, with the aim to identify new strategies and ultimately drive improved performance across the organization. The review process aligns with the newly developed Integrated HSEC Management Framework.

In an effort to help quantify our sites' specific risks and to measure the extent of our social license, in the last quarter of 2016, we initiated a pilot project at our Jacobina operation in Bahia, Brazil, with the specific goal of measuring SLO. Through a series of community perception surveys, the SLO Index project will not only provide a specific SLO index rating or score, but will also help measure the success of our engagement activities and community investment initiatives. The project will take over a year to complete.



Water resources are essential for our operations as well as for our communities. We need to understand and respect the importance of water for all stakeholders. Our strategy aims to reduce the consumption of freshwater, and maximize the reuse and recycling of mine water discharges to the environment.

2016 Highlights

- Chapada withdrew water from the Dos Bois River for only 1 month, even though the site was authorized to withdraw for 6 months, saving 9,012,601 m³ in freshwater consumption
- Total amount of recycled and reused water use greater than total amount of water withdrawn
- Most sites recycled and reused more water than they withdrew
- Over 50% of our water used was sourced within our mines
- Only 4 of our sites discharge excess water to the environment, with a total of only 305,268 m³
- No material spills occurred at any of our operations

Performance

In 2016, we continued our efforts aimed at using our water efficiently, as many of our operations are located in water scarce areas. Approximately 80% of our total water withdrawal consisted of mine water, and 7% was withdrawn from local surface waters, showing an improvement from 2015. Our absolute water consumption remained relatively constant around 23 million m³ of water. Water reused and recycled consisted of 70% of our total water used, which is in line with 2015.

Water Withdrawal by Source – m³

	2014	2015	2016
Surface Water	6,360,659	2,675,347	1,639,254
Groundwater	3,138,068	8,635,603	3,143,674
Third-party	2,273	-	300
Mine water	7,416,069	12,690,805	18,954,877
Total	16,917,069	23,360,707	23,738,106

Our operations also used 10,300,383m³ of rainwater in 2016, which represents approximately 30% of the total water usage at site.

Water Use and Recycling

	2015	2016
Total reused or recycled (m ³)	52,309,653	54,462,797
Total Water Withdrawal (m ³)	23,360,707	23,737,805
Reused and recycled as percentage of water withdrawal	224%	229%
Reused and recycled as percentage of total was used	69%	70%

Similar to water withdrawal, we also try to minimize our water discharge to the environment, and therefore increase our water recycling. Only 4 of our sites discharged water to the environment in 2016 for a total discharge of only 305,268 m³ of water. The water is discharged meeting a quality compliant with, and in a location approved by, applicable regulations.

We had another year without any material spills at our sites. In short, we consider a spill material if it has the potential to affect the environment and water quality in the areas that we operate in. While our goal is not to have any spills at all, a slight number of minor spills occurred within our sites' boundaries, with small quantities, typically related to the maintenance of vehicles. These were contained and remedied through the procedures we have in place for such events.

Governance

Due to the water intensity of ore processing, the scarcity of water in many of our operating jurisdictions, and how important of an issue this is to our communities and other stakeholders, water management continues to be one of the single most important areas of focus at our sites.

All of our sites develop and maintain their own distinct water management strategies that include matters on both water quality and quantity, which are based on that location's specific concerns.

Part of our ongoing commitment to improve our water management strategy includes the continuous effort to improve our water efficiency. Our operations continue to aim to reduce their freshwater consumption and maximize the use of recycled mine water instead.

In regards to water quality, human and aquatic health issues are our main concern. As part of our water management strategy, all of our sites have water monitoring programs to ensure that mining operations do not have a significant impact on water supplies, and ensure that we maintain compliance with local legislation.

Only four of our operations have process water discharge to the environment, each of those in very small quantities. Our sites continue to manage this matter to ensure that there are no issues regarding the quantity or quality of water to other users and aquatic life.



Waste | Tailings Management

Mineral waste is a by-product of mining operations which requires responsible management practices. Our internal tailings management system aims to improve management, and reduce risks to our operations and to our communities.

2016 Highlights

- Increase in generated tailings by 2%, while waste rock generation decreased by 2%.
- All TMFs reviewed by a third party; no significant weaknesses or discrepancies with international best practices.
- Riacho dos Machados conducted a tailings dam emergency preparedness review, in conjunction with state and local authorities, and the neighboring community.
- 10% of our general waste was recycled, reused or composted.
- Jacobina received the title of “Environmental Partner” via a municipal initiative through the secretary of the environment.

Performance Overview

The management of mineral waste, especially tailings, is one of the most material issues for the mining industry due to the risks associated with waste management. In 2016, Yamana had a 2% increase in our total generation of tailings. Our total waste rock decreased by 2% in 2016, which is simply a reflection of the constantly changing waste-to-ore ratios as access to the ore bodies evolve through the life of a mine.

Mineral Solid Waste

	2014	2015	2016
Total Waste Rock Generated (tonnes)	91,191,256	73,163,222	71,612,096
Total Tailings Generated (tonnes)	36,253,227	35,227,307	36,031,828

As in previous years, we had no major incidents at our tailings management facilities (TMFs) in 2016. Our TMFs are managed by a robust internal management and reporting system; all our operations had their TMFs reviewed by a third party in 2016. The review found no major weaknesses with our tailings facilities and our management systems. We also carried out the first of our tailings dam emergency preparedness reviews at Riacho dos Machados (MRDM), which proved to be a success as feedback received has been positive.

Sound environmental management also includes the responsible management of general waste, both hazardous and non-hazardous. Our sites spend substantial efforts into waste management practices through the minimization of waste as well as waste segregation to enhance recyclability, reuse and proper disposal of waste. Moreover, local legislation dictates the types of material considered hazardous, which must follow specific disposal practices. The majority of the incinerated waste comes from our Gualcamayo operation, where legislation dictates that any kind of hazardous waste (including oils, etc.) must be treated by an authorized company. The third party used at the Gualcamayo operation uses incineration, which is authorized by provincial legislation.

Governance

Yamana maintains a unique, best-practice tailings management and reporting system, that allows the operations and the corporate office to maintain regular vigilance over the management of each operation's tailings-related risks. The management system focuses on the following 6 points:

- Standards for design and construction, and use of design reviews
- Constant TMF monitoring and the development of site-specific key performance indicators (KPIs) and performance management
- Periodic safety inspections
- Documentation and monthly reporting
- Training and continuous improvement
- Emergency response plans with dam failure analysis

Yamana has a senior level, dedicated corporate manager whose sole responsibility is the governance of this tailings management system, including supporting our operations in ensuring compliance. Specifically, this includes working with management and executives to make sure that we carry out ongoing reviews of our TMFs to ensure their safety and reliability; and monthly progress reporting to senior management on major issues.

Our TMFs are regularly reviewed and modified as needed, with the construction of new dams or additions to existing facilities and other operational features. These ongoing assessments are intended to ensure that we have a strong approach to our tailings management, and that it incorporates the most up-to-date environmental data.

In addition to adhering to our internal tailings management system, in 2016, our TMFs underwent independent reviews. A third party, global expert performed the reviews which included assessments of the design, construction and operation of the tailings facilities, as well as an assessment of our policies, procedures and management approaches.

Results from these reviews concluded that there were no major flaws or inconsistencies from international best practices. Nevertheless, we took this opportunity to address any gaps present from possible improvements that were identified from the reviews.

We also manage general waste closely at each of our operations with a focus on reduction, reuse, recycling and proper disposal services. Each operation maintains a thorough sorting and separation-at-source facility, which are regularly inspected to ensure their robustness and compliance with management and closure plans.

Strategy

Our tailings management system, in combination with 3rd party assessments of our TMFs, help ensure that we are managing risks appropriately. However, we also recognize that we need to be prepared in the event of an emergency. This preparation includes Emergency Response Plans (ERPs) that have been developed for all of our TMFs. ERPs are developed to deal with worst case scenarios, (such as dam failures), and involve three main steps: Documentation preparation, which includes a dam break analysis, communication plan and a downstream survey. The second step includes stakeholder mapping and internal training, where employees are trained on risk prevention and what to do in the event an incident takes place. The final step consists of external training on the procedures to carry out if an emergency were to take place, as well as a simulation process involving the participation of communities. Simulations will ensure that employees understand their role, communities feel reassured that emergencies are taken seriously and that plans are adjusted to reflect a

constantly changing environment. Procedures for the following are covered under these steps: protecting our communities and employees; notifying emergency services and resource management agencies; and carrying out long-term remediation activities.

Riacho dos Machados was the first site to carry out the whole ERP review process. The process was well received by community stakeholders (including local and regional authorities), who were involved with the planning of the review, and participated in dialogue both before and after the simulation took place. All of our other operations completed the first 2 steps in 2016, and are planning to complete the final one throughout 2017.

Climate Change

Energy needs and related greenhouse gas emissions are directly related to unique aspects of each operation including ore grade and type, mine depth, distance to processing facilities, rate of production and others. As mines get deeper, it is inevitable that greater energy is required to continue mining, which is reflected by our increase in both energy intensity per tonne moved, although our emissions intensity remained consistent with 2015. To control both costs and emissions in the future, our operations must be increasingly resourceful in managing energy.

2016 Highlights

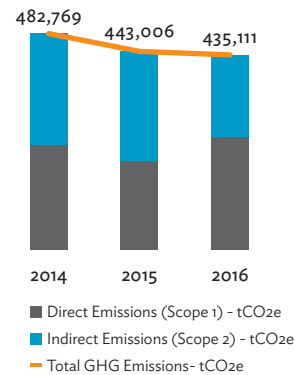
- Chapada reduced its energy consumption through a more efficient SAG mill and by adopting a philosophy of process control
 - Pilar minimized its fossil fuel use where possible through its photovoltaic plant
 - GHG emissions decreased while GHG emissions intensity remained equivalent to 2015
 - Energy consumption and energy intensity increased
-

Performance Overview

Our total amount of greenhouse gas (GHG) emissions have continued to decrease since 2014. Our GHG emissions for both Scope 1 and 2 (direct and indirect emissions respectively) totaled 482,769 tCO₂e in 2014 and decreased to 435,111 tCO₂e in 2016, reflecting a 9% decrease over the last three years. Our direct emissions increased while our indirect emissions decreased.

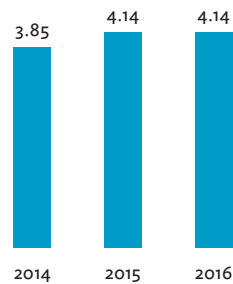
In 2016 our GHG emissions intensity remained similar to 2015 at 4.14 tCO₂e/ktonnes. Many factors affect GHG emission intensity such as longer transportation routes, deeper operations, resulting in the use of additional energy, which in turn produce more GHGs per tonne moved. Keeping our GHG emissions intensity low will continue to be a challenge moving forward.

GHG Emissions



GHG Emissions Intensity

(tCO₂e/ktonnes moved)



Energy use at our sites consist mainly of fuels, primarily diesel, and electricity. Diesel fuel is used for trucks carrying ore and waste, as well as for back-up power generation. Electricity is mainly used for ore processing and for underground ventilation. Our total energy consumption in 2016 was 1,711,937 MWh, an increase from 2015. Each operation has varying energy needs depending on rate of production, mine depth, and other mine development aspects. Our calculated energy intensity in 2016 was 16.29 kWh/tonnes moved, an increase of 12.5% compared to 2015.

Initiatives:

Chapada has decreased its electrical energy use in two ways. Firstly, it increased the efficiency of its semi-autogenous grinding (SAG) mill by increasing the power of the mill to 12.5 Mwh, which allows more to be processed in a shorter amount of time, thereby decreasing the sites' energy consumption. Secondly, the site has optimized the process plant by using certain materials and adopting a philosophy of process control, where processes are continuously observed and changed well before any potential issues may occur. This has allowed the plant to better control their processes in order to be more energy efficient.

Pilar has a photovoltaic (or solar) plant installed at the site, with a maximum power generation of 8 kVAh, which involves the process of sunlight being absorbed into a grid, where it is directly converted into electricity. As a result, the site uses solar energy where possible, whilst minimizing its use of fossil fuels.

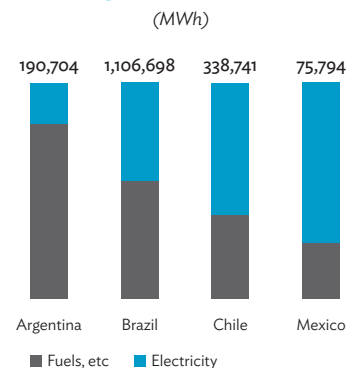
Governance

Climate change continues to be a material issue for us, given the increase in extreme weather events, which present ongoing risks to our operations that must be managed accordingly.

Our approach to climate change is three-fold. The first feature of our strategy is adaptation. We monitor existing climatic changes and extreme weather events that could affect our operations, and modify our facilities as required. With the possibility for more extreme weather events, we regularly monitor and examine our operations to ensure that they are prepared to withstand such events. For example, we continuously review our tailings management facilities, and modify them as required, to ensure that they can withstand any potential incidents, and that they incorporate the most up-to-date environmental data.

The second feature is mitigation, which involves the management of energy efficiency and emissions reduction. Each of our operations, with corporate oversight, is responsible for the development of its own energy reduction strategy and targets that are relevant to that site. We have energy efficiency programs across our operations that focus on decreasing fossil fuels use, and reducing our carbon footprint wherever possible. We recognize that focusing on decreasing fossil fuels use is important; however, aging trucks and equipment, as well as operations that require deeper and longer transport routes require more energy.

Energy Consumption



The third feature is preparedness, which is closely related to adaptation. Each of our operations has developed an emergency preparedness and response plan to address extreme weather events and other foreseeable crises and emergencies. This plan, which is periodically updated and tested, ensures that in the occurrence of extreme events, site personnel and local communities are aware of roles and responsibilities of all parties and are trained accordingly.

In addition to this report, climate change discussions are also included in our CDP report.

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