

2017 MATERIAL ISSUES REPORT



YAMANAGOLD

The intent of this report is to disclose priority information to our stakeholders, in a clear and transparent manner. In order to determine the contents, we consulted our stakeholders to better understand what is material to them when it comes to our business practices and the impacts that result from them. More information about our approach to determining materiality is available in the About This Report section. As a result of these materiality consultations, our report includes the following information:

Governance | Strategy



Business Ethics | Human Rights



Health & Safety



Community Relations | Social License



Water



Waste | Tailings Management



Climate Change | Biodiversity



Closure



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 2017 report presents our annual performance metrics year over year with a focus on more direct discussions of the key material sustainability issues at Yamana and the environments we operate in.

Determining Materiality

Our materiality process is based on a two-fold approach. Firstly, via on-going, informed dialogue with our stakeholders. This dialogue ranges from community consultation to investor calls, to ensure we are constantly engaging with a range of stakeholders that are important to us. Over time, we identify recurring themes and are able to prioritize them, based on feedback from the stakeholders themselves. The second part of our approach to determining materiality for this report, was to take a more focused, intentional approach to the topic of materiality with select stakeholders, to drill down on what issues are most critical to them and how best we are able to communicate our performance to them.

This report aims to present and address the data, challenges, and achievements that are deemed material through these processes, in direct, non-technical language. Our approach aims to maximize transparency and ensures we remain accessible and accountable to our stakeholders.

We are dedicated to understanding what is material to all of our stakeholders and ensuring each are engaged in an appropriate and effective manner. The table on the following page provides a brief summary of some of the ways we engage with our key stakeholders and the main takeaways from those sessions.

Report Structure

Similar to previous years, this report is divided into sections based on each material issue, and has been designed to highlight our performance, our management/governance approach and the strategy associated with each material issue, allowing our progress from year-to-year to remain the focus. We believe this format allows for more transparent and meaningful discussions with our stakeholders in order to continue to improve and address the issues covered by each report. This year we added 3 new material issues: Closure, Business Ethics and Human Rights as well as expanding our Climate Change section to incorporate Biodiversity, as a result of the engagement we conducted with our stakeholders.

In this report, the terms Environmental, Social & Governance (ESG) and Health, Safety, Environment and Community (HSEC) are both used, while these terms cover similar subject matter we use them separately and intentionally to convey different meanings throughout this report. ESG is a term used and understood by our external stakeholders that covers issues including company management, board composition, labour composition, human resources and supplier management as well as broader environment and social themes. HSEC is a term used extensively internally that encompasses traditional sustainability concepts such as Health, Safety, Environment and Community, which are managed at Yamana under one umbrella.

Stakeholder Group	Method of Engagement	Key Area of Concern/ Interest
Investor Community <i>Including Shareholders and Shareholder Services Firms</i>	Frequent engagement with investor community through specific and targeted outreach.	<ul style="list-style-type: none"> - General Environment, Social, Governance (ESG) Issues - ESG Commitments - Management Systems - Controversies
ESG Research and Rating Agencies	Ongoing engagement through targeted meetings and discussions.	<ul style="list-style-type: none"> - General ESG Issues - ESG Commitments - Management Systems - Controversies
Our Communities	Engagement with our neighboring communities on a daily basis through both formal and informal mechanisms, which are further explained in the Community Relations section of this report.	<ul style="list-style-type: none"> - Job Availability - Local Contracts and Procurement - Noise/Dust/Vibration - Water Quality & Quantity - General Environment Concerns
Governments <i>Local, municipal and national</i>	Frequent engagement with local governments to proactively develop relationships through a variety of targeted and general approaches.	<ul style="list-style-type: none"> - Tax Revenue/Transparency - Jobs/Procurement - General Environment Issues
Our Employees	<p>Our employees are engaged through many formal and informal methods including: unions/ management meetings, daily meetings between employees and Health & Safety teams, and employee surveys.</p> <p>We also engage with our contractors in many of the same ways we engage with our employees.</p>	<ul style="list-style-type: none"> - Job Security - Salary and Benefits - Health and Safety - Leadership Development
Civil Society – Development Partner Organizations	Engagement with local and international development partner organizations through the design and execution of community programming.	<ul style="list-style-type: none"> - Human Rights - Community Engagement & Development - General Best Practices
Civil Society – Advocacy Groups	Engagement on a required basis for emerging issues, when approached. In Canada and our host countries, we look for opportunities to engage proactively on issues that have the potential to pose future risks to our organization.	<ul style="list-style-type: none"> - Human Rights - Water

This report covers all of Yamana's operating mines, and where applicable, exploration properties, during their ownership period, with the exception of our Canadian Malartic asset. As a separate company, to which we maintain a 50% ownership, Canadian Malartic prepares a standalone annual sustainability report, available at www.canadianmalartic.com. Also to note, our report does not include the Brio operations, to which Yamana remained a majority shareholder during 2017, as they are not operated by Yamana.

The 2017 report is our tenth sustainability report and it is our third 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 GRI G4 indicators and our responses are available on our website, which you can access by visiting the Responsibility section of our website at www.yamana.com.

The information presented in this report was compiled using data collected through existing internal controls, designed to better allow us to evaluate our progress, mitigate our risks and remain accountable to our stakeholders. In addition to these controls, we undertook a series of interviews with Yamana's management in order to better inform our reporting practices and what this data means for us as a company.

We are always striving to improve our reporting and transparency practices; if you have comments about the material in this report or our approach to disclosure, please contact us and let us know.

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

We refer elsewhere in this report that this is our tenth sustainability report. While in many ways we are still a young company, completing our fifteenth year as a public company this year, we have sought year over year to improve our health, safety, environment and community relations approach, efforts and results (ESG), and we continue to improve our transparency, reliability and accountability on our ESG.

We see positive results from our ESG efforts in 2017 and we remain committed to continuous improvements. Allow me to provide some highlights of our engagement in 2017.

We completed 2017 without any serious environment or social incidents, and decreased our total recordable incidents to below our target level for the year. Our performance last year embodies the commitment of management and our employees to achieve our vision of *One Team, One Goal: Zero* an approach to health, safety, environment and community governance that was introduced in 2016.

Mining is an industrial enterprise and, as such, has inherent risks to person and property. We realize that managing these risks and facing the challenges associated with mining are core to sustainability.

The sharper focus by our stakeholders on ESG issues, and more particularly, the increased discussion of managing risks is important to us and coincides with efforts we had already undertaken to improve the sustainability of our business and manner in which we engage with our stakeholders on such topics.

We consider it imperative to take a long-term approach to managing our business, an approach that supports investment in the people, planning and practices needed to be successful and meet our commitments to stakeholders.

Reflecting this renewed approach, in 2017, each site developed a detailed health, safety, environment and community improvement plan, focusing on proactive and actionable items to improve management of risks and drive improved performance.

This report details some of the more material ESG issues in our business and how they are managed. We continue to provide significant detail on performance and comparisons to prior year results, but we are enhancing our discussion of the potential impact of risks and the efforts we are making to manage these risks.

We also consider it imperative to be transparent and reach out to our stakeholders to encourage them to be part of our efforts whenever possible. This engagement with stakeholders is deliberately proactive and it has been, and will continue to be, a core tenant of how we operate.

**PETER MARRONE***Chairman and Chief Executive Officer*

In line with this approach, a unique pilot program aimed at quantitatively assessing our social license to operate was completed at one of our operations last year. This project allows us to gain valuable perception feedback from our surrounding communities and more effectively engage with them. With the success of this pilot, we will carry out similar projects at various other operations in 2018.

Going forward, we will refine and improve our disclosure in these areas further to ensure stakeholders have adequate information to assess and understand the measures we have in place.

We complement this external transparency with continuous training and awareness campaigns to ensure our employees understand what they need to do and what is expected of them so that Yamana can deliver on its commitments. A culture of *Zero* is possible and in 2017 we had notable achievements of this goal across various health, safety, environment and community indicators by operations throughout our portfolio. Use of the term culture was deliberate. We aim to create a cultural awareness and identity at our company that includes and, more importantly, is premised on ESG.

In the end, we want to make sure people who work with us are safe and our local communities can rely on our efforts to support their communities.

As we complete our fifteenth year, we are as well positioned as ever to create value for all our stakeholders and continue to focus on improvements in our sustainability efforts.

The strength of Yamana is a testament to the dedication of all our employees and their efforts to live our vision of *One Team, One Goal: Zero* in all that they do.

We wish all of our stakeholders health and prosperity. We hope this report reflects the efforts we have undertaken on ESG and improvements we have made in a clear and transparent manner.




A stylized, handwritten signature in black ink, consisting of a large 'P' followed by a series of loops and a horizontal line.

Peter Marrone

Chairman and Chief Executive Officer

2017 TARGETS AND OBJECTIVES

The following table provides a brief summary of our progress on key targets and objectives aimed at improving our performance in health & safety, environment and community (HSEC), through improved data and decision-making. These targets are explored further in the various sections of this report.

Targets	Performance	Relevance
Launch HSEC Vision: One Team, One Goal: Zero.		Our new vision aims to create a change in performance culture by creating a sense of ownership through collaboration amongst sites and the corporate office as well as foster a sense of belonging. The vision and its visual identity (logo) were developed with significant employee input from all of our operations.
Reinvent our approach to performance measurement, through the development of HSEC Improvement Plans, based on gap analyses conducted against our Integrated HSEC Framework.		Our Integrated HSEC Framework is our roadmap to Zero (our vision). It provides the architecture or guidance for best practice in Health and Safety, Environment and Community Relations disciplines. The development of HSEC Improvement Plans lets sites use the HSEC Framework to assess their strengths and weakness, and determine how to address those gaps. Designed to drive a high-performance HSEC culture, based on proactive and preventative activities, the HSEC Improvement Plans are specific, measurable and directly related to both site and executive level compensation in 2018.
Improve our organizational learning from incidents by increasing the quantity and quality of our Significant Incident Reporting (SIR) procedure.		The purpose of a SIR is to help the entire organization understand what happened and to learn how we can prevent similar events from occurring. Our objective in 2017 was to drive a notable improvement in the culture of significant incident reporting, which started in 2016, by increasing follow up investigations and sharing the results across sites. We made significant strides forward on investigations, but still have work to do in 2018 on sharing and learning from the results. Notably, in 2017, we began linking compensation to SIR reporting in order to further encourage sites to report and investigate all incidents.

- Targets Achieved
- ◐ Targets Partially Achieved
- Targets Not Achieved

Targets	Performance	Relevance
Develop a new method for measuring and communicating environmental performance through our Environmental Key Performance Indicators program.	●	The program was established to help our operations better understand, communicate, and appropriately prioritize & resource their key environmental risks, challenges and performance. This industry-leading practice helps succinctly communicate environmental risks to decision makers from the field level, to the CEO, to the board of directors.
Conduct a Social License to Operate (SLO) Index test pilot at Jacobina in collaboration with CSIRO, aiming to gather data on social acceptance and trust with our local communities.	●	This unique pilot project allowed the site to actively, and quantitatively assess its social license. The index is based on detailed and inclusive perception feedback from the community and also helps identify strategic gaps to prioritize strategic engagement moving forward. The intention is to introduce the SLO Index across all relevant operations beginning in 2018.
Conduct a company-wide management systems effectiveness review focusing on internal and external systems.	●	This review, which included the Yamana internal management system as well as externally audited management systems (ISO 14001 and OHSAS 18001), looked at a variety of parameters to determine the effectiveness of our range of management systems. Through this review, we were able to determine the need to adjust and strengthen select aspects of our site level audits of ISO/OSHAS while building a performance culture around leading indicators linked to our HSEC improvement plans and incentives.



GOVERNANCE | STRATEGY

One Team, One Goal: Zero is our 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 vision is intended to empower all employees to demonstrate and embed HSEC leadership into their operations.

2017 Highlights

- Developed and implemented industry leading approaches to measuring and reporting our social, environmental and health and safety performance.
- Developed and began the implementation of our new Integrated HSEC Management Framework.
- Developed site specific HSEC improvement plans against the Integrated HSEC Framework.
- Successful launch of HSEC vision “One Team, One Goal: Zero”.
- Recognized by Corporate Knights Magazine as one of the Best 50 Corporate Citizens in Canada, for the 7th year in a row.
- Included in Sustainalytics’ Jantzi Social Index for the 9th successive year.

Governance

Finding a balance between performance and good corporate governance is key to sustaining a healthy corporate culture – one that values achieving positive results, while accomplishing it in a manner that’s fair, honest and transparent. Yamana and its Board of Directors recognize the importance of corporate governance in striking this balance, for the protection of its employees, its shareholders as well as the environments and the communities we operate in.

We are committed to ongoing review of our processes, policies and practices in order to ensure we maintain a safe and healthy work force, good environmental practices, open relations with our communities, and stewardship of investor interests. In 2016 we began the execution of a more streamlined HSEC management system and organizational structure, in order to ensure that we are positioned to meet or exceed our objectives year over year. This new system has allowed us to have a stronger HSEC presence across all of our operations and move toward our target of Zero. 2017 marked the first full year of this transition and we are happy to see the vision being adopted at every level of the organization, from the sites to the Board of Directors.

Responsibility and Accountability

At Yamana we believe everybody has a responsibility for HSEC, which is why we ensure HSEC is embedded across all of our levels of leadership, and that sites, as well as offices have dedicated Health and Safety teams, which include representatives from departments outside of HSEC professionals. Maintaining this regular communication between HSEC teams and management, at every level of the organization is the most critical factor for continuous improvement and the continued journey to our vision of Zero.

One of the ways that we have been able to accelerate this unified responsibility of HSEC across Yamana is by linking compensation, specifically bonuses, with HSEC performance. In 2017, 15% of our Company's Short-Term Incentive Plan, including the CEO's, were related to HSEC performance. This instills a sense of ownership and accountability to HSEC targets across the organization and provides incentives to all employees to embed HSEC into their day-to-day activities.

Our HSEC Team

At the site level we have dedicated HSEC teams which provide regular reports to both site General Managers as well as corporate level Regional Directors and the corporate HSEC team. These site level teams are comprised of dedicated Health and Safety, Environment and Community Relations professionals who operate in line with the HSEC Management Framework. Site responsibilities include, but are not limited to, data collection and reporting, policy implementation, risk management, KPI monitoring, permitting, community outreach and the execution of special programs such as Integrar Days and the Open Doors program. These teams report to their site GMs as well as the corporate HSEC team and the HSEC Regional Directors on an almost daily basis.



Yamana has two Regional HSEC directors, these individuals are a direct liaison between site HSEC teams and the corporate HSEC team. These individuals assist in the site strategy development, reporting, permitting as well as assisting with any HSEC related issues that arise. The regional directors report to the corporate HSEC team, the Senior Vice President of Health Safety and Sustainable Development (HSSD) as well as the VP of operations for their region.

At a corporate level, we have a dedicated HSEC team, located in the head office in Toronto as well as individuals who sit in various regional offices. Our corporate HSEC team is made up of a Director of Health and Safety, both a Director and a Manager of Health, Safety and Sustainable Development (HSSD), as well as dedicated managers for Community Relations, and Closure. The corporate HSEC team is in constant communication with sites and regional directors and reports to the Senior Vice President (SVP) of HSSD. This team contributes to the strategy, development of standards & procedures and program design, with collaboration from sites as well as conducts company wide data analysis and reporting and provides support to sites, both in office as well as through ongoing site visits.

In addition to leading the HSEC team, the SVP HSSD, helps to implement policy and strategy as well as promotes dialogue on Yamana's mission/vision. Any new developments or modifications to standards go through consultations across the General Managers of operations, regional directors, the senior executive team and ultimately the Board of Directors. The SVP reports directly to the CEO, and provides quarterly, and ad hoc updates to the Board of Directors.

At Yamana we believe it is important for there to be accountability, at a senior management level, as such, the SVP HSSD is directly responsible for overseeing all aspects of community relations, human rights, environment, closure and health and safety aspects at Yamana, while the SVP Technical Services is responsible for overseeing the management of tailings.

The sustainability committee of the Board of Directors, consisting of four independent members of the board, met 5 times in 2017. This committee contributes additional in-depth insight into the management of health and safety, environment, community and human rights 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 issues, while maintaining compliance.

Policies and Standards

At Yamana, we have over 85 different HSEC policies and standards. These 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 and are explored more in-depth in the Business Ethics and Human Rights section of this report.

Our internal policies and standards are available at any time to all employees through the Yamana Management System (YMS). This internal system, which our sites have been audited against, 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.

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.

In addition to our formally stated commitments and certifications, we operate in line with the principles of many other standards including the IFC Performance Standards on social and environmental sustainability. Yamana also remains a member of various industry organizations such as, Ontario Mining Association, Quebec Mining Association (l'Association minière du Québec), International Cyanide Management Code, Prospectors and Developer Association of Canada, the World Gold Council as well as The Canadian Chamber of Commerce.

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

Strategy

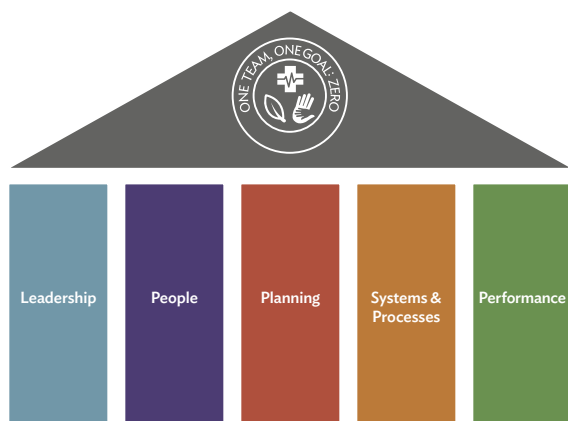
2017 was the first full year of our new approach to corporate governance, focusing on embedding a strategy and mindset of performance-oriented, company-wide HSEC culture. We focused on the full integration of HSEC into all operations, and functions of the organization, shifting away from a more traditional audit-based approach, to a more proactive and engaged approach. This shift highlights our belief that HSEC is everybody's responsibility, and encourages preventative actions towards HSEC incidents which will allow us to progress towards our vision of **One Team, One Goal: Zero**.

A significant component of this shift is a transition away from lagging HSEC indicators and towards leading ones, an emerging industry trend aimed at preventing issues before they arise. Leading indicators are measurable proactive activities that can impact performance. Throughout this transition, we will continue to measure lagging indicators, however we will more heavily incentivize performance-based leading indicators as a means of encouraging proactive HSEC activities in order to reduce potential issues before they occur. At Yamana we believe the best method to protect our employees, communities and environment is to eliminate risks before they materialize. This new change in our reporting will not only help us reduce the number of incidents but will ultimately, be a key component of reaching our vision of Zero.

Strengthening a Culture of Integration

As part of our effort to deepen the integration of all HSEC disciplines into our company and into our operations, we created an HSEC-specific vision in 2016: One Team, One Goal: Zero. This vision statement and its accompanying visual identity were created through a collaborative process across Yamana. Many of the ideas contributed through this process were used to influence the final design of the visual identity. Additionally, the development of this process included a video to launch the vision and strengthen HSEC culture throughout the organization, this video included all operations in order to instill a sense of ownership of HSEC activities and was positively received by employees. The rollout of this new vision took place in mid 2017 and will continue through 2018, including a statement, made by the CEO at a townhall meeting in February 2018.

5 Pillars of the HSEC Management Framework



Another core tool that helps us further deepen the integration of HSEC into our company is the HSEC Management Framework, which provides strategic guidance on Health & Safety, Environment and Community Relations, and is intentionally focused on management effectiveness, and the transition towards the complete integration of HSEC responsibilities throughout the entirety of our company. This innovative and comprehensive framework was developed with the sites in 2016 and became fully integrated into Yamana in mid 2017. The framework is composed of 5 pillars, Leadership, People, Planning, Systems & Processes and Performance, and 3 functional elements, Health & Safety, Environmental Management and Social Risk Management. This primarily risk-based framework highlights best practices across the industry and allows our operations to develop site-specific strategies and improvement plans while still being unified in their approaches to HSEC management.

A component of the Planning pillar of our framework is Major and Fatal Risk controls. In 2017, Yamana developed a set of nine Fatal Risk Protocols, which establish minimum performance expectations to control these risks. These Fatal Risk Protocols were co-developed with sites incorporating industry best practice, Yamana's successful experience in controlling these risks and our internal expertise. The goal being, with proper planning and understanding of every employee's responsibility, that the risk for such an event to occur is controlled.

Improving Data and Decision-Making

As part of our goal to improve both data and decision-making, we completed two innovative pilot projects in 2017. The first was the Social License to Operate (SLO) Index pilot at our Jacobina operation in Bahia, Brazil, which was started at the end of 2017. The project aimed to quantitatively measure our operation's SLO with

the community in an effort to better integrate social performance in operational decision-making. Through a series of community perception surveys aimed at measuring the degree of social license in that area, highlighting the community's most pressing concerns and issues, and evaluating how we as a company are doing in terms of engagement. These surveys allowed us to measure the degree of community trust and acceptance of Yamana by developing an overall SLO score for the operation, which had never been done before. Through the success of this cutting-edge pilot project, we were able to better strategize priorities with the community and more efficiently allocate our resources, as well as provide measurable quantitative results to better communicate our progress to senior executives and the Board of Directors. Due to the success of this pilot we will be conducting similar projects at our other operations throughout 2018.

A second project in 2017 that allowed us to take a big step forward in improving our data and decision-making, was an innovative approach to reporting on environmental key performance indicators (KPIs). Through workshops with sites, we developed a unique internal reporting framework for determining, and subsequently reporting on, each operation's KPIs. These KPIs are based on each site's primary risks and challenges. This groundbreaking project allowed sites to determine what issues are most relevant at their operations and how to best manage them, while reporting performance against their site-specific targets. Monthly reporting on these indicators will occur throughout 2018, to both corporate HSEC as well as site General Managers and will allow sites to communicate their environmental goals, progress and challenges from the field level to senior executives.

In 2017 our sites also underwent a new process to measure HSEC performance on a quarterly basis based on workplans developed from a gap analyses against our HSEC Management Framework. These plans focus on leading indicators rather than lagging indicators. Sites detailed specific actions aimed at achieving strategic site-specific objectives, and were collaboratively developed with their regional HSEC directors as well as the corporate HSEC team and the SVP HSSD. This innovative approach will be reported on in 2018 as component of site and executive bonuses in order to incentivize the advancement of these targets and the constant improvement of our HSEC performance.

Over the past year, all of our sites also came online with a Significant Incident Reporting (SIR) procedure that was developed in 2016. This tool raises awareness around High Potential Incidents (HPIs) and creates a method where sites can learn from each other to improve the health and safety of employees and contractors at all of our operations. The information from these reports is shared across our operations and management, so that teams can learn from others and understand how they can avoid similar incidents. Additionally, this works as a mechanism to inspire the development and improvement of practices and procedures across all sites in order to mitigate risks to our employees and operations in the future.

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



BUSINESS ETHICS | HUMAN RIGHTS

Yamana operates in 4 different countries throughout the Americas, in some of the world's most stable mining jurisdictions. Our large multinational operations come with significant responsibilities to our employees, our shareholders and the citizens of the countries where we operate. **Yamana operates under high ethical standards** in an effort to demonstrate to all our stakeholders how important we take our responsibilities around business ethics and human rights.

2017 Highlights

- 100% of security personnel receiving human rights training.
 - No human rights related grievances.
 - Increased representation of women on Board of Directors.
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Yamana ensures all our employees and contractors are held to the highest ethical standards. We have over 85 HSEC policies and standards that help ensure this; while our overarching mission *To mine precious metals profitably and responsibly* also serves as an anchor to this objective.

Building an Inclusive, Diverse Workforce

We strive to be an equal opportunity employer, without discrimination based on, race, gender, sexuality, disability, ethnicity or religion, throughout all levels of the company, with over 19% of new hires being women, in addition to 36% of our board of directors being women. We are actively seeking to diversify our workforce, particularly considering that most of the regions we operate in have mining cultures that are heavily male-dominant.

All full-time Yamana employees are provided with benefits that are designed on a site level to mirror regional best practices. These include coverage on healthcare, life insurance, short and long term disability coverage and parental leave.

Additionally, all Yamana sites have the right to collective bargaining, which we believe is an integral component of ensuring our workers feel they are treated fairly and their concerns are heard and appropriately addressed.

Finally, we believe that the best way to assist our workforce is through ongoing training opportunities. Through Yamana's training programs, employees at an Operator level receive on average 75 hours of additional training per year, while those at the Supervisor and Senior levels receive 30 hours. This training allows employees to excel at their current positions and opens new opportunities through capacity development. Ultimately, this allows our employees to have greater chance of success at Yamana and elsewhere once the site has reached its end of life.

Business Ethics

In order to ensure our operations continue to operate to the highest degree of ethics we maintain both internal policies as well as external certifications, which serve to manage our business ethics related risks. These policies cover a range of topics such as Anti-Bribery and Anti-Corruption, Insider Trading, Gifts and Entertainment, and Whistleblowing. Additionally, Yamana is not affiliated with any political parties in any of the countries in which we operate, and does not use company resources to influence the political choices of individuals. Employees receive training on all policies upon their hire as well as refreshers and training for management every 2 years from the Human Resources department, or when changes to the policies occur.

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 employees must follow, and who to go to for guidance when questions related to this topic arise. Our Code of Conduct ensures that we conduct our day-to-day business ethically and legally, and includes sections on, Fair Competition, Conflicts of Interest, Working with

Suppliers, Anti-Corruption and Community and Political involvement. To view this document please visit the Ethics and Governance Section of our website.

To supplement our Code of Conduct, all of our sites have been assessed for anti-bribery and corruption risks, which includes ongoing audit reviews, testing and monitoring, with anti-bribery and corruption clauses being added to purchase orders. Higher risk departments, such as Government Relations, Procurement and Accounts Payable have also received specific and detailed anti-bribery and corruption training, along with our senior executives. All employees also have access to a compliance and ethics hotline to anonymously report concerns about unlawful or unethical behavior.

Externally, Yamana reports against a number of important international reporting standards. As a member of the World Gold Council, we annually report under the Conflict Free Gold Standard; a standard which enables organizations to assure no elements of the gold supply contribute to conflict. Our report is assured annually by Deloitte. We are also compliant with Canada's Extractive Sector Transparency Measures Act (ESTMA). This Act is an equivalent level of reporting to the EITI Standard and aims to increase transparency by ensuring Canadian companies report annually on payments to all levels of government in Canada and abroad. Yamana is a strong supporter of these standards the principles outlined in the EITI. More information regarding this standard and its equivalency to EITI is available on the EITI website at <https://eiti.org/supporter/canada>.

Human Rights

Yamana operates in some of the world's most stable mining jurisdictions, which helps to minimize some of the human rights related risks found in other jurisdictions. In 2017 we had no human rights related grievances filed, as well as reached 100% of our security personnel receiving human rights training.

Our Human Rights Policy was developed using international law, standards and other company best practices as guidance. By covering topics such as, child and forced labour, discrimination, fair employment practices, respecting the rights and traditions of indigenous peoples, and commitments to health and safety, this policy aims to ensure that all employees know, understand, and comply with their responsibilities towards respecting human rights while completing business activities. This policy not only has the intent to protect the human rights of our employees and contractors, but also the communities affected by our operations, and provides guidance on how to support this. To view this policy please visit the Ethics and Governance section of our website.

In addition to our formally stated policies and commitments to human rights, Yamana also operates in line with the United Nations Voluntary Principles on Security and Human Rights. Currently all of our operations have been assessed for, and have no significant risks around Child Labour, Forced or Compulsory Labour.

We recognize that our operations have the risk to impact the human rights of not only our employees, but also the surrounding community, particularly in regard to environment, quality of life as well as safety for women and children. As such we pro-actively work with communities to address and mitigate these risks through active dialogue and appropriate planning. We ensure all operational changes, which could have an impact on human rights, are properly monitored and that relevant personnel and employees receive adequate induction trainings and remain compliant with our Code of Conduct.



HEALTH & SAFETY

2017 marked our second year in a row with zero fatalities, as well as an **improvement in our total recordable incident rate**, with many sites reaching significant health and safety achievements. We want to congratulate our operations for these achievements and improvements, while also recognizing that there is still significant work ahead to reach our goal of zero incidents.

2017 Highlights

- Achieved a 10% reduction in Total Recordable Incident Rate.
- Zero fatalities since May 2015.
- Chapada, Florida and Gualcamayo all completed the year surpassing their health and safety targets.
- Active response to the Yellow Fever outbreak for our employees and local communities in collaboration with local public health officials in Brazil.
- Chapada awarded first place in Central Brazil and second place nationally for Risk Management category from Proteção Magazine.

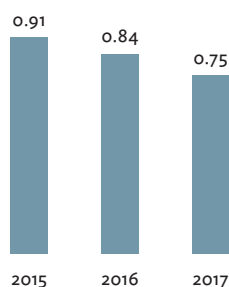
Performance

In 2017, we met our corporate goal of a 10% decrease in our Total Recordable Injury Rate (TRIR) thanks to the special focus by the sites to improve their local health and safety measures. Our Lost Time Injury Frequency Rate (LTIFR) increased in 2017, however through our newly implemented reporting and investigation processes, sites were able to learn from each of these incidents to better prevent them in the future. Notably, we had zero workplace fatalities in 2017, which is the second year in a row that we, as a company, have gone fatality free.

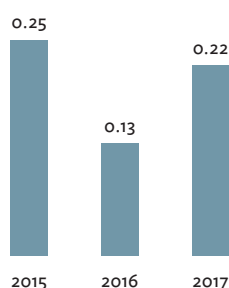
2017 was a year of transition for sites towards reporting on leading indicators for health and safety. Sites began reporting on, and sharing incidents with high potential for injury but that did not result in an actual injury (HPIs) which accounted for 66% of total Significant Incident Reports (SIR) this year. The intention is to learn from all incidents, including the ones with no injuries, and prevent them in the future. Through this transition, we learned that all sites were able to meet or exceed their targets on reporting leading indicators this year, which is a positive step on our journey to Zero.

Our Chapada operation completed the year with zero lost time injuries (LTIs), marking over 619 days without a LTI and setting a new record for the site. This accomplishment is due in large part to the implementation and focus on health and safety programs, such as visible felt leadership,

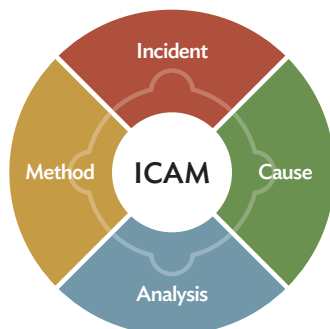
Total Recordable Incident Rate



Lost Time Injury Frequency Rate



Yamana Incident Investigation Methodology



at all levels of the organization, as well as new approach to incident investigations and the implementation of the Family in Action Program, where spouses of employees participate in site tours and inspections.

Additionally, Minera Florida reached more than 1.9 million person-hours without a LTI. A significant milestone and accomplishment for the site, that is attributed to the site's focus on involving supervisors, managers and executives in safety programs as well as an increased reporting culture focused on integrated incident investigations.

Finally, both our Chapada and Gualcamayo sites achieved "Triple Zero" 10 out of 12 months in 2017, in addition to Minera Florida which achieved 9 months and our exploration sites which achieved 8 months of Triple Zero. A Triple Zero month is a month with no Lost Time Injuries, Restricted Work Cases or Fatalities.

In 2017, our El Peñón operation had a significant incident that occurred during the training of a new explosive alternative (plasma). This unfortunate incident resulted in 7 injuries of varying significance. The site was able to use this event as a learning opportunity and through the use of our in-depth Incident Cause Analysis Methodology (ICAM) investigation, we were able to gain valuable insight into the root causes and contributing factors of the incident. The findings from this investigation were used nationally, in Chile, to influence the classification, use, control, transport and storage of plasma and will contribute to the mitigation of similar events nation-wide.

While this report aims to cover the result of our 2017 reporting year, we nevertheless feel it is important to communicate that on February 1, 2018 we had a tragic incident that resulted in two fatalities at our Gualcamayo Mine in Argentina. The double fatality occurred in an area where a platform was being excavated on the side of a mountain for the purpose of exploration drilling activities. A mechanical supervisor and worker had just finished maintenance work to a bulldozer, entered their light

vehicle and reversed over an embankment into a ravine. As per protocol in this type of event, the incident location was secured and a thorough investigation by the site, as well as governmental authorities, was conducted. Operations at Gualcamayo were also suspended until the site was satisfied that work could recommence safely. Yamana and site management provided ongoing support to the families of the deceased, as well as for coworkers, during this difficult time. Prior to this event the site had a very low rolling lost time injury frequency rate (LTIFR) of 0.06. This incident is a stark reminder that a strong safety performance related to lagging indicators is not in itself a predictor or guarantee of future performance, and we must continue to be diligent in our approach to managing hazards and risks in our mines.

Management/Governance

All of our operations maintain extensive Health and Safety teams, which report to the site's General Manager. Our Managers are actively involved in all matters related to health and safety, through regular meetings with the site and corporate Health and Safety teams as well as demonstrating their commitment to health and safety through their increase in Visual Felt Leadership practices. This level of engagement and shared management across our organization is an efficient and effective way of ensuring employees understand that Health and Safety is a top priority for Yamana and 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 conducted by an independent third-party and the audits ensure that our site management systems and practices comply with the expectations as defined by OHSAS.

All site personnel undergo comprehensive health and safety training prior to the commencement of their

work with Yamana. This training includes induction, task and equipment training specific to the work that they will be doing on a Yamana site. This includes, but is not limited to, training on Personal Protective Equipment (PPE), Hazardous Material storage and use, safe driving procedures, and the right to refuse unsafe work.










Additionally, at Yamana we support our employees and communities through extensive health campaigns. In 2017, a Yellow Fever outbreak in Brazil led to a multi-faceted response at all of our operations within the country. Our Chapada operation completed an employee education program on the virus, which included an immunization campaign and extensive prevention education resulting in the immunization of 283 employees.

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 health and safety and sustainable development. This framework formed the basis of much of our work in 2017 and resulted in series of new components in our Health and Safety procedures. See the Governance and Strategy section for more information on the Framework.

This year we continued our transition towards leading indicators; these proactive activities are aimed at improving 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. One uniform leading indicator adopted by all operations is reporting on High Potential Incidents (HPIs), aimed to help create a proactive risk identification and reporting culture and provide opportunities to share learning opportunities for all operations.

Yamana Fatal Risks

Lock Out Tag Out	
Hazardous Materials	
Explosives and Flammable Materials	
Ground Control	
Work at Height	
Vehicles and Machinery	
Confined Spaces	
Protective Devices	
Cranes and Slings	

Significant Incident Reporting

In order to increase awareness of the types of risks present at operations, we have a Significant Incident Reporting (SIR) procedure, which is followed by all sites. This procedure increases awareness and the reporting of HPIs and significant incidents so that our sites can better learn from these through detailed investigations and reduce or eliminate risks in the future. The results from the SIR investigations are shared across sites, with site level and corporate management to reinforce a culture of safety and accountability within Yamana. Through the use of the SIRs, we have seen increased knowledge sharing as well as detailed investigations into incidents with or without injuries. These SIRs act as a key component of our leading indicators.

Fatal Risk Protocols

As part of our ongoing journey to Zero, sites and corporate co-developed a set of Fatal Risk Protocols in 2017. The protocols were based on a review of industry fatalities as well as in collaboration with experienced individuals from across Yamana. The 9 protocols chosen target activities with the potential to cause fatal injuries and establish minimum performance expectations for managing these risks.

Our safety performance in 2017 demonstrates our continued emphasis toward our goal of zero injuries, while also underlining the need for continuous diligence and ongoing improvement to achieve our ambitious year-over-year reductions. We continue to have learning and improvement initiatives throughout our organization that aim to increase our safety performance. Priorities for our Health and Safety team in 2018 are as follows: improving incident investigations using the ICAM methodology, undergoing emergency preparedness reviews, and conducting site-specific gap analysis against the Fatal Risk Protocols.



COMMUNITY RELATIONS | SOCIAL LICENSE

Throughout 2017 we focused on evaluating our community relations activities in order to better understand how we interact with our communities and how we can **improve on our relationships** in the future.

2017 Highlights

- Successful Social License to Operate index Pilot at Jacobina.
- Approximately \$5.9 million spent on community programming.
- All grievances resolved within their closeout periods.
- No significant community incidents.
- Increased *Integrar Day* attendance at our Jacobina, Chapada and Minera Florida operations.

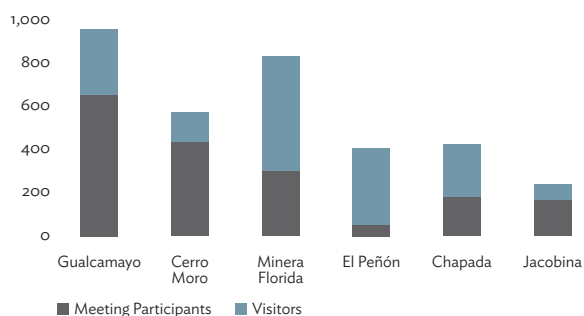
Performance Overview

Stakeholder Engagement

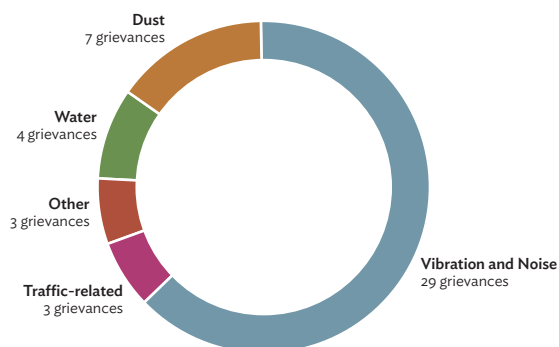
The goal of our community relations strategy continues to be proactive and transparent engagement with all of our stakeholders. Through our active stakeholder engagement strategies we are able to identify material issues of each stakeholder group and ensure they are actively engaged where, and when possible on issues that matter most to them, from environmental concerns to the availability of local jobs and contracts.

In 2017, the total number of stakeholder meetings held at our sites decreased slightly from the previous year, but still in line with last year's numbers; not accounting for operations no longer under Yamana ownership. We reached a total of 1,780 citizens through formal meetings, a greater number of participants per meeting than the previous year. We believe this due to the increasing quality of our engagement and the value our engagement brings to the communities, encouraging more citizens to attend. Through a total of 78 site visits, we also hosted over 1,655 visitors directly at our mines. These *Open Doors* programs demonstrate what life at a mine site is like, and the active policies and procedures we have in place to ensure the safety and wellbeing of our employees, communities and environment. These programs hosted community members, students, employee family members, press, government officials and representatives from other stakeholder groups.

Stakeholder Engagement Participants



Grievance Topics



2017 Stakeholder Engagement

	Formal Stakeholder Consultations	Open Door Visit
Gualcamayo	9	23
Cerro Moro	19	11
Minera Florida	10	12
El Peñón	3	17
Chapada	12	10
Jacobina	11	5
Total	64	78

Grievance Management

Through our grievance mechanisms, we received a total of 46 grievances in 2017, which represents a 44% increase from our 2016 numbers. This increase is due largely to increases in grievances at our Jacobina and Chapada operations, which represent 40 of the 46 grievances in 2017. The majority of these grievances were directly and indirectly related to vibrations caused by blasting. With external expert support, we revised our social strategy at these operations and have been engaging more frequently and more directly on these issues with impacted communities in order to find solutions. Despite the grievances, we did not have any significant community incidents at any of our sites.

Total Grievances by Site

	Grievances
Gualcamayo	0
Minera Florida	4
El Peñón	0
Chapada	10
Jacobina	30
Cerro Moro	2
Total	46

Through our grievance management approach, we were able to achieve 100% grievance closeout rate in 2017. At Yamana we consider a closeout period to be between 7-14 days. In addition, we had zero human rights related grievances in 2017. While most of our sites are not in jurisdictions where human rights would be considered at risk, we still incorporate elements of human rights into our planning and impact assessments. We also provide our operations with a human rights policy and training, targeted primarily at our security forces, which are aligned with the United Nations Voluntary Principles on Human Rights. More information on our approach to this topic can be found in the Human Rights section of this report.

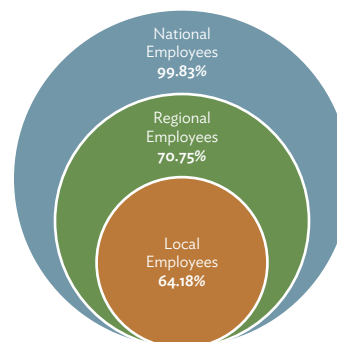
Local Employment

It is our priority at Yamana to hire local and regional employees and contractors whenever possible. We believe this can be one of the greatest benefits we bring to host communities, as it builds capacity among the local workforce. In 2017, over 99% of our employees were hired within country and 70% of our workforce was hired within the sites' regions. This is reflective of the regions we operate within which are typically mining oriented regions with experienced and educated employees. We consider regional employees as those coming from within the province or state of our operation. This regional percentage is a slight decrease from previous years, however the proportion of employees coming from local communities has increased, which we believe better supports the communities where we operate.

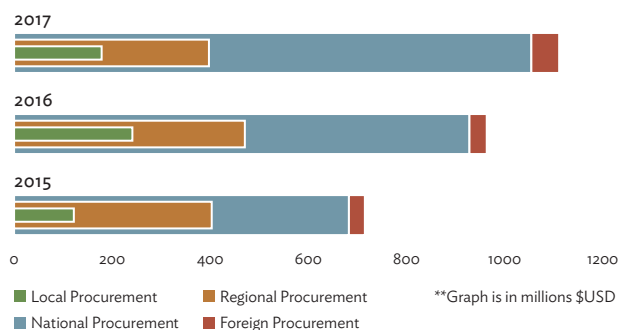
Local procurement

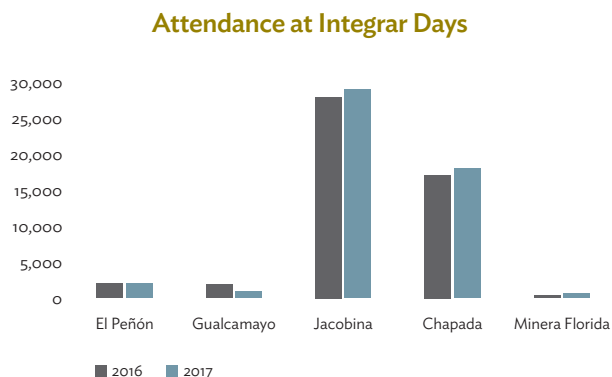
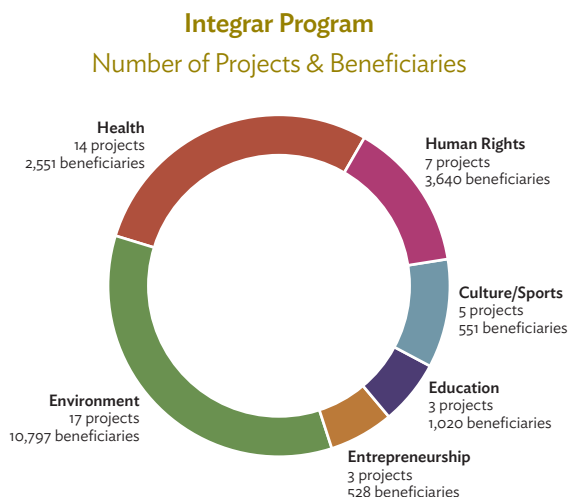
Supporting local suppliers is another means of providing economic benefits to the communities where we operate. By prioritizing local and regional suppliers, we can help the generation and distribution of wealth throughout the regions that in turn is spent back in local communities leading to increased economic development. In 2017 we ensured 95% of our spending was completed within the

Workforce Breakdown



Supply Chain





host country, with over 50% of our procurement being done at a regional level. This represents over \$1 billion dollars of spending within the host countries.

Community Investment

We invested approximately \$5.9 million in community investments last year, including donations and sponsorships, and direct contributions to local governments; a 13% decrease from 2016, which is reflective of having fewer operations. This is further explored in our direct economic contribution section.

Our Community investment initiatives consist of two main components; the *Integrar Program* and the *Partnership Alliance* initiative. Investing in 49 unique projects throughout our host communities, our *Integrar* programs reached over 19,000 people in 2017, focusing on support in areas of health, education 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 various free services that are not readily accessible in that community. In 2017, over 50,000 people attended *Integrar Days*, with the majority of projects focused on environment and health services, however there was also programming surrounding entrepreneurship, culture/sports, education and human rights.

Each of our operations participate in community investment projects that are selected directly by community participants – these are called *Partnership Alliance* programs. These programs establish frameworks for local and regional development projects, where applications are received from local enterprises. Community members then vote on the applications to determine the beneficiaries. Yamana funds up to a maximum of 85% of the project's funding requirements, while the remainder must be self-funded. In 2017,

over 60 projects were selected directly benefitting over 18,000 individuals.

Beneficiaries of Partnership Alliance Programs

Region	Number of Projects	Beneficiaries
Argentina	25	3,941
Brazil	29	7,555
Chile	10	7,196
Total	64	18,692

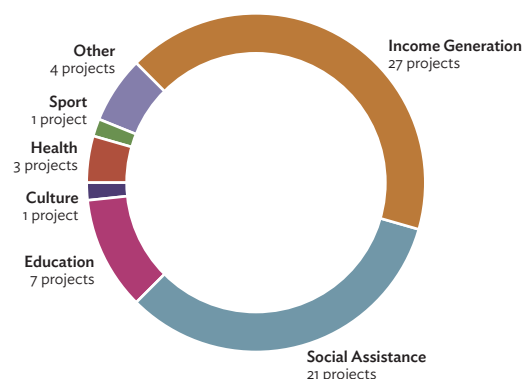
Social License

In 2017 Yamana conducted a pilot project to quantitatively measure social license to operate (SLO) by creating an SLO Index at our Jacobina operation in an effort to specify the degree of community trust and acceptance of the mining operation through a series of community perception surveys. This project was successful in providing a specific SLO Index rating as well as measuring the success of our engagement and community investment initiatives.

The pilot, which was conducted with local partner organizations and lead by the Australian-based Commonwealth Scientific and Industrial Research Organization (CSIRO), was very successful, and will continue through 2018 at Jacobina. We also plan to roll out the SLO Index project at most of our other sites. These projects will take into account the feedback and lessons learned from the Jacobina pilot and assist the sites in determining an accurate view of the SLO and ultimately how best to improve our relationships with local communities.

Additionally, in Canada, our exploration project in Northern Manitoba is located in the traditional territory of Red Sucker Lake First Nations. The project has had a long-standing relationship with the community and as it

Partnership Alliance Programs by Topic



has advanced to a more mature exploration project, we have been working closely with the community, its leaders and negotiators to develop an exploration agreement. The agreement will cover a broad range of commitments, from direct financial contributions to working with local businesses and establishing consultation protocols for important aspects like permit applications. We hope to finalize the agreement in 2018, however, we approached 2017 as if the agreement were already in place, with our financial contributions reflecting the draft commitments laid out in the agreement.

Direct Economic Contribution

We strive to produce as much local economic value for the regions where operate as possible. One of our main methods for achieving this is through direct and indirect job creation along with host-country procurement. These major value drivers to local, regional and national governments allow us to expand our positive economic footprint further than the direct benefit to our employees and helps to create systems of economic development that last longer than the mine life of our sites. In addition, direct economic contribution to communities and governments play an important role in local economic development. The following table provides an overview of these contributions.

Direct Economic Contribution

	Direct Community Investment	Donations & Sponsorship	Tax & Royalties
Argentina	3,404,979	811,981	8,514,257
Brazil	288,706	449,757	116,166,715
Canada	129,558	367,392	43,454
Chile	2,260	446,957	13,653,328
Other	-	-	1,999,704
Total	3,825,504	2,076,086	140,377,458

Governance

At Yamana, we recognize that having strong, positive relationships with communities is integral to our operations and as such, maintaining these relationships remains one of our top priorities. We recognize that mining brings both benefits as well as impacts to communities, and that without positive relationships people's well-being, as well as our operations can be at risk.

Our community relations management aims to maintain effective, fair and transparent processes that assist in community development and impact management through creating local jobs and contracts as well as community assistance programs. We also strive to mitigate impacts, such as noise, dust, vibration or other concerns about the environment. Effective community engagement is the mechanism that underlies all of these discussions. To Yamana, effective engagement means transparent 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 a Community Relations team which report into the site's General Manager, as well as back to a corporate team, that including the Senior Vice President of Health, Safety and Sustainable Development. These teams frequently engage with our communities through both formal and informal mechanisms, including open houses such as our Open Doors program, community meetings, such as our Citizen Meetings program, as well as formal grievance mechanisms. We believe that through these multiple platforms of engagement we are able to better mitigate future risks by understanding community concerns prior to them becoming grievances. These participatory processes allow parties to come to a mutually beneficial understanding while allowing communities to learn about our operations, including our facilities, internal processes, environmental care, work safety and social activities.

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) as well as the guidance in our HSEC Management Framework. These policies and standards are not only the responsibility of the Community Relations team but also that of location management and all employees of the site. By ensuring that everyone is aware of and understands these strategies, we continue to build a culture of site-wide responsibility to HSEC and community relations activities.

In addition to our programs at site we also participate in programs at home in Canada which have a direct impact on our communities. In 2017 Yamana donated over \$14,500 CAD to reBOOT Canada, a registered charitable organization that refurbishes donated computer equipment to provide non-profits, charities, and individuals with access to subsidized technology, software and training.

Strategy

In 2017, we conducted 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 aligned with the newly developed Integrated HSEC Management Framework and resulted in the development of a Community Relations Competencies Matrix. This matrix will act as a support document to the HSEC Management Framework and focuses on outlining the skills and competencies required for successful Community Relations teams. In 2018, we will host a training session for our operations on the skills identified in this matrix in order to better improve our engagement with and support our local communities.



Water is an essential resource for our operations as well as for our communities. Our water management strategy focuses on **understanding and respecting the importance of water** for all stakeholders. Based on this, we aim to reduce the consumption of freshwater, and maximize the reuse and recycling of mine water while maintaining the water quality of our surrounding ecosystems.

2017 Highlights

- 3rd consecutive year with no material spills at any of our operations.
- Over 50% of our water used was sourced within our mines.
- Total amount of recycled and reused water 3.5 times greater than total of water withdrawn.
- Four out of five sites recycled and reused more water than they withdrew.
- Only 1 of our sites discharged excess water to the environment, consisting only of treated sewage discharge.

Performance

In 2017, we continued our efforts to increase our water efficiency, as water use continues to be a one of the most material issues to our stakeholders and some of operations are located in water scarce areas. As a result of this continued focus, we increased the total percentage of reused and recycled water (as a percentage of total water use) from 70% to 78%. This positive trend can be in part attributed to the ongoing work of sites to effectively plan and monitor their water use, while finding innovative ways to increase reused and recycled water.

In 2017 our sites total surface water withdrawal increased from 2016, largely due to our Chapada operation suffering from a drier year. In 2016, the operation only withdrew surface water during 2 months of the year. In contrast, the site had to withdraw water throughout 2017 to ensure availability of water for the operation, while remaining within their permitted limits.

Water Use and Recycling

	2015	2016	2017
Total reused or recycled (m ³)	52,309,653	54,462,797	57,427,629
Total Water Withdrawal (m ³)	24,001,755	23,737,805	15,871,880
Reused and recycled as percentage of water withdrawal	218%	229%	362%
Reused and recycled as percentage of total was used	69%	70%	78%

Water Withdrawal by Source – m³

	2015	2016	2017
Surface Water	2,675,347	1,639,254	5,366,215
Groundwater	8,635,603	3,143,674	2,148,661
Third-party	-	300	240
Mine water	12,690,805	18,954,877	8,356,764
Total	24,001,755	23,738,105	15,871,880

Similar to water withdrawal, we also try to minimize our water discharge to the environment, and therefore increase our water recycling. In 2017 none of our sites had discharges of process water. The sole discharge to the environment in 2017 was at our Gualcamayo site. This discharge consisted only of treated sewage discharge into infiltration galleries, as per regulatory requirements, and as such, no water bodies were affected by the water discharged.

We would like to congratulate our sites on the third consecutive year without any material spills across our operations. We consider a spill material if it has the potential to affect the environment and water quality in

the areas that we operate in. Our ongoing goal is to have zero spills, of any size across our organization, however, this year, a small number of minor spills occurred within our sites boundaries, such as those of low volume sewage or fuel. These spills were effectively contained and remedied through the procedures we have in place, as well as sites undertaking the appropriate measures to mitigate the possibility of reoccurrence in the future.

Risk

At Yamana, both quality and quantity water related risks are closely monitored due to the large impact they can have on both, our operations as well as the communities where we operate. We recognize that our actions can have a direct impact on the water resources where we operate and strive to mitigate the associated risks whenever possible. Our most significant water-related risks are those surrounding water quantity, both excess and shortage, depending on the operation. As we operate in varying climates and regions we have developed site-specific approaches and programs to address these water risks, while sharing best practices across sites with similar risks. These programs remain in line with our broader Yamana strategy and are supported through the corporate office with long term planning, monthly reporting and discussions surrounding how best to improve and maintain water balance at site. Each site's specific risks are further explained below with the exception of Gualcamayo as the water risk is minimal at the operation.

Site-by-Site Water Risk Review

El Peñón – The most significant water related risk for our El Peñón operation is surrounding the use of local groundwater, as the operation is located in the Atacama desert, the world's driest desert. Groundwater monitoring and a high recycling rate is crucial to the long-term success of the site.

Minera Florida – Seasonal availability of water and heavy rains create water management challenges. The new paste tailings facility constructed in 2017 allows for greater water recycling, helping mitigate water needs. In 2017, a community participatory water monitoring program was also set up, which will begin monitoring in Q2 2018. This project includes the local municipality and consists of participatory monitoring of critical components of interest to the community by both, Yamana and local community members.

Chapada – Both surplus and shortage of water are risks at this operation due to the seasonality of rains and increased extreme weather events. Effective water management is essential to ensure enough water is available for both the operation and the community. The site is working towards improving the long-term water balance of the site.

Jacobina – Water shortage is the greatest challenge for our Jacobina operation, with 2017 proving to be an unusually challenging year of drought. We are working to mitigate this through effective medium and long-term planning and building a robust water balance for the site.

In 2018, our sites will be conducting both climate change and water risk assessments, which will lead to a deeper understanding of each specific water and climate-related risk on a site-by-site basis and allow each operation to understand where their vulnerabilities lay. The results of the assessment will provide information for future management plans. Results of these assessments will be shared across sites to allow knowledge sharing for sites that face similar risks.

Governance

A component of our water management strategy includes a focus on improving water efficiency. As such, mine sites, not only in water scarce areas but across all of our operations, are encouraged to mitigate their fresh water use, through maximizing recycled water as well as

reducing total consumption. This practice reduces our impact on both the human and aquatic life surrounding our operations.

The second component of our water management strategy is focused on water quality, specifically on human and aquatic health as it relates to water. Each of our sites have water monitoring programs based on local regulations and industry best practice to ensure our operations do not have a significant impact on water supplies. Water quality is regularly monitored, both internally and by external regulatory bodies.

Finally, our sites strive to communicate and engage with the local communities surrounding water concerns, when and where relevant, results of the water quality and quantity monitoring outside of site are disseminated through our traditional outreach methods to the local communities.



WASTE | TAILINGS MANAGEMENT

Mineral waste is an unavoidable by-product of mining operations. We actively manage the quantity of both waste and tailings, and also focus an enormous effort on managing the safety and integrity of our tailings management facilities. Yamana maintains a robust, world-class **tailings management system**, but continuously monitors and evaluates to determine ways to improve, as tailings represent a significant risk to communities, the environment and to our operations.

2017 Highlights

- Increase in generated tailings by 14%, while waste rock generation decreased by 17%.
- No major incidents involving Tailings Management Facilities.
- Third-party audits of Tailings Management Facilities found no significant weaknesses or discrepancies with international best practices.
- Minera Florida and El Peñón increased their amounts of recycled and reused waste.

Performance Overview

The management of mineral waste, specifically tailings, consistently remains one of the most material issues for Yamana and the mining industry as a whole, due to the risks associated with waste management. Adjusting for the changes in our operations from 2016, Yamana has had a 14% increase in total tailings generated in 2017 as well as a 17% decrease in waste rock, which is a reflection of the varying ore-material ratio throughout the life of a mine.

Mineral Solid Waste

	2015	2016	2017
Total Waste Rock Generated (tonnes)	73,163,222	71,612,096	57,340,366
Total Tailings Generated (tonnes)	35,227,307	36,031,828	27,053,461

** Both 2015 and 2016 numbers are as reported in our previous years' Material Issues Report.
In 2017 Yamana has fewer operations which is reflected in the above table.

Similar to previous years, we had no major incidents at our tailings management facilities (TMFs) in 2017. We credit this to the extensive management of our TMFs by our employees as well as our robust internal management and reporting system, designed specifically for TMFs.

In 2017 all TMFs underwent 2 external reviews, the first with local consultants and the second by a recognized international expert. These reviews included an assessment of the design, construction and operation of the tailings facilities, as well as an assessment of our policies, procedures and management approaches. No significant issues were identified through these reviews. Minor recommendations were addressed, with the key findings from these inspections being in line with our internal action plans. The reports and highlights of each TMF were submitted to Yamana senior management to ensure accountability throughout the organization.

A core component of effective environmental management consists of the responsible management of general waste, both hazardous and non-hazardous. Sites maintain “separation at source” facilities which focus on reducing, reusing and recycling the waste created. In circumstances where this is not possible, sites ensure that proper disposal services are used to ensure minimal impact to the surrounding environment, as well as their robustness and compliance with management and closure plans. Each facility is regularly inspected, both by internal staff as well as third-party auditors to certify their safety and compliance. In 2017, both our Minera Florida and El Peñón operations increased their total waste reused or recycled as they conducted campaigns to improve waste management. In 2017, similar to previous years, we generated a total of over 11 million tonnes of solid waste, of which, approximately half consisted of hazardous waste. All waste was disposed of in accordance with the local legislation and permits applicable at each operation.

Governance

Both the corporate office, as well as the sites maintain regular vigilance over the management of each site’s tailings related risks. This is through our unique, best-practice tailings management and reporting system, which 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; and
- Emergency response plans with dam failure analysis.

Yamana has a dedicated senior level corporate director, who reports to the Senior Vice President of Technical Services, the director’s sole responsibility is the governance of this tailings management system, including supporting our operations to ensure compliance and remaining up to date on industry best practice. Specifically, this includes working with management and executives to ensure ongoing reviews of our TMFs focusing on their safety and reliability; with monthly progress reporting to senior management as well as on an ad hoc basis should major issues occur.

Our TMFs are regularly reviewed, as mentioned in the previous section, and modified with the construction of new dams or additions to existing facilities and other operational features as needed. These reviews resulted in the construction of a new paste tailings facility at our Minera Florida operation which came online in 2017. These ongoing assessments are intended to ensure that we have a strong approach to tailings management, and that it incorporates the most up-to-date environmental data and practices.

Strategy

Our in-depth tailings management system, in combination with two annual third-party assessments of our TMFs, act as mechanisms to ensure that we are managing tailings-related risks appropriately. However, an additional

component of our strategy ensures that we remain prepared in the event of an emergency. A component of this preparation is the Emergency Response Plans (ERPs) that have been developed for all TMFs. ERPs are established in order 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.
- Stakeholder mapping and internal training, where employees are trained on risk prevention and what to do in the event an incident takes place.
- External training on the procedures required if an emergency were to take place, as well as a simulation process involving community participation. These simulations ensure that employees understand their role, that communities feel confident that emergencies are taken seriously at Yamana and that the plans in place 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.



Climate change and energy issues are amongst the most material issues our operations are facing and will continue to address in coming years. Energy needs, and the resultant greenhouse gas emissions vary significantly from site-to-site, based on the unique aspects of each operation such as ore grade and type, mine depth, distance to processing facilities, and the rate of production, among other variants.

2017 Highlights

- Decrease in both total GHG emissions as well as GHG emissions intensity.
- Installation of 9 solar poles at Jacobina.
- No sites operating in areas at risk of affecting critically endangered species.
- Reclamation of 133 hectares of land.

Performance Overview

As a company, our total greenhouse gas emissions (GHG) have decreased by 24% over the three-year period from 2015-2017 to 334,969 tCO₂e, for both Scope 1 and Scope 2 emissions. This is largely a result of Yamana's changing portfolio.

In 2017, Yamana also saw a marked difference in our GHG emissions intensity, going from 4.14 tCO₂e/ktonnes moved in both 2015 and 2016 to 3.40 tCO₂e/ktonnes moved in 2017. This can also be attributed to the change in our portfolio as many of the sites, which are no longer under our operation, had higher emissions intensity.

Our total energy consumption in 2017, considering fuel and electricity, was 1,335,265 MWh, a decrease from 2016. All of our sites operate in different regions, with different ore types, and constantly changing production rates, mine depth and ore grade. Our calculated energy intensity in 2017 was 13.56 kWh/tonnes moved, a decrease of 16.7% compared to 2016.

Fuel and electricity are the two primary sources of energy consumption at our sites. The majority of our fuel use is a result of the diesel used in transporting ore and waste as well as backup power generation. The majority of our electricity use comes from the national and regional grids of each country we operate in, and is used primarily

for ore processing and underground ventilation, where applicable. Our operations heavily rely on the national grid for electricity use, with varying ratios of renewable and non-renewable sources depending on location. Based on data found through federal governments, the International Energy Agency and International Finance Corporation, we estimate that approximately 50% of our electricity use comes from renewable sources.

Biodiversity

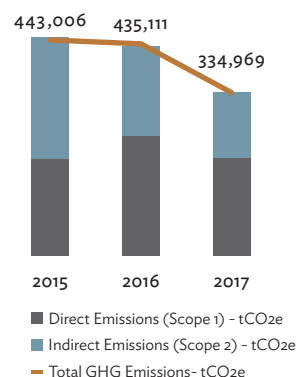
At Yamana we understand that our operations have an impact on the local ecosystems where we operate due to the relatively large footprint of the sites and the nature of mining. Prior to construction, all of our sites gather baseline environmental and biodiversity data, which helps to inform location and operation of sites. This data also determines the requisite remediation activities undertaken by site, both during operation as well as upon closure. Currently, none of our operations are in areas which have an impact on either IUCN, or nationally listed critically endangered species. All operations have action plans aimed to mitigate impacts on biodiversity, with the exception of El Peñón due to its location in an area of low biodiversity value. In 2017 our sites have reclaimed over 133 hectares of land, while only disturbing 33 new hectares of land. Additionally, at our Brazilian sites, we maintain legal reserves, which have recognized importance for biodiversity conservation, as per the Forest Code.

In 2018 all sites will undertake a biodiversity risk assessment which aims to better contextualize their impact on biodiversity in order to update action plans and ensure effectiveness of existing management practices.

Initiatives

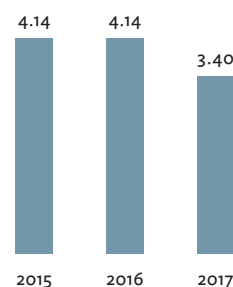
Jacobina installed 9 solar power poles in 2017. These poles provided lighting to the site and were operated from January to August. The poles were removed in August due to new construction in the area, however they will be

GHG Emissions



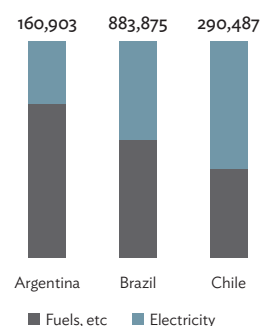
GHG Emissions Intensity

(tCO₂e/kt tonnes moved)



Energy Consumption

(MWh)



re-installed upon completion. The installation of these poles allowed the site to use less energy from the grid.

Minera Florida has 3 ongoing biodiversity projects focused on rehabilitation, restoration and maintenance of surrounding ecosystem. These projects not only strive to protect biodiversity but also include components that reduce carbon dioxide on an average of 20 tonnes/year.

Risk

Due to the nature of our operations the majority of our climate change-related risks are inextricably linked to water risks resulting from the increase in extreme weather events associated with a changing climate. These risks are explored in-depth in the water section of this report.

Energy costs are an ongoing risk to our operations, particularly as policies and taxes on carbon dioxide begin to play a more important role in the face of climate change. Our operations understand the need for these policies and as such strive to manage their energy use, wherever possible, through energy efficiency technologies and practices.

Governance

Climate change and extreme weather events, continue to be material issues for us at Yamana as these present ongoing risks to our operations, which must be managed appropriately.

We believe a 3-fold strategy to climate change is our best chance at mitigating and managing the associated risks. The first feature of our strategy is adaptation and preparation. We believe it is important to know where our facilities are most vulnerable and therefore monitor existing climactic changes and extreme weather events in the jurisdictions we operate in. Based on this we can modify our existing facilities, where appropriate, to ensure they are best prepared to withstand events that could arise due to a changing climate. In addition to this, we regularly monitor and examine the operations to ensure the

programs and systems are working effectively in the case that such an event should occur. An example of this would be the practices surrounding our tailings management facilities. We continuously review our TMFs, 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. For more information on our tailings management system, please see the tailings and waste section of this report.

The second feature is mitigation, which involves the management of energy efficiency and emissions reduction. Yamana recognizes that we each have a role to play in reducing our contributions to climate change, and as such, we are continually working to determine how we can best implement existing industry strategies to help play our part. Our energy efficiency programs focus on decreasing fossil fuel use, and reducing our carbon footprint wherever possible. These are developed by each site, with corporate oversight, to ensure that the targets and strategies are relevant. Due to the energy intense nature of mining we recognize that focusing on decreasing fossil fuel use is important.

The third feature is preparedness, which is closely related to adaptation. In order for our sites to address extreme weather events and other foreseeable crises and emergencies, each of our operations has developed an emergency preparedness and response plan. 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 and are trained accordingly.

In 2018 all sites will be undergoing a Climate Change and Water Risk Assessment, which aims to better contextualize the full range of potential risks and evaluate our level of preparedness to mitigate them.

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



CLOSURE

Mine closure is an inevitable step in the life cycle of our operations. At Yamana, we believe it is our duty to continue to **responsibly close, monitor and manage our closed sites** even after production has stopped. Each site has developed a closure plan, which is reviewed periodically and executed upon closure.

At all of our closed sites, Yamana remains compliant with all local permits and regulations and are in good standing with the relevant communities and stakeholders at each site. Through our mine closure and reclamation activities checklist, we perform environmental remediation/restoration of any areas disturbed during the exploration and evaluation, construction and production phases of a mine as well as ensuring we fulfill our Asset Retirement Obligations (ARO) on an annual basis. Currently we have 3 closed sites, all based in the United States, as well as partial liabilities for other closed sites to which we are not the sole owner.

Royal Mountain King

Royal Mountain King is located in Calaveras County, California, and operated from 1989 through 1993, with the closure permit issued in 2017. Surface reclamation of this operation was completed in 2018. Ongoing water monitoring and management ensures regulatory compliance with permitted discharges at this site.

Beartrack

Beartrack mine is located in Idaho and operated between 1994 and 2000. Surface reclamation is approximately 85% complete, with remaining facilities scheduled for the coming years. Significant activities remaining consist of managing and treating impacted waters before releasing for permitted discharge. Beartrack maintained an excellent compliance record with all regulatory framework and permits.

Austin Gold Venture

Austin Gold Venture was operated from 1986-1989. The site is entirely located on US Forest Service administered land. The site formally closed in 2014 and is currently in compliance with its one remaining State water permit. Activities at the site consist of post-closure monitoring.

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