MATERIAL ISSUES REPORT
2018

YAMANAGOLD

Our vision is:
One Team, One Goal: Zero.
This means, zero health
and safety incidents, zero
community incidents and
zero environmental incidents
across all of our sites.

Contents

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

CANADA

Canadian
Malartic
(50% owned)

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.

BRAZIL

Jacobina

Chapada*

El Peñón

Gualcamayo*

Minera Florida

CHILE

ARGENTINA

Cerro Moro

*This report incorporates information from the Gualcamayo Mine in Argentina which was sold in late 2018 and also from the Chapada Mine in Brazil, for which a sales transaction was announced in Q1 2019 and is expected to close in Q3 2019.

About This Report

Focus on Material Issues: Similar to previous years, our 2018 report presents our annual performance metrics with a focus on topics deemed to be material sustainability issues to both our internal and external stakeholders. In addition to this report, all aspects of sustainability are addressed in our GRI Index found on our website www.yamana.com.

Determining Materiality

Our materiality process is based on a two-fold approach. The first component being an on-going, informed dialogue with our stakeholders, from which we can determine a list of material topics. We approach stakeholder dialogue and engagement on a group specific basis ranging from community consultation to investor dialogues. This ensures we are in constant communication with a range of key stakeholders. Our second approach to determining materiality for this report is to drill down into specific material topics with each stakeholder group. This more focused, intentional approach allows us to determine which issues are most critical to each group, how best we can communicate our performance to them and identify which topics they would like to see increased emphasis on.

This report aims to discuss and address the data, challenges, and achievements deemed material through these processes, in clear, non-technical language. Our reports continued aim is to maximize transparency and ensure we remain accessible and accountable to our stakeholders.

We are dedicated to understanding our stakeholders' material concerns to ensure we engage with all stakeholders in an appropriate and effective manner. The following provides a brief summary of some of our key engagement mechanisms with key stakeholders as well as the primary takeaways from those sessions.

Report Structure

Our 2018 Material Issues Report is divided into sections based on each material topic, 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. This format allows for more transparent and meaningful discussions with our stakeholders and improves coverage on the issues in this report.

While the subject matter covered in this report remains similar to previous years we have made modifications to the report structure in order to more clearly address the concerns of our stakeholders. Relevant sections have had the addition of a "Risk Management" paragraph in order to better address how risks related to each material topic are addressed. We have also altered the governance portion of each section to better describe roles and responsibilities for each material issue.

Operations Covered

This report covers all of Yamana's operating mines, and where applicable, exploration properties, during their ownership period. This report covers our Gualcamayo operation from January 1, 2018 through to the sale of the property on December 14, 2018.

Determining Materiality

Stakeholder Group	Method of Engagement	Key Area of Concern/Interest
Investor Community *Including Shareholders and Shareholder Services Firms*	Frequent engagement with investor community through specific and targeted outreach.	• General ESG Issues • ESG Commitments • Management Systems • Controversies • Tailings safety
ESG Research and Rating Agencies	Targeted meetings around feedback on ratings and general meetings with key stakeholder in this space to understand/update the materiality of issues to the ESG community.	• General ESG Issues • ESG Commitments • Management Systems • Controversies
Local Communities	Engagement with our neighboring communities on a daily basis through both formal and informal mechanisms. *See the Community Relations section of this report for more information.*	• Job Availability • Local Contracts • Noise/Dust/Vibration • Water Quality & Quantity • General Environment Concerns • Tailings safety
Governments *Local, Municipal, and National*	Frequent engagement with all levels of government to facilitate relationships and economic development.	• Tax Revenue/Transparency • Jobs/Procurement • General Environment Concerns
Our Employees	Our employees and contractors are engaged through many formal and informal methods including: meetings with management, unions, and health and safety teams as well as through employee surveys.	• Job Security • Salary and Benefits • Health and Safety
Civil Society – Development Partner Organizations	Engagement with local and international development partner organizations through the design and execution of community programming.	• 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.	• Human Rights • Water

Additionally, this report does not cover our Canadian Malartic asset. As a separate company, in 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. In 2018, Yamana divested its interest in Brio Gold to Leagold. Yamana maintains a minority interest in Leagold.

GRI Standards: The 2018 report is our eleventh sustainability report and it is our first time reporting under the new Global Reporting Initiative's (GRI) GRI Standards, having reported under the previous version, the GRI G4 Standards for the past 3 years. 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 Standards and our responses are available on our website, which you can access by visiting www.yamana.com.

Data Collection

The information presented in this report was compiled using data collected through internal controls. These controls are designed to enable us to evaluate our progress, mitigate our risks, and remain accountable to our stakeholders. In addition to these controls, we undertook a series of discussions with Yamana's management to better inform our reporting practices, ensure topics covered are properly represented, and discuss what this data means for us as a company.

Disclosure Improvement

Yamana is constantly striving to improve our reporting and transparency practices. If you have comments about the material covered in this report, or our disclosure approach, 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.

President and CEO Message

Yamana is well positioned

Yamana's founding mission is "to mine precious metals profitably and responsibly." Our 2018 performance held true to that mission. We met many of our environmental, social, and governance (ESG) targets as well as our operational and financial objectives, demonstrating that sustainability and economic performance go hand in hand.

DANIEL RACINE

President and Chief Executive Officer

Our multi-year strategic initiatives delivered real benefits to our stakeholders. We exceeded our 2018 production guidance, increased our reserves, and we exceeded our health and safety targets. We also earned external recognition for our performance, including 'Most Important Mining Company in the Country' from the Chilean National Mining Association, and 'Mining Company of the Year' from Panorama Minero, a mining magazine published in Argentina.

This report provides a detailed overview of our ESG performance as well as topics that we have deemed material based on our ongoing engagement with stakeholders. Providing this information is critical to enhancing transparency and earning the trust of our stakeholders. But, as ESG-related issues assume ever greater importance in the eyes of our stakeholders, we want to go even further. It's not enough to merely provide historical data about ESG performance, so in this report, we provide insight into our governance approach for each respective issue as well as our strategy, our performance, and our approach to risk management.

A New Era of Data, Oversight and the Management of ESG Risks

We need to know what our community stakeholders think about our operations and our performance, and we need to know why they feel that way. To that end, in 2018 we began implementing a leading-edge tool that we call the Social License to Operate Index. The Index is a series of quarterly perception surveys designed to give us a precise, quantitative evaluation of our social license and provide specific feedback on our ESG performance in areas such as water management, local hiring, procurement, and levels of trust. In taking this step, we are not only giving our communities a direct and immediate voice, we are obtaining critical and reliable data that tells us where we need to improve if we want to strengthen our social license to operate.

We are among the first companies in the mining industry to launch such an initiative. It is part of a broad effort to improve governance and proactively manage our sustainability program by leveraging data. Environmentally, we have also followed suit by developing key performance indicators (KPIs) unique to each of our sites to better

Implemented industry leading Social License to Operate Index.

monitor and manage our environmental risks. Each site is measured monthly against a set of KPIs tailored to the unique risks that they face. Results are shared with senior management, providing timely visibility into how we are managing our most pressing risks.

Driving a Culture of Performance

Our approach to health, safety, environment, and community, or what we refer to as HSEC at Yamana, is guided by our "One Team, One Goal: Zero" vision. The vision aims to align performance across all departments and operations towards our shared goal of Zero: Zero harm to employees, Zero harm to the environment, and Zero harm to communities. By embedding this mindset into our culture, we believe it is possible to achieve Zero, and we will continue to approach this with the same passion and determination with which we approach the production of gold. And we are making significant progress. In 2018, our Total Recordable Incident Rate declined for the fourth straight year, including a 20 percent drop last year alone.

However, despite the improvement and our deep commitment to health and safety, we experienced a double fatality at our Gualcamayo operation in early 2018. A light vehicle carrying two maintenance contractors reversed off of an elevated exploration drill platform that was under construction and fell into a ravine below. A substantial internal investigation was conducted and a number of key lessons learned from the event were incorporated at sites that are exposed to similar hazards. This tragic incident is a stark reminder that past performance does not guarantee future performance; we must all maintain constant diligence on our journey to Zero.

We continue to work closely with our host communities to understand their priorities and ensure that our community programs align with those priorities. In 2018, we contributed over $6 million to local communities in support of a wide range of initiatives that encompassed infrastructure and economic development, education, health care, and cultural programs. We maintained a 99 percent in-country employment rate last year and a 94 percent in-country procurement rate. We also completed another year with no significant environmental incidents.

Insistent on World Class Tailing Management

In 2018, we continued our best-in-class tailings management practices in all jurisdictions. Tailings management is, understandably, of paramount concern to our stakeholders following the recent tragedy in Brumadinho, Brazil. Even before the incident occurred, we had been engaging extensively with our host communities in Brazil and other jurisdictions, going into great detail on how we manage and monitor our tailings storage facilities. We also conducted emergency response simulations in communities near our Jacobina mine in Brazil. While it is right and necessary to prepare for any scenario, we feel strongly that our tailings dams are extremely safe and that our management approach is among the most robust in the

world. We observe industry best practices, including regular third-party inspections of our tailings storage facilities, and we have dedicated technical experts whose sole responsibility is to ensure the safety and stability of those facilities and a commitment to continuous improvement.

Best in class tailings management practices in all jurisdictions.

In addition, we are participating in The Investor Mining & Tailings Safety Initiative, which is being led by some of the world's largest institutional investors and providing unprecedented levels of public disclosure about tailings management practices of participating companies. This information is now publicly available on our website.

This year we are continuing to strive for excellence, leveraging data we receive from our feedback mechanisms to improve ESG performance, push closer to our goal of Zero, and strengthen our relationships with our host communities and countries. I am confident that the people and systems we have in place will continue to deliver on the strong foundation we have developed.

In closing, I would like to offer a word of thanks to our employees across our operations. It is their expertise and commitment to Yamana that makes our success possible.

"Daniel Racine"

DANIEL RACINE
President and Chief Executive Officer

2018 Targets and Objectives

At the start of each year, we identify key performance metrics for health, safety, environment, and community. These metrics become our HSEC Performance Index against which our site and corporate HSEC teams are evaluated. The purpose of our targets and objectives is to drive improvement in key areas and to ensure our global HSEC team is working towards a common goal. The Index is linked to both site and executive compensation to ensure prioritization of the indicators. Additional details on the targets are provided throughout this report.

Targets	Performance	Comments
Health & Safety		
Total Recordable Incident Rate *10% reduction across all sites. A fatal incident results in failure to meet threshold.*	○	Although we achieved an overall 20% reduction in our TRIR across all sites, there was a double fatality at our Gualcamayo mine in February 2018.
High Potential Incident Reporting *Site target of 1 HPI Part 2, and accompanying incident investigation for every 300 workers for low consequence incidents.*	●	All sites successfully achieved their stretch target of high potential incident reporting and completing follow up investigations. HPIs help us promote a culture of proactive reporting and allow us to learn from incidents that had low consequences, preventing future incidents.
Environment		
Significant Environmental Incidents *No incidents classified as greater than consequence level 3*.*	●	2018 marked the fourth year without a significant environmental incident at any of our operations. This indicator ensures that the company strives to prevent potential environmental incidents before they occur.
Climate Change Risk Assessments *Assessments included a review of risks related to climate change, water and biodiversity for each site.*	●	Detailed assessments were completed for each site (except Gualcamayo, which was sold during the time of assessment). This important proactive action provided additional insight into each site's environmental risks allowing us to create appropriate management strategies.

● Targets Achieved   ○ Targets Not Achieved

*We define environmental incidents as greater than level three if there are impacts which extend beyond the site boundary.

Targets	Performance	Comments
Community		
Significant Community incidents *No incidents classified as greater than consequence level 3**.*	🟢	We continued our trend of having no significant community incidents this year. This indicator ensures we proactively manage our social license and maintain strong community relationships.
Social License to Operate Index *100% implementation of the SLO Index at Jacobina, Chapada, Florida, and Cerro Moro.*	🟢	The SLO Index was successfully deployed, which included completion of a detailed perception survey in the priority communities surrounding each of the four operations. Completing this indicator gives us a quantitative score of our social license and detailed insight into how we can improve our community engagement.
HSEC		
HSEC Improvement Plans *90% completion of the action plans, measured on a site-by-site basis.*	🟢	Each site successfully completed their action plans, which focused on the four key HSEC improvement areas. The HSEC Improvement Plans are heavily-weighted in our site compensation as they focus on what each operation is doing to reduce social, environmental, and health & safety risks. At Yamana, we have incentivized a culture of improvement and the detailed HSEC Improvement Plans are the most important vehicle for challenging sites towards not only compliance, but driving industry best practice.

** We define community incidents as greater than level three if there are; numerous negative impacts, where social license to operate is threatened, or that require significant external involvement from government or civil society.

Governance | Strategy

One Team, One Goal: Zero is our vision for health and safety, environment and community (HSEC), which aims 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.

2018 Highlights

- Implemented industry leading approaches for measuring social license and environmental risk.

- All sites completed their 2018 HSEC Improvement Plan targets and objectives.

- Assured that our gold does not contribute to conflict.

- Chilean National Society of Mining Award for Yamana's contribution to development within Chile.

- Awarded 2nd place nationally in Brazil by Proteção Magazine for Risk Management.

- Awarded Mining Company of the Year in Argentina by Panorama Minero.

Strategy

One Team, One Goal: Zero

Our vision is: *One Team, One Goal: Zero.* This means zero health and safety incidents, zero community incidents, and zero environmental incidents across all of our sites. It emphasizes that we are all working towards a common goal and demonstrates our ongoing commitment to improving our Health, Safety, Environment, and Community (HSEC) performance. This vision is embedded throughout the organization and acts as a reminder that everyone is responsible for the HSEC performance of our company.

Integrated HSEC Management Framework

The Integrated HSEC Management Framework outlines our approach and provides strategic guidance on health & safety, environment and community relations. The framework is intentionally focused on management effectiveness and a transition to complete integration of HSEC responsibilities throughout the entirety of our company.

We developed this innovative framework in 2016, using industry best practice to address the changing needs of our sites. Prior to the launch of the framework our approach was heavily based on audits and a rigorous system of policies, procedures, and standards. While the audits provided a strong foundation for our sites in early years, we had matured significantly as an organization and there was a need to transition towards a proactive management tool that allowed sites to focus on their specific challenges.

While the original set of standards and procedures remains in place as a useful operational reference point, the HSEC Framework has become the organizational benchmark as it challenges our sites to move from a compliance orientation to one of best practice.

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 includes industry best practices and allows our operations to develop site-specific strategies and improvement plans while still being unified in their approaches to HSEC management.

Leading Indicators

At Yamana, we believe **the best way to protect our employees, communities, and environment is to eliminate risks** before they turn into incidents. As a result, one key component of our strategy is a shift away from lagging indicators towards leading indicators. Lagging indicators are an assessment of past performance and typically measure an unwanted event, such as an injury or environmental incident. While tracking these types of indicators is important, the challenge with lagging indicators is that they do not tend to influence future behavior or performance, and the absence of measurable negative past performance does not equate to good future performance.

The use of leading indicators is an emerging industry trend, where reporting focuses on predictive measurements, such as potential incidents or data linked to key risks. The purpose of leading indicators is to influence change in order to avoid or mitigate incidents before they occur. Similar to lagging indicators, leading indicators are specific and measurable. Leading indicators encourage behavior and activities that will positively affect operational performance. This change in our reporting will not only help us reduce the number of incidents but also contribute to reaching our vision of Zero.

5 Pillars of the HSEC Management Framework
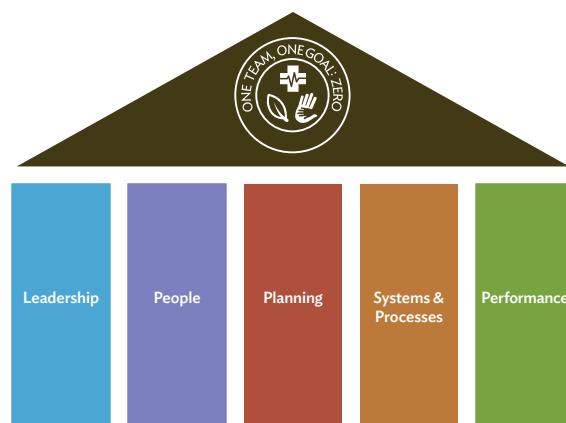
We heavily incentivize leading HSEC indicators for sites and executives, in order to prevent potential incidents before they occur. Examples of our leading indicators *are further described in the performance section.* We continue to measure lagging indicators, such as our total recordable incident rate, and the existence of environmental or social incidents as they are still important performance measures. All indicators are reported to site and corporate senior management on a monthly basis.

Responsibility and Accountability

HSEC is embedded across all levels of leadership at Yamana. We believe everybody has a responsibility for HSEC, not only at site but at regional and corporate offices as well. This is why both sites and offices have dedicated health and safety teams, which include representatives from departments outside of HSEC. In addition, we ensure our staff understand how best to interact with HSEC activities and how to report any HSEC related concern to appropriate levels of management.

Executive Compensation

Measuring our performance

7%

of executive bonuses are
linked to leading indicators
and improvement initiatives.

LEADING INDICATORS

• HSEC Improvement
  Plan targets
• Reporting High Potential
  Incidents of
  low consequence

IMPROVEMENT INITIATIVES

• Climate Change, Water
  and Biodiversity Risk
  Assessment
• Social Licence to Operate
  Index implementation

8%

of executive bonuses are
linked to incident
reporting indicators.

LAGGING INDICATORS

Incident Reporting:

• Health & Safety*

• Environmental

• Social & Community

*Total Recordable Injury Rate
reduction. A fatality results in a
failure to meet threshold.*

EXECUTIVE BONUS CALCULATED

Site and corporate leaders regularly participate in HSEC activities to demonstrate our commitment throughout the organization. In addition, senior management and members of the Board of Directors receive regular reports on HSEC topics to ensure accountability at the highest level in the organization.

Linking HSEC to Compensation

One of the ways that we have accelerated this unified responsibility for HSEC across Yamana is by linking compensation, specifically bonuses, with HSEC performance. This instills a sense of ownership and accountability for HSEC targets across the organization and provides incentives to all employees to embed HSEC into their day-to-day activities.

HSEC components make up 15% of executive compensation and 20% of site compensation. Having HSEC targets so strongly linked to compensation ensures they are appropriately identified, managed and measured. This is also a demonstration to all employees and stakeholders of our corporate commitment to HSEC performance.

In 2018, site compensation included:

• Completion of site-specific HSEC Improvement Plans;

• Reporting of high potential incidents (HPIs) and their subsequent incident investigations;

• Environmental incidents; and

• Social incidents.

In 2018, executive compensation included:

• All indicators relating to site compensation;

• Total recordable incident rate (TRIR);

• Completion of a climate change risk assessment; and

• Implementation of the social license to operate index.

Performance

Measuring our HSEC performance is critical to meeting our vision of Zero. With this goal in mind, we created the HSEC Improvement Plan, which is a comprehensive tool that each site uses to identify key risks and opportunities and to monitor overall HSEC performance. The improvement plans are comprised of a variety of inputs that allow sites to gain valuable insight into their specific challenges and to proactively manage their risks. Developing, measuring and evaluating the HSEC Improvement Plans is a four-step process.

Step 1: Analysis and Evaluation

There are a variety of inputs into the HSEC Improvement Plans. While each input is used independently to gauge site-specific performance, they are also important tools that sites can use to identify key risks and opportunities, and to prioritize performance improvements. Each input is carefully considered when formulating the annual HSEC Improvement Plans.
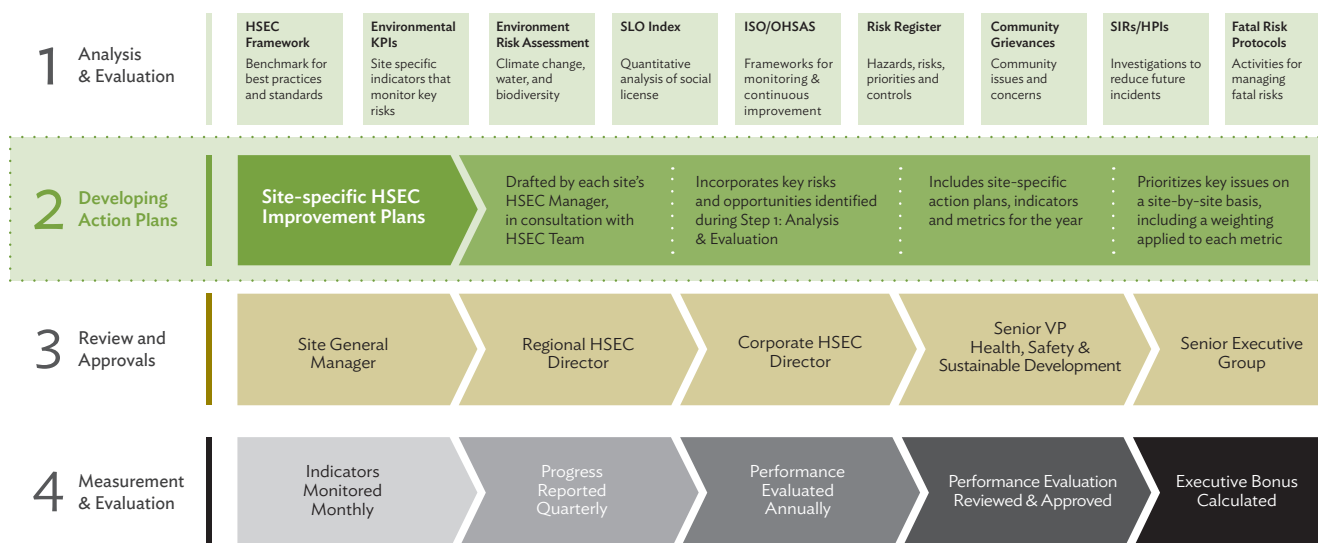
Step 2: Developing Action Plans

The HSEC Improvement Plans effectively incorporate business priorities, risks analysis, and review of past performance. These comprehensive plans ensure that sites are effectively prioritizing their HSEC performance and that HSEC aspects are embedded in the planning processes of key functions and departments.

The plans include 25-50 specific and measurable activities aimed at driving improvement. Sites and Regional Directors jointly create these plans in order to ensure they properly reflect the challenges and opportunities present at the site.

Leading Indicators

Developing Site-specific HSEC Improvement Plans

1 Analysis & Evaluation	**HSEC Framework** Benchmark for best practices and standards	**Environmental KPIs** Site specific indicators that monitor key risks	**Environment Risk Assessment** Climate change, water, and biodiversity	**SLO Index** Quantitative analysis of social license	**ISO/OHSAS** Frameworks for monitoring & continuous improvement	**Risk Register** Hazards, risks, priorities and controls	**Community Grievances** Community issues and concerns	**SIRs/HPIs** Investigations to reduce future incidents	**Fatal Risk Protocols** Activities for managing fatal risks
2 Developing Action Plans	**Site-specific HSEC Improvement Plans**		Drafted by each site's HSEC Manager, in consultation with HSEC Team		Incorporates key risks and opportunities identified during Step 1: Analysis & Evaluation		Includes site-specific action plans, indicators and metrics for the year		Prioritizes key issues on a site-by-site basis, including a weighting applied to each metric
3 Review and Approvals	Site General Manager		Regional HSEC Director		Corporate HSEC Director		Senior VP Health, Safety & Sustainable Development		Senior Executive Group
4 Measurement & Evaluation	Indicators Monitored Monthly		Progress Reported Quarterly		Performance Evaluated Annually		Performance Evaluation Reviewed & Approved		Executive Bonus Calculated

Step 3: Review and Approvals

The HSEC Improvement Plans are reviewed, updated and approved by senior management on an annual basis. Reviews and approvals include the site general manager, regional and corporate HSEC directors, the SVP HSSD, and finally the senior executive group, as part of the overall site and executive review process.

Step 4: Measurement and Evaluation

Completion of the HSEC Improvement Plans is heavily compensated, making up 75% of site HSEC compensation, as well as being linked to corporate and executive compensation. The corporate HSEC team and the SVP HSSD receive regular updates on progress of the plans. Senior management also provides support and guidance to site teams on achieving objectives, where necessary.
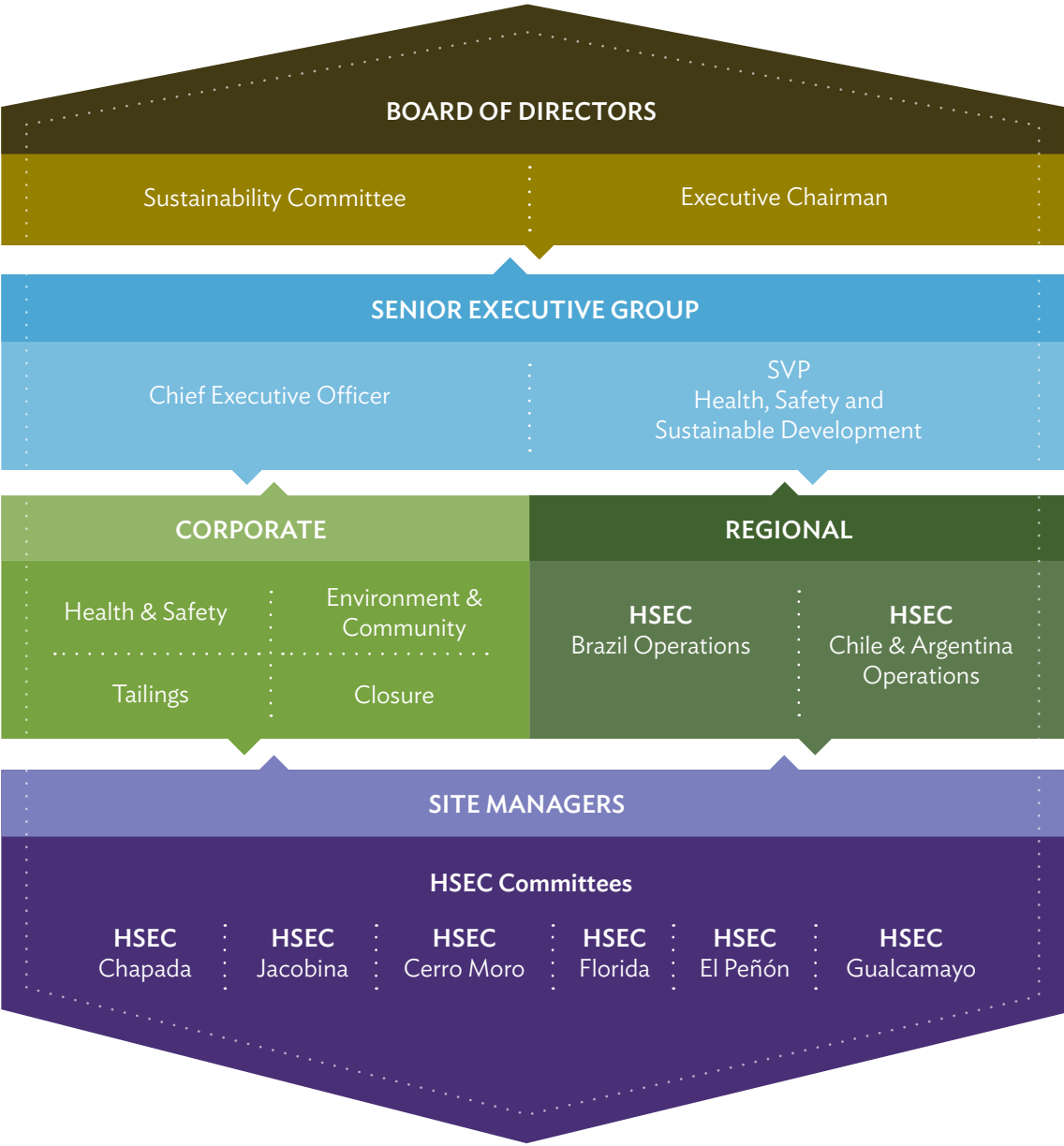
The site HSEC managers review and report their performance against the HSEC Improvement Plans quarterly and annually. The results are verified annually by HSEC Regional Directors with these reports being approved by corporate management and the senior executive group in order to ensure an accurate reflection of performance.

Inputs	Summary
HSEC Management Framework	• Based on industry best practice. • Serves as a guide for sites to plan their HSEC activities. • Outlines key focus areas that sites conduct gap analysis against in order to develop improvement plans. • *More information provided in the strategy section.*
Environmental KPIs	• Site-specific indicators that focus on each sites' top environmental risks. • Increased visibility of environmental risks for site and corporate management. • Include noise, dust, water quality and availability, tailings stability and reclamation activities. • Established thresholds ensure that key risks are clearly communicated and performance is tracked. • Allows for proper planning and ensures accountability for site and executive management.
Environmental Risk Assessment	• Comprehensive climate change, water and biodiversity risk assessment completed in 2018. • Provides insight into key risks, potential consequences, the level of preparedness at each site, and the perceived likelihood of occurrence. • Identified operational challenges in how our most critical risks are addressed and proactively managed. • *More information provided in the climate change, water and biodiversity sections.*

Inputs	Summary
Social License to Operate Index	• Introduced across relevant sites in 2018. • Industry leading approach that allows us to quantitatively measure our social license on a site-by-site basis. • SLO score calculated quarterly using surveys that provide ongoing and comprehensive data on community perception of the company. • Data highlights which issues are most critical to community members and how we are doing in terms of the quality and quantity of our engagement.
ISO/OHSAS	• Industry best practice international environmental and occupational health and safety management systems. • Regularly audited against by a third party to ensure compliance. • All sites are ISO 14001 and OHSAS 18001 certified.
HSEC Risk Register	• Active risk registers maintained at site include hazards, risks, priorities and controls in place. • Site HSEC and general management constantly update registers.
Community Grievances	• Provide important insight into community perspectives and priorities. • Community concerns are actively and continuously addressed to ensure our social license is maintained.
SIRs / HPIs	• Reporting of Significant Incidents (SIRs) and High Potential Incidents (HPIs). • Important tool for monitoring and improving health and safety performance. • In-depth incident investigations determine the root cause and follow-up actions. • *More information provided in the health and safety section.*
Fatal Risk Protocols	• Based on an in-depth review of industry fatalities. • Guide our approach to understanding and managing fatal risks. • Establish minimum performance expectations for each employee. • Controls and performance are measured to improve risk management.

Governance

Ensuring HSEC accountability at all levels of the organization

BOARD OF DIRECTORS

| Sustainability Committee | Executive Chairman |

SENIOR EXECUTIVE GROUP

| Chief Executive Officer | SVP Health, Safety and Sustainable Development |

CORPORATE | **REGIONAL**

| Health & Safety | Environment & Community | HSEC Brazil Operations | HSEC Chile & Argentina Operations |
| Tailings | Closure | | |

SITE MANAGERS

HSEC Committees

| **HSEC** Chapada | **HSEC** Jacobina | **HSEC** Cerro Moro | **HSEC** Florida | **HSEC** El Peñón | **HSEC** Gualcamayo |

Governance

At the site level we have dedicated HSEC teams that 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, Safety, Environment and Community Relations professionals who operate in line with the HSEC Management Framework. These teams provide updates to their site GMs as well as the corporate HSEC team and the HSEC Regional Directors on an almost daily basis.

Yamana has Regional HSEC Directors who 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 provide regular updates to the Corporate HSEC team, the Senior Vice President of Health Safety and Sustainable Development (HSSD) as well as the Senior Vice President of Operations.

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 Directors for Health and Safety, Environment and Community, Closure and Tailings. We also have dedicated managers of Health, Safety and Sustainable Development (HSSD) and Community Relations. The corporate HSEC team is in constant communication with sites and regional directors and reports to the Senior Vice President of HSSD. This team contributes to the strategy, development of standards and procedures and program design, with collaboration from sites. The team also conducts company wide data analysis and reporting and provides support to sites.

In addition to our corporate HSEC team, Yamana employs a Director of Tailings Management. The Director provides monthly technical evaluations and stability analysis reports to site general managers as well as the senior executive group, including the CEO, SVP HSSD and SVP Operations.

The SVP HSSD helps implement policies and strategies, promotes dialogue on Yamana's mission, and vison, and oversees any new developments or modifications to standards. The SVP HSSD leads the corporate HSEC team and ensures that all changes to procedures go through consultations with 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 monthly, 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. As noted above, we have a dedicated Tailings Director who oversees our tailings management. In previous years, this individual reported directly to the SVP of Technical Services, however in early 2019 there was an organizational change and the Director now reports to the SVP of HSSD. Additionally, we have created an independent reporting relationship for our tailings director outside of their direct management line, which includes communication with the Executive Chairman and Board of Directors.

The sustainability committee of the Board of Directors provides additional in-depth insight and knowledge to the HSEC teams. This committee contributes to the management of health, safety, environment, community, tailings, and human rights matters including policy review, compliance issues, incidents, and risks. This process ensures that the company continues to maintain its responsibilities and carries out actions to resolve issues, while maintaining compliance. The sustainability committee is 100% independent and is made up of 5 members from various backgrounds in order to ensure diverse experience and thorough oversight.

Policies and Standards

At Yamana, we have over 85 different HSEC policies and standards. The policies cover a range of topics from general management (risk assessment and management, document management and legal requirements etc.), to more task and theme specific policies and procedures on a range of critical risk controls.

The majority of these standards and procedures are internal documents. However 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 in more depth in the Business Ethics and Human Rights section.*

We ensure our internal policies and standards are easily accessible to all employees at any time through the Yamana Management System (YMS). The internal YMS consists of policies and standards related to planning, risk assessment, operating procedures, legal requirements, definition of company targets and objectives, and internal auditing systems. Sites are regularly audited against this system to ensure compliance and identify areas for improvement.

External Standards and Certifications

Together with our internal standards and management approaches, we also maintain a number of external commitments and certifications, including: ISO 14001 Environmental Management Systems and OHSAS 18001 Occupational Health and Safety Management Systems.

We assure that our gold does not contribute to conflict by annually completing the World Gold Council's Conflict Free Gold report. This extensive report covers information from all of our mines, our security team as well as chains of custody in order to assure that our gold is truly conflict free. This report is externally audited by Deloitte and available at any time on our website.

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

Yamana also remains a member of various industry organizations, including:

- Mining Association of Canada;
- 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; and
- The Canadian Chamber of Commerce.

Business Ethics | Human Rights

Yamana is committed to operating under the highest standards of ethical business. Yamana operates in 4 different countries throughout the Americas in some of the most stable mining jurisdictions in the world. Due to the scale of our operations we have significant responsibilities in terms of ensuring we operate responsibly and ethically, for both our employees and stakeholders.

2018 Highlights

- 36% of Board of Directors are women.

- 100% of security personnel received human rights training.

- No human rights related grievances.

Responsibility for our Workforce

Responsible business ethics start with building our team. 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, including the Board of Directors. In 2018, 36% of our Board members were female.

All full-time Yamana employees receive benefits which are in line with regional best practice, these include: life insurance, short and long-term disability coverage and healthcare (including medical, dental, vision, hospital and pharmaceutical). In addition, we aim to provide a workplace with flexible work-life balance for our employees, including adequate vacation, personal and bereavement days as well as opportunities to work remotely when appropriate.

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.

Training

Continuous professional development is a core component of our approach to responsible business. Employees have the opportunity to seek out professional development experience through the company as well as receive additional training specific to their career path. Average hours of training by country and organizational level are as follows:

Argentina:

- Manager and above: 12 hours
- Supervisor/ Sr. Technical: 25 hours
- Operators/ General Positions: 96 hours

Brazil:

- Manager and above: 35 hours
- Supervisor/ Sr. Technical: 10 hours
- Operators/ General Positions: 8 hours

Chile:

- All: 33 hours

Policies

We ensure our operations, as well as our corporate and regional offices, operate to the highest degree of business ethics through the use of extensive internal policies. These policies dictate appropriate conduct for a variety of situations and cover all employees. Some examples of policies and their components include:

Code of Conduct: Covers all aspects of how we aim to conduct our business, including fair dealing, disclosing and avoiding real or perceived conflicts of interest, appropriate gifts, meals and entertainment, and working with suppliers.

Anti Bribery and Anti-Corruption: These are a component of the code of conduct and prohibit Yamana personnel from giving or offering to give anything of value to government or party officials, political parties, candidates of public office, community leaders, etc. Yamana complies with Canada's Corruption of Foreign Public Official Act and the U.S Foreign Corrupt Practices Act. *More information can be found in the Anti-Bribery and Anti-Corruption Policy, available on the Yamana website.*

Human Rights: Yamana upholds the highest standards for respecting and protecting the human rights of all individuals affected by our business. *More information on our human rights policy can be found in the Human Rights section of this report.*

Whistleblower Policy: Yamana maintains an integrity helpline that is available 24 hours a day, 7 days a week. The helpline is confidential and may be contacted anonymously. In addition, the helpline is available online and accessible through the Yamana website.

Additional information on our corporate policies is available in our Code of Conduct and on our website. www.yamana.com.

Supplier Business Ethics

At Yamana, we hold our suppliers to the same high degree of business ethics as we hold ourselves. Prior to contracts being awarded, all suppliers must sign and comply with Yamana's Code of Conduct, which covers the topics listed above as well as clauses on environmental stewardship, health and safety, and community involvement. In addition to the Code of Conduct, HSEC topics are provided by the local HSEC team as a criteria for evaluation according to the material/service related to the respective bidding.

External Certification and Assessment

To supplement our policies, 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, as have our senior executives.

Additionally, Yamana reports against a number of important international standards. A primary standard we comply with is the World Gold Council's Conflict-Free Gold Standard, which enables organizations to assure that no elements of their gold supply, including transportation, contribute to conflict. This annual report is externally assured by Deloitte and available on our website.

Yamana is compliant with the Extractive Sector Transparency Measures Act (ESTMA). This report is generated annually and externally assured and audited by Deloitte. It is also submitted to the Government of Canada. **This Act is an equivalent level of reporting to the EITI Standard** and aims to increase transparency by ensuring companies report annually on payments to all levels of government. Yamana is a strong supporter of these standards and 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.

Ensuring data and cyber security is a top priority for Yamana. Our dedicated cyber security team works to maintain our various data security mechanisms in order to protect the integrity of our data. Our strategy focuses on 3 components: prevention, detection, and response. Additionally, our cyber security meets the technology requirements for Sarbanes-Oxley (SOX) as defined by the IT General Controls.

Human Rights

Yamana is committed to protecting human rights. Our Human Rights Policy was developed using international law standards and best practices as guidance including:

- ILO Conventions;
- The Voluntary Principles on Security and Human Rights;
- UN Guiding Principles on Business and Human Rights;
- The Universal Declaration of Human Rights.

Our Human Rights policy covers 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. The policy aims to ensure that all employees know, understand, and comply with their responsibilities towards respecting human rights while completing business activities. The policy has the intent to protect the human rights of our employees and contractors as well as 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 www.yamana.com.*

In addition to our policy, we provide additional training on human rights to various departments in our organization. In 2018, all of our security personnel received additional job-specific training on human rights.

We recognize that the nature of operations have the potential to pose a risk to the human rights of our employees and the surrounding communities where we operate. This risk is elevated when a new development or expansion takes place, particularly in regard to environmental impact and the safety and quality of life for women and children. In order to combat this, we proactively work with communities through active dialogue and appropriate planning. We ensure all operational changes that could have an impact on human rights are properly monitored and that relevant personnel and employees receive adequate induction training and remain complaint with our Code of Conduct. Due in large part to these mechanisms, there were no human rights related grievances at any Yamana sites in 2018.

Health & Safety

2018 was our third consecutive year with a decrease in our Total Recordable Incident Rate (TRIR), with an overall reduction of 20%. This year, we also saw a decrease of 36% in our Lost Time Injury Frequency Rate (LTIFR). Unfortunately, despite our strong performance on leading indicators we experienced a double fatality at our Gualcamayo operation this year. Despite our current progress, there is still work to be done on our journey to zero.

2018 Highlights

- All sites met or surpassed their stretch targets for HPI reporting.

- Achieved a 20% reduction in Total Recordable Injury Frequency Rate.

- Completed 2018 with a 36% reduction in our Lost Time Injury Rate.

- Successful participation of all sites in emergency response training.

Strategy

Our vision, One Team, One Goal: Zero, leads our health and safety strategy. This vision acts as a foundation to the development and execution of our health and safety strategy, focusing on risk management, and the concept of visible felt leadership.

Risk management is built into every aspect of Yamana's approach to health and safety, starting with the design and construction of the site and through the culture of the organization. It is a crucial component of our strategy to health and safety at both a site and corporate level. With the HSEC Management Framework and HSEC Improvement Plans, sites are empowered to identify the risks that are most likely to affect them and create strategies to address those risks. A formalized risk management approach based on the Global Mining Industry Risk Management (GMIRM) framework is used to anticipate, identify, quantify and control risk in our workplaces. All employees receive training on hazard and risk identification as well as procedures for conducting various task-specific risk assessments, such as Field Level Risk Assessments and Job Hazard Analyses.

From a corporate level, risks are managed across operations by ensuring health and safety is both a value and a top priority. Through providing frameworks and capacity building, we identify gaps in resources as well as information sharing across the organization.

Visible Felt Leadership (VFL) is the concept that guides our leadership actions at Yamana. It focuses on leaders throughout the organization, supervisors, general managers, corporate teams and senior executives, demonstrating a commitment to health and safety in a variety of ways. Through VFL, leaders validate that controls are in place to manage risk as well as participate and encourage a variety of health and safety activities throughout site, demonstrating that the goal of Zero is everyone's responsibility.

Leading Indicators

In 2016, we launched the Integrated HSEC Management Framework, which outlines our company-wide approach to HSEC management and helps improve health and safety performance. This framework combines best practice and allows sites to approach HSEC in a site-specific manner while operating in line with company expectations. The framework forms the basis of all Health and Safety activities, and resulted in a series of new components in our Health and Safety procedures. *See the Governance and Strategy section for more information on the Framework.*

In line with previous years, we continued to focus on leading indicators in 2018. Each site has established a unique set of leading indicators and targets specific for that location, which are included in their HSEC Improvement Plan. In addition to these, there are common indicators that have been adopted across the organization, such as the reporting of High Potential Incidents of low actual consequences (HPIs).

Linking Health and Safety to Compensation

To demonstrate the company's commitment to health and safety, we have ensured that health and safety targets are linked to the compensation of both executives and site personnel.

In line with our goal of focusing on leading indicators, all sites have specific HPI reporting and investigation targets, as well as site-specific HSEC Improvement Plans, which directly influence company compensation. These leading indicators are monitored by site and corporate executives on a quarterly basis to ensure that sites are achieving their targets. Having both uniform and site-specific compensation targets ensures that each site is being incentivized to tackle their unique challenges and to continue to focus on the management activities that improve performance.

In addition to the leading indicators, executive compensation is also linked to reduction targets of our Total Recordable Incident Rate (TRIR). This balances our focus on leading indicators by demonstrating that attention to lagging indicators remains a component of our journey to Zero. While we surpassed our 2018 TRIR reduction target, executives did not receive this portion of their bonus due to the fatalities that occurred at Gualcamayo. *For more information on our compensation, please see the Management Information Circular available on our website www.yamana.com.*

Risk Management

Yamana manages health and safety-related risks through a variety of formalized mechanisms at different levels throughout the organization. We ensure controls are in place to manage or eliminate risks wherever possible.

Worker/ Supervisory Level:

At a worker and supervisory level, we ensure all employees and contractors have the skills to properly conduct risk assessments. The key component of mitigating risk at the field level is through task-specific training related to the work that will be conducted. In addition, all personnel at site are trained in risk analysis and are required to conduct risk analyses prior to entering a new area or starting a new task. At Yamana, these field-level risk assessments are called Job Hazard Analysis and PEACE, which is a Spanish/Portuguese acronym for Think, Evaluate, Analyze, Correct, and Execute. Finally, we ensure all individuals are aware of their obligation to refuse work they feel is unsafe.

Site Management Level:

In addition to the risk analysis tools provided to workers and supervisors, at the management level we ensure that proper systems are in place for change management as well as maintaining up to date risk registers. The risk register includes the hazards, risks, priorities, and controls in place at the site. A key component of site management's responsibility is to incorporate relevant lessons learned from incidents at other Yamana sites into their own operation, and update their site risk register and associated control procedures. This is also a component of our significant incident reporting process.

Corporate and Executive Level:

One of the principle ways corporate and executive members participate in risk management is by prevention through design. Corporate and executive individuals aim to design out the risks present at site and eliminate them whenever possible. This ensures our operations are designed for success and complements the need of management, supervisors, and workers to properly account for and manage that risk. In addition, corporate and executive members participate in Visible Felt

Leadership activities, which act as a component for site risk-management strategies and demonstrate corporate commitment to health and safety.

Corporate and executive members create strategies and protocols for sites to manage risk. At Yamana, each operation implements and maintains corporate protocols related to Fatal Risks (FRP). These guide our approach in managing and controlling activities related to fatal risks to achieve our ongoing journey to Zero. The protocols were created in 2017, and are based on a review of industry fatalities, in collaboration with experienced individuals throughout the company. The 9 protocols target activities with the potential to cause fatal injuries and establish minimum performance expectations for managing these risks. In 2018, we started developing an additional component called Life Saving Controls (LSC) to add to these protocols. The LSCs are narrower in scope, focusing on critical lifesaving controls that occur during the tasks related to the fatal risks. These controls are regularly checked and verified to be in place during tasks to reduce the potential of a fatality.

Training

All site personnel, including contractors, undergo comprehensive health, safety, and task training prior to the commencement of their work with Yamana. This training includes a general induction, covering emergency procedures and proper safety protocols, etc. as well as task and equipment training specific to the work that they will be doing on a Yamana site. Employees must receive training on specific activities prior to commencing work, as well as regular training updates throughout their employment. This includes, but is not limited to, training on Personal Protective Equipment (PPE), hazardous material storage and use, safe driving procedures, the obligation to refuse unsafe work, and an introduction to Yamana's Fatal Risk Protocols.

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	

In 2018, all sites participated in an Emergency Response Preparedness Workshop to help address gaps identified across the organization. The training took place at our Chapada mine and included personnel from our site emergency brigades as well as local emergency response personnel. Participants received additional in-depth fire, rescue and medical training aimed to assist them in their duties should an emergency arise. This training greatly improved the company's overall ability to respond in emergencies, and reduces the potential consequences of future incidents.

Significant Incident Reporting

All sites follow the Significant Incident Reporting (SIR) procedure, which aims to increase awareness of the types of risks present at site. This procedure focuses on reporting of High Potential Incidents (HPIs) and significant incidents so that our sites can reduce or eliminate risks in the future by learning from the detailed SIR investigations. Incident investigations are completed on all HPIs and SIRs using the Incident Cause Analysis Methodology (ICAM), which sites utilize to determine the root cause of an incident, such as absent or failed defenses, organizational factors, individual actions and environmental conditions. The reporting of both High Potential Incidents with low actual consequence as well as events with high consequence, instills a culture of risk awareness and proactive risk management across sites. The results from the SIR investigations are shared monthly across sites, with site level and corporate management, including the senior executive group, to reinforce a culture of safety and accountability within Yamana. Through the use of significant incident reporting and monthly SIR meetings, we have improved knowledge sharing throughout the company not only of the incidents themselves, but of the root causes and mitigation strategies. The purpose of this process is to ensure that a similar situation does not present itself at our other operations. These incident investigations are a key component of our leading indicators.

Governance

All of our operations maintain extensive Health and Safety teams, which cover both Yamana and contracted employees, that report to the site's General Manager. Our General Managers, Corporate HSEC teams and the SVP Health, Safety and Sustainable Development are actively involved in all matters related to health and safety. This includes updates on incidents, both HPIs and SIRs, as well as the results of investigations through regular meetings with the site and corporate Health and Safety teams. The General Managers consistently demonstrate their commitment to health and safety through participation in H&S activities and Visible Felt Leadership practices. We ensure that engagement in health and safety is extended beyond the site level by ensuring that senior executives, as well as the CEO and Board of Directors, receive regular updates on the health and safety performance, approach, and policies. We maintain this level of engagement and shared management across our organization, as it is an efficient and effective way to ensure employees understand that H&S is a top priority for Yamana and the responsibility of all employees.

We ensure our approach to safety is in line with global best practice through the use of external commitments and certifications, including the internationally recognized OHSAS 18001 Occupational Health and Safety Management System, which ensures that our site management systems and practices comply with the expectations as defined by OHSAS. In addition to our external audits, the sites complete regular internal audits against a variety of controls in order to guarantee best practice is maintained and to identify any areas that require improvement. We also actively participate in the Mining Safety Roundtable, which assists in benchmarking activities as well as keeps us informed of industry best practices.

Performance

In 2018, we surpassed our corporate goal of a 10% decrease in our Total Recordable Incident Rate (TRIR) by achieving a 20% reduction. This success results from a special focus from the sites on improving their local health and safety prevention measures, additional focus on HPI reporting, and an increased culture of safety being everyone's responsibility, as exemplified by our HSEC vision of One Team, One Goal: Zero. This can also be seen through a decrease in our Lost Time Injury Frequency Rate (LTIFR) in 2018, from 0.22 to 0.14.

While our health and safety incident rates improved overall in 2018, we unfortunately experienced a double fatality at our Gualcamayo operation, where a light vehicle carrying two maintenance contractors reversed off an elevated exploration drill platform that was under construction and fell into a ravine below. A substantial internal investigation was conducted, and a number of key lessons learned from the event were incorporated at all of our sites that are exposed to similar hazards.

In 2018, sites successfully reached their leading indicator reporting targets, such as sharing incidents with high potential for injury that did not result in an actual injury (HPIs). In 2018, HPIs accounted for 75% of total significant incidents reported, an increase from the 66% reported in 2017. By reporting HPIs we can prevent a future incident before it happens. Therefore, reporting HPIs assists in decreasing our lagging indicators, such as TRIR and LTIFR. The intention of sharing HPIs across the organization is to learn from all incidents, including the ones without injuries, and prevent them in the future.

This year, we reached an important milestone on our journey to Zero, with 4 out of 6 sites completing at least one month with zero health and safety injuries of any

Lost Time Injury Frequency Rate

0.13	0.22	0.14
2016	2017	2018

Total Recordable Incident Rate

0.84	0.75	0.60
2016	2017	2018
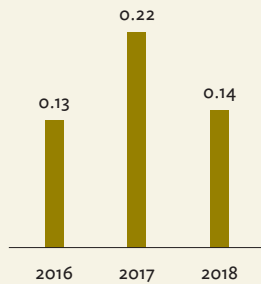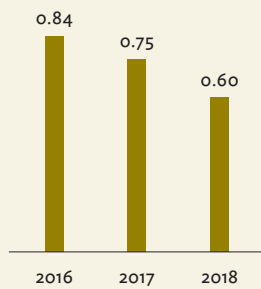
kind. El Peñón reached this achievement 4 times in 2018, Chapada and Jacobina both completed 2 months without an injury, and Minera Florida completed 1 month.

Our El Peñón operation completed the year with zero lost time injuries (LTIs), marking over 5.5 million person hours without a lost time injury. This accomplishment is due in large part to the implementation and focus on health and safety programs, such as visible felt leadership at all levels of the organization, as well as the new approach to incident investigations.

Finally, our El Peñón site achieved "Triple Zero" 11 out of 12 months in 2018, while to Chapada and Jacobina, both achieved 9 months, and our Cerro Moro site achieved 8 months of triple zero. A triple zero month is a month with no lost time injuries, restricted work cases, or fatalities.

In 2018, we placed an increased focus on leading indicators, which we believe played a role in our sites' health and safety accomplishments this year. In 2018, sites reported a total of 95 HPIs, 75% of which were of low consequence, resulting in all sites meeting their stretch targets for HPI reporting. This is a 15% increase in reporting from 2017.

Our 2018 health and safety performance demonstrates our continued progress toward our goal of zero injuries, while also emphasizing the need for constant diligence in order to achieve our ambitious annual reduction targets. We continue to implement learning and improvement initiatives throughout our organization that increase our employee capabilities and safety performance.

Community Relations | Social License

Maintaining and strengthening our Social License to Operate is a critical part of our mining operations. **Our inclusive approach to stakeholder engagement** and impact management has resulted in better relationships with our local communities. In 2018, we took a significant step forward in the advancement of community relations management, with the adoption of an industry-leading Social License to Operate Index.

2018 Highlights

- Launch of Social License to Operate Index.

- Over 20,000 beneficiaries of Integrar Days.

- Over 99% of employees come from host countries.

- Over $200 million spent on local procurement.

Strategy

Our HSEC vision is *One Team, One Goal: Zero,* **however, our approach to community relations is to go beyond zero** and ultimately to generate a net positive impact for our local communities through long-term economic development, education, health care and capacity development. The goal is to help create resilient communities that can thrive beyond the mine.

We have a variety of mechanisms that help guide us to industry best practice and that reflect the concerns of our stakeholders, including our HSEC Framework and a new, industry-leading tool, the Social License to Operate (SLO) Index. The SLO Index provides communities with a direct and comprehensive voice, while giving Yamana's senior management a quantitative measure of each site's social license.

Incorporating industry best practice through our HSEC Framework: We set a benchmark of industry best practice through our Framework, which was introduced in 2016 and drew from extensive benchmarking and industry research. This forms the basis of our community relations strategy. The framework is based on 3 pillars of social risk management; (1) stakeholder engagement (2) impact management and (3) benefit management.

Topics covered within the three pillars include:

Stakeholder Engagement

- Stakeholder identification & analysis
- Stakeholder engagement
- Indentifying material issues
- Feedback management

Impact Management

- Impact identification
- Impact management
- Maintain baseline data
- Social closure

Benefit Management

- Expectation management
- Local employment and procurement
- Community investment

Each site has developed a Community Relations Competencies Matrix which identifies gaps against the framework and ensures sites are aligned throughout the company and with the top performers in the industry.

The Social License to Operate Index – Revolutionizing how we listen to communities: While our HSEC Framework provides industry best-practice approaches, listening to stakeholder feedback is the most important factor in determining a site's operational strategy when it comes to maintaining a social license. Traditionally, we gather that feedback through both formal and informal engagement platforms as well as through our grievance mechanism.

Building on the success of our 2017 pilot project at Jacobina, in 2018 we introduced a new tool for listening and responding to communities – the Social License to Operate Index (SLO Index). This industry-leading approach quantitatively measures the social license at all of our sites, with the exception of El Peñón, which has no community

within 200km of the operation. The SLO score is generated by a series of quarterly perception surveys which provide ongoing and comprehensive data about community perception of the company. The data not only gives us an overall 'score', but also highlights which issues are most critical to community members and how we are doing in terms of the quality and quantity of our engagement. These surveys reach a wider range of stakeholders than our traditional stakeholder engagement activities and allow for more detailed analysis of feedback. The data generated from the SLO Index directly impacts our strategy.

This approach to measuring SLO is unique amongst our peers and gives us the best information possible from our stakeholders. It significantly amplifies the community's opportunities for meaningful engagement and provides our senior management direct line of sight on the state of our community relationships. By quantifying an indicator that has historically been qualitative we are better able to proactively manage risk, make informed strategic decisions that work best for our stakeholders, and better communicate our social license successes and challenges to decision makers.

Linking Community Relations to Compensation: Similar to our work with health and safety, we believe that linking community engagement to compensation is the most effective means of demonstrating the company's commitment to maintaining good relationships in the communities where we operate. Both site and executive compensation are directly impacted by our operations' completion of their community relations strategy and action plan, which is a set of proactive actions focused on improving our social license at each site. Significant community incidents (as determined by our risk matrix) can also affect the score. Additionally, in 2018, executive compensation included the implementation of the Social License to Operate Index as a significant component of their compensation. *More information on compensation can be found in our Management Information Circular.*

Governance

The CEO and Board of Directors provide final oversight and policy approval to our Community Relations teams. Each of our operations have a dedicated Community Relations (CR) team which report into the site's General Manager as well as the corporate HSEC team, including the Senior Vice President HSSD. In addition to ongoing collaboration between site and corporate teams, monthly updates are provided to the CEO and Board of Directors, on a variety of topics including engagement activities and grievances.

Site teams focus on active engagement with local stakeholders and act as a direct line to communities, by participating in ongoing discussions with site General Managers. They ensure consistency throughout the site and community, with the corporate HSEC team providing support, strategy, and organizational alignment. The Board of Directors and senior executives approve all policy or strategy changes. Positive relationships with our communities are a top priority for Yamana, which is why we ensure all levels of management play an active role in the oversight of our community relations activities.

We aim to ensure all of our community relations professionals continue to have improved quality engagement with the communities. In 2018, we hosted a community relations workshop with all of our CR teams to increase capacity in key areas identified through our community relations competencies matrix. The teams participated in a weeklong workshop with an industry expert to develop strategic alignment, learn about best practice, incorporate the results of the SLO Index, and improve grievance mechanisms. The plans developed at this workshop were then shared with site general managers as well as the corporate HSEC team to ensure alignment and buy-in at all levels.

Risk Management

For Yamana, we consider the effective management of our Social License as one of our top priorities in risk management. Through ongoing engagement, our community relations teams design our social programs in order to mitigate this risk. Along with our social programs we ensure we manage impact, maintain fair and transparent processes, and include stakeholders in decision making in order to maintain our social license.

The key tenants of our social risk management are:

- Stakeholder engagement,
- Managing impacts,
- Grievance management,
- Local employment and procurement,
- Community investment.

We have programs under these tenants at each of our sites, which allows us to best interact with local communities and stakeholders on a site-specific basis based on their concerns, needs, and vision. These tenants are further explored in the Performance section.

We realize that mitigating any potential operational impacts, such as noise, dust, and vibration, is what underpins our social license, along with general concerns about environmental impacts, job opportunities or business opportunities. Effective community engagement is the mechanism that underlines all of these discussions. To Yamana, effective engagement means transparency and responsive dialogue – listening to and acting on feedback from the community, and to the extent possible, involving stakeholders in decision-making processes on the issues that matter most to them.

Stakeholder Engagement Participants

Bar chart legend: ■ Meeting Participants ■ Visitors
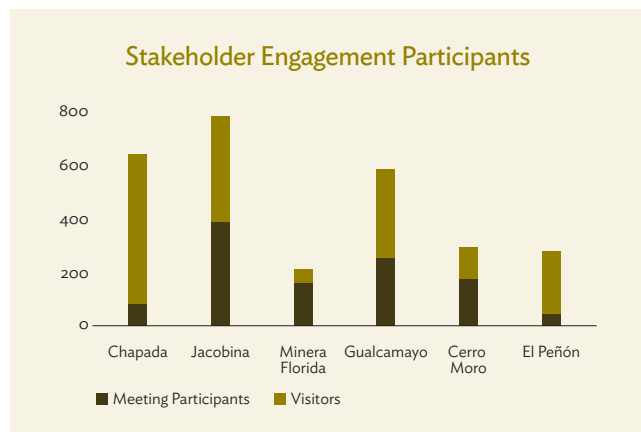
Performance

Stakeholder Engagement

Traditionally the primary method we use to engage our stakeholders is direct stakeholder meetings, such as open houses, town halls, or smaller focus-group meetings on key issues. Through these we speak directly with communities to understand their needs and concerns. In 2018, the total number of stakeholder meetings was 55, which was an overall decrease from 2017. This is due in large part to a shift in our management strategy towards a more focused, quality engagement. While we continued to host large, open community meetings, we began focusing less attention on the number of public meetings and more attention on going deep on the critical issues that stakeholders were bringing to us – such as jobs or operational impacts.

In 2018, we reached a total of 1,084 citizens through formal meetings, hosted a total of 71 site visits, and over 1,682 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 the environment.

2018 Stakeholder Engagement

	Formal Stakeholder Consultations	Open Doors Visits
Chapada	6	7
Jacobina	22	19
Minera Florida	4	3
Gualcamayo	12	20
Cerro Moro	8	10
El Peñón	3	12
Total	55	71

Measuring Social License

The *Strategy* section outlines our cutting edge new tool for measuring social license. While it was originally piloted in 2017, we rolled out the Index to all of our operations in 2018, with the exception of El Peñón, which effectively has no communities.

The results from our initial anchor surveys indicate a medium to strong social license at all of our operations, with scores between 2.76 – 4.07 out of 5. At our Jacobina site in Brazil, where the process was first piloted in 2017, we generated a 6% increase in our Social License to Operate since the launch of the program. Moving into 2019 we will have over 1 year of baseline data from Jacobina which will allow us to continuously improve our relationship with the communities. As 2018 was the first year of this project for our other operations we do not currently have data to demonstrate change in SLO from the launch.

Grievance Management

Through our active grievance mechanisms, we received a total of 92 grievances in 2018, which represents an increase from 2017. This increase is due largely to the addition of social media in our grievance reporting platforms for our Chapada operation as well as the addition of our Cerro Moro operation.

We achieved a 100% grievance closeout rate in 2018 through our grievance management approach. At Yamana we consider a closeout period to be between 7-14 days. Our grievance processes continue to inform us on better ways to engage our stakeholders. In 2018, Minera Florida launched a community water monitoring program and our Jacobina site developed a community environmental monitoring program, which are a direct response to our analysis of community grievances.

Measuring our Social License
The SLO Index

PERCEPTION SURVEYS

Annual detailed in-person surveys

Quarterly mobile check-ins

DATA ANALYSIS

RESULTS & SCORE

Measuring perception

Trust
Acceptance

Impacts
Benefits

SOCIAL LICENCE TO OPERATE INDEX

COMMUNICATE RESULTS

Sharing information

Corporate

Community

REDEFINE STRATEGY

Adjust community relations approach
Create action plans

Grievance Topics

Other
23 grievances

Vibration
23 grievances

Water
7 grievances

Contracts/Jobs
17 grievances

Dust
22 grievances

Total Grievances by Site

	Grievances
Chapada	40
Jacobina	15
Minera Florida	21
Gualcamayo	0
Cerro Moro	16
El Peñón	0
Total	92

While most of our sites are not in jurisdictions where human rights would be considered at risk, we are proud to say that we did not have any grievances related to human rights or labour rights again this past year. Regardless, we continue to incorporate consideration for human rights into our training, planning, and impact assessments. In addition, we provide our operations with a human rights policy and training, which is 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

Local employment continues to be a top priority for both Yamana and our stakeholders as it is one of the most impactful ways to bring benefits to host communities and build the long-term capacity of the local workforce. In 2018, over half of our employees came from the local communities surrounding our mines. We also continued to maintain high levels of regional employment, while having over 99% national employment.
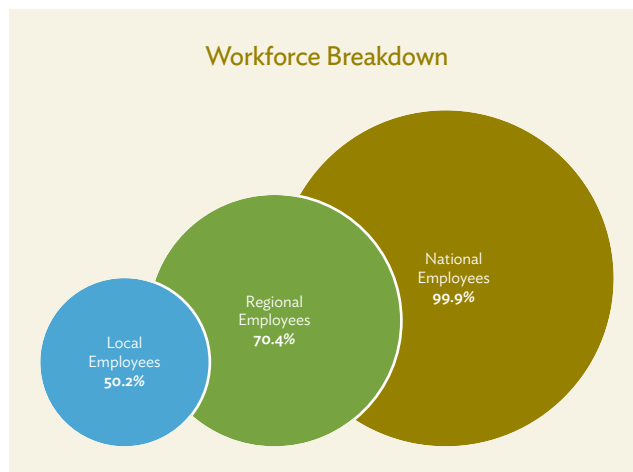
Local Procurement

Local procurement is a core component of our community relations strategy with over 50% of purchases for our operations coming from the communities closest to our sites. Supporting local suppliers is a driver in providing economic benefit to our communities as well as increasing employment and skills in order to generate long-term economic development for the area. It is Yamana policy to prioritize local and regional suppliers by implementing a cost strategy to leverage local supplier competitiveness as well as working with local industry associations to best identify suppliers capable of meeting our needs and international standards. In 2018, we increased our host-country procurement to 99% from 95% in 2017, spending over $940 million in procurement for our operations.

Community Investment

Across all sites, Yamana aims to promote community resiliency through our community investment. These investments are completed through 3 main facets: the Integrar Program, which focuses on helping communities fill education, infrastructure, and capacity gaps; the Partnership Alliance program, which provides a platform for company partnerships with local NGOs; and Direct Economic Contributions, which are investments into new and existing community initiatives.

Within the Integrar Program, sites host specific actions in the areas of:

- Entrepreneurship,
- Human Rights,
- Environment,
- Health,
- Sports/Culture,
- Social Assistance,
- Education.

Workforce Breakdown

Local Employees **50.2%**

Regional Employees **70.4%**

National Employees **99.9%**

Integrar Programs

Environment
15 projects

Entrepreneurship
10 projects

Human Rights
13 projects

Education
2 projects

Social Assistance
2 projects

Sports/Culture
5 projects

Health
28 projects

Partnership Alliance Programs by Topic

Sport
3 projects

Health
1 project

Education
9 projects

Income Generation
33 projects

Social Assistance
21 projects

In 2018 over 49,000 individuals attended Integrar Days. In addition, we hosted over 75 Integrar programs, benefitting 20,234 individuals. All programs are hosted in conjunction with local authorities in order to ensure local development and alignment.

In 2018, Yamana funded 67 projects, benefitting over 41,000 individuals through the Partnership Alliance Program. This program partially funds community investment projects chosen by local citizens. Local enterprises submit applications for local and regional development projects in order to receive 85% of their required funding directly from Yamana. Projects are chosen based on community members voting for the projects that are most desired and that will generate the most positive impact for the surrounding area.

Finally, Yamana makes direct economic contributions to our communities, with the goal of providing sustainable long-term local economic value. While our primary method of providing economic value is through local employment and procurement, we also contribute financially to our communities through direct community investment, donations and sponsorships, as well as taxes and royalties, and in 2018 these contributions totaled over $165 million. These facilitate local and regional economic growth and create long-term prosperity that far exceeds the life of mine.

	Direct Community Investment	Donations & Sponsorship	Tax & Royalties
Argentina	3,408,098	204,200	10,821,029
Brazil	459,154	492,131	146,174,320
Canada	398,150	523,250	70,758
Chile	6,168	739,308	2,237,247
Other	–	–	271,023
Total	4,271,570	1,958,889	159,574,377

Water

We recognize that water is a shared resource that must be managed in collaboration with our local communities and stakeholders. It is a critical component of the mining process. Changes in the availability of or access to reliable water sources is a key risk for Yamana, whether it is due to the effects climate change, regulatory or policy changes. Water risks are handled on a site-by-site basis, with a continued focus on increasing our reuse and recycle rates and minimizing our overall raw water consumption.

2018 Highlights

- Fourth consecutive year with no material spills at any of our operations.

- Over 75% of our water used was sourced within our mines.

- Total amount of recycled and reused water 3.5 times greater than total water withdrawn for second consecutive year.

- Four out of six sites recycled and reused more water than they withdrew.

- Zero discharges of process water.

Strategy

Each of our sites face unique water risks and challenges, including resource quality, availability, reliability (seasonal) and sustainability (long-term). Extreme weather events, including drought and floods, are also risks that we have identified, mitigate and manage. As such, mine sites across all our operations are encouraged to minimize 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. Our water management strategy comprises four key components: efficiency, quality, adaptation and preparedness, and stakeholder engagement.

Strategy Component	Action Plan
Efficiency *Maximize efficiency and reduce raw water consumption*	• Review water management policies and update as required. • Track and publicly disclose water use, recycle, and discharge rates. • Use industry best practice frameworks, such as TSM's *Water Stewardship Protocol,* to spur improvements in existing water management programs. • Identify opportunities to improve accuracy of water monitoring and reporting systems. • Maintain water efficiency programs for each site. • Decrease fresh water consumption, maximize recycled water use, and reduce total consumption wherever possible.
Quality *Minimize effects on human and aquatic health*	• Monitor water quality based on local regulations and industry best practice. • Ensure operations do not have a significant impact on water quality, both short-term and long-term. • Engage regulators and communities to ensure transparency in water quality monitoring programs. • Modify infrastructure to ensure process water is safely contained. • If necessary, install water treatment systems to ensure water discharge does not affect downstream users.
Adaptation and Preparedness *Identify and understand our vulnerabilities*	• Monitor regional weather patterns to understand potential effects on availability and sustainability. • Adjust management plans and operational procedures to protect people, the environment, and physical assets. • Define potential water-related emergency events for each site (e.g. flooding). • Continuously update and test emergency response plans and ensure personnel are appropriately trained.
Engagement *Communicate with local communities and stakeholders about key issues*	• Establish open lines of communication with communities and key stakeholders. • When and where relevant, disseminate results of the water quality and quantity monitoring. • Develop community-based water monitoring programs.

Linking Water to Compensation

We ensure water indicators are linked to both executive and site level compensation. At the site and executive level, environmental water management indicators are included within the HSEC Improvement plans. This helps to ensure that appropriate resources are allocated for site specific water challenges. Additionally, both sites and executives are compensated based on the occurrence and severity of environmental incidents, which includes incidents related to water. In 2018, executive compensation also included the completion of a water risk assessment at all sites. This provided valuable information that will be used to determine additional water related indicators in the future.

Governance

Key environment and water risks are reported monthly to the SVP Health, Safety, Sustainable Development, the senior executive team, and the Board of Directors. Managing water risks is the responsibility of all site personnel, including the HSEC team and mine management. Our site HSEC teams include trained environmental engineers who are familiar with the site which helps to ensure compliance and best manage these risks and opportunities on a day-by-day basis.

Site teams are aided by corporate and regional HSEC Directors to help provide guidance, strategy, and oversight to the environment and broader HSEC teams. Directors also receive regular updates on key performance indicators, risks and actions plans from site personnel. This ensures water and other environmental indicators are properly communicated throughout the organization and incorporated into HSEC Improvement Plans.

Regular reporting on environmental and water indicators are provided to the senior executive group, CEO, and Board of Directors through the site environmental KPIs. All policy and strategy changes are approved by the SVP Health, Safety, and Sustainable Development as well as the CEO and Board of Directors prior to implementation.

In 2018, our Florida Operation established a community-based water monitoring program. Feedback from the community participants has been positive, and the program has helped strengthen our relationship with neighbouring communities.

Risk Management

In 2018, we continued our efforts to increase water efficiency, as water use and water quality continue to be priority material issues to our stakeholders. Moreover, some of our sites are located in water scarce areas, or in areas with distinct wet and dry seasons. As such, water availability and sustainability are key operational risks. In an effort to improve our understanding of specific risks and opportunities, we completed a comprehensive water risk assessment for each of our sites this year.

Leading Indicators for Managing Risk

In 2018, we completed a process of developing Environmental Key Performance Indicators for each site. This process began in late 2017 with the goal of determining key indicators at each site that have the potential to create risk if not properly managed. Indicators vary on a site-by-site basis, and identify key legal, regulatory, community and operational risks. This year, water-related indicators covered a variety of topics, including water availability, water recycle rates, and water quality, among others.

Sites with Potential Risks

Potential Risks	Cerro Moro	Chapada	Jacobina	El Peñón	Florida	Opportunities
Short-term availability of water during the dry season or during drought conditions.		●	●			• Monitor on-site storage volumes to ensure sufficient water availability during dry season. • Track climate trends to identify potential future risks. • Maximize water recycle and reuse.
Long-term sustainability of the water supply system due to low recharge rates of the groundwater aquifer.	●			●		• Track and monitor groundwater levels and recharge rates. • Maximize water recycle and reuse. • Identify secondary water supply options. • Maintain updated site hydrogeology model to understand short and long-term sustainability.
Long-term site water quality has the potential to affect downstream groundwater and surface water quality if not adequately managed.		●	●		●	• Monitor downstream surface and groundwater quality. • As necessary, treat and discharge water to ensure downstream water quality is maintained. • If required, install additional infrastructure management systems to mitigate risk. • Where possible, progressively reclaim waste rock and tailings facilities to minimize infiltration.

Performance on these indicators are communicated to site and senior management, the Board of Directors as well as corporate and regional HSEC teams. This process allows extra visibility and tracking on these indicators to ensure they are being properly planned for and managed.

The process not only ensures management awareness of the risks, but challenges the sites to maintain a high level of performance month over month. Additionally, these risks help to inform HSEC improvement plans and ensure environmental management is properly budgeted.

Sites with Potential Risks

Potential Risks	Cerro Moro	Chapada	Jacobina	El Peñón	Florida	Opportunities
Changes in downstream water availability as a result of mining activities if not adequately managed.		●	●		●	• Monitor downstream groundwater levels and stream flowrates. • Maximize water recycle and reuse. • Maintain updated hydrogeology model to ensure accurate understanding of surface water and groundwater connections. • Work with communities to understand key needs and concerns.
Infiltration of groundwater into the underground mining operations.			●		●	• Ensure underground infrastructure is designed to manage ingress. • Maximize water recycle and reuse. • Monitor downstream groundwater levels. • Maintain updated hydrogeology model.
On-site water accumulation (e.g. in storage ponds or the tailings management facility) during normal to wet climate conditions.			●		●	• Track and monitor site wide water balance to ensure water can be safely contained on-site. • As necessary, treat and discharge water to maintain safe water levels. • Monitor climate trends to capture changes in precipitation patterns and adjust infrastructure design as required. • Maximize water recycle and reuse.
Community concerns about potential effects on water quality or water availability.	●	●	●		●	• Communicate initiatives and programs to manage water. • Monitor and respond to community concerns about water issues. • Where appropriate, initiate community water sampling program.

Our Gualcamayo operation did not undergo the water risk assessment this year due to the sale of the property. However, water risks at this site have been managed in line with Yamana guidelines throughout the ownership of the site. The site maintains an updated water balance to inform strategy and mitigation programs associated with water risks.

Performance

In 2018, we continued to focus on increasing water efficiency and reducing raw water consumption. Here are some of the highlights:

Water Use and Recycling

	2016	2017	2018
Total reused or recycled (m3)	54,462,797	57,427,629	64,894,571
Total Water Withdrawal (m3)	23,737,805	15,871,880	18,077,408
Reused and recycled as percentage of water withdrawal	229%	362%	359%
Reused and recycled as percentage of total water used	70%	78%	78%

What has changed?

Maintained the **total percentage of reused and recycled water** at 78% (as a percentage of total water used).

- Our continued focus on improving water efficiency.

- The ongoing work of our sites to effectively plan and monitor their water use, while finding innovative ways to increase reused and recycled water rates.

- An extensive study to update the site wide water balance at our Jacobina operation, which improved water reuse and recycle rates by more than 95% from 2017. Improvement projects that were identified included continuous monitoring in the mine and installation of additional water treatment systems.

Water Withdrawal by Source – m³

	2016	2017	2018
Surface Water	1,639,254	5,366,215	1,709,982
Groundwater	3,143,674	2,148,661	2,669,807
Third-party	300	240	–
Mine water	18,954,877	8,356,764	13,697,619
Total	23,738,105	15,871,880	18,077,408

What has changed?

Total **surface water** withdrawal decreased more than 65% from 2017.

Contributing Factors:

- In the case of Chapada, a significantly higher rainfall compared to 2017, which reduced the need for surface water intake.

- At our Florida operation, the site had permitting changes, which shifted their water use to more groundwater withdrawal than surface water.

An overall significant increase in **mine water** of nearly 65% compared to 2017.

Contributing Factors:

- Increased mine water at our Jacobina and Chapada operations due to two factors: high rainfall events in the second half of 2018, and deeper mines operating closer to the water table.

Total water withdrawal increased approximately 15% from 2017.

Contributing Factors:

- The significant increase in mine water, which contributed an additional 5 million cubic meters to our water balance in 2018.

Similar to water withdrawal, one of our priorities for water management is to minimize water discharge to the environment, and decrease fresh water consumption through increased recycling. In 2018, we had three non-process water discharges to the environment:

- **At Cerro Moro and Gualcamayo,** treated sewage effluent was released to the environment in accordance with regulatory requirements. Water bodies were not affected.

- **At Florida,** clean rainwater was released during a storm event. This water was released to the local estuary and no treatment was required, as it met regulatory water quality requirements.

We would like to congratulate our sites on the fourth 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. Sites also continue to undertake the appropriate measures to mitigate the possibility of recurrence in the future.

In 2018 Minerios & Minerales awarded our Jacobina Operation the Mining and Metallurgy Excellence Award for their 56% reduction in Fresh Water Consumption.

Waste | Tailings Management

The management of waste, specifically tailings management, consistently remains one of the most material issues for Yamana and the mining industry as a whole. **Over the years, we have developed a world-class waste management strategy and tailings management system,** which aims to minimize risks to the environment and our host communities. Our programs focus on identification, segregation, transportation, disposal, and overall responsible management and monitoring of hazardous, non-hazardous, mineral, and tailings wastes.

2018 Highlights

- No significant change in generated tailings or in waste rock generation.

- No major incidents involving tailings management facilities.

- Third party audits of tailings facilities found no significant weaknesses or discrepancies with international best practices.

- Jacobina and Gualcamayo increased their amounts of recycled and reused waste.
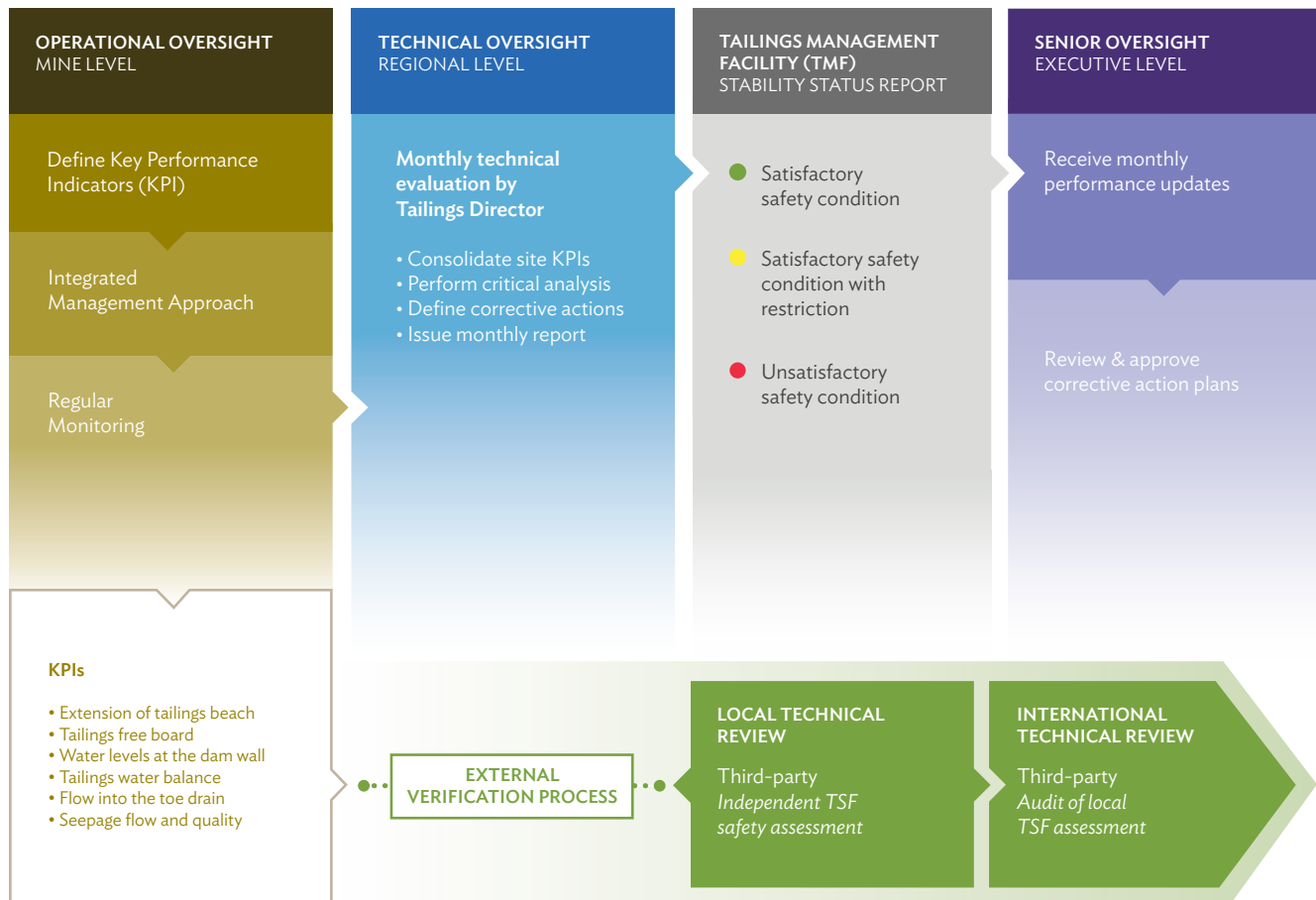
Strategy

Yamana's tailings management framework is based on international best practice and governs all tailings management activities at our operations. Our tailings strategy leverages this framework to ensure all of our Tailings Management Facilities (TMFs) reach the highest level of safety and that we actively pursue strategies to mitigate risk in the unlikely event of a failure.

In accordance with the framework, each of our sites has a set of tailings disposal standards and key performance indicators, which govern the daily management of the tailings facility. These indicators are the cornerstone of each site's integrated tailings facility management plan and provide the framework for constant monitoring.

We perform active risk management of our TMF´s and, where required corrective action plans are developed and implemented to mitigate and reduce even the most minor risks. On a monthly basis, a status report is issued to our senior executive group, including a tailings stability status update. A review of the status of each site's action plan is also included in the report to senior management, and sites are evaluated on the level of completeness of their action plans, along with a safety assessment.

Tailings Risk Management

Process and procedures

| OPERATIONAL OVERSIGHT
MINE LEVEL | TECHNICAL OVERSIGHT
REGIONAL LEVEL | TAILINGS MANAGEMENT
FACILITY (TMF)
STABILITY STATUS REPORT | SENIOR OVERSIGHT
EXECUTIVE LEVEL |
|---|---|---|---|
| Define Key Performance Indicators (KPI) | **Monthly technical evaluation by Tailings Director**

• Consolidate site KPIs
• Perform critical analysis
• Define corrective actions
• Issue monthly report | ● Satisfactory safety condition

● Satisfactory safety condition with restriction

● Unsatisfactory safety condition | Receive monthly performance updates |
| Integrated Management Approach | | | Review & approve corrective action plans |
| Regular Monitoring | | | |

KPIs

• Extension of tailings beach
• Tailings free board
• Water levels at the dam wall
• Tailings water balance
• Flow into the toe drain
• Seepage flow and quality

EXTERNAL VERIFICATION PROCESS

LOCAL TECHNICAL REVIEW	INTERNATIONAL TECHNICAL REVIEW
Third-party
Independent TSF safety assessment	Third-party
Audit of local TSF assessment

Our tailings management system focuses on 6 points:

- Standards for design and construction, and use of design reviews;

- Constant TMF monitoring and development of site-specific key performance indicators (KPIs) and performance management;

- Periodic safety inspections and an "external oversight channel";

- Documentation and monthly reporting;

- Training and continuous improvement; and

- Emergency response plans with dam failure analysis.

Our tailings facilities are reviewed twice per year by third party national and international experts.

An integral component of our tailings management strategy is emergency response planning, which includes emergency response procedures at all levels of the organization and involves local community stakeholders. These simulations ensure that both Yamana employees, local authorities and emergency response services understand their roles in the event of an emergency, and that communities feel confident in the level of planning that has been done to keep people safe. Our tailings program also includes regular training and continuous improvement for our employees.

Linking Tailings and Waste to Compensation

Like all aspect of health, safety, environment and community relations, the performance of our TMFs are linked to both site and senior executive compensation. Specifically, any tailings incident that would have an environmental impact requiring remediation beyond the mine boundaries would affect site and executive compensation.

Governance

Senior Executives as well as the Board of Directors are frequently engaged in tailings management. At an operational level, tailings management is integrated throughout various site teams to ensure proper management and accountability, including HSEC and operations management. At the corporate level, we have a dedicated Senior Director, Tailings Management whose sole responsibility is the oversight and governance of our TMFs.

A detailed facility by facility analysis for every Yamana tailings facility is available on our website.

The tailings director reports to senior management as well as maintains independent reporting outside of their direct management line to the Executive Chairman and Board of Directors. The director provides regular technical evaluations and stability analyses, which include key risks and action plans, from each site to mine management, senior corporate management, the Executive Chairman and the Board of Directors. In addition, all technical

assessments and third-party reviews are submitted to senior management to ensure accountability throughout the organization.

All Yamana operated tailing facilities are downstream or centerline construction.

Risk Management

Management of tailings risks primarily focuses on managing water in our tailings facilities. For this reason, many of the key performance indicators for operational management of tailings facilities are associated with water. Indicators for managing tailings risks are site-specific, but may include any of the following:

- Extension of tailings beach,

- Tailings free board,

- Water levels at the dam wall,

- Tailings water balance,

- Flow into the toe drain,

- Seepage flow and quality.

Tailings dam stability is also a key risk consideration for our tailings facilities, and as such regular visual inspections of our tailings dams are incorporated into the operational management plans.

Managing the risks of our other waste streams include ensuring slope stability of waste rock facilities, confirming groundwater and surface water quality from our tailings and waste rock facilities will not affect downstream users,

with a particular focus on monitoring and mitigating sulfate concentrations and metal leaching / acid rock drainage. Our approach also includes appropriate segregation, transportation and final disposal of our hazardous and non-hazardous waste streams.

Emergency Preparedness

As noted above, an additional component of our tailings and waste management strategy focuses on emergency preparedness. A component of this preparation is the emergency response plans (ERPs) that have been developed for all TMFs. ERPs are established to deal with worst case scenarios, (such as dam failures), and involve three main steps:

- Documentation preparation, which includes a dam break analysis, communication plans and a downstream surveys.

- 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.

In addition, we have developed emergency response procedures for the following:

1. Protecting our communities and employees;

2. Notifying emergency services and resource management agencies; and

3. Carrying out long-term remediation activities.

Performance

In 2018, our waste rock and tailings generation rates did not significantly change from 2017, despite our Cerro Moro operation coming online halfway through the year. When we compare waste rock generation rates on a site by site basis, the most significant change occurred at our Gualcamayo operation, where the amount of waste rock generated was less than half that of 2017. This is largely due to the operation reaching the end of its mine life and moving towards closure. In terms of tailings waste, the most significant change is attributed to an approximate 25% reduction in tailings generated at our Minera Florida operation, which is consistent with the overall change in production rate at that site.

As discussed in our water performance section, there were no significant incidents affecting water quality. This includes groundwater and surface water quality downstream of our tailings and waste rock facilities.

Mineral Solid Waste

	2016	2017	2018
Total Waste Rock Generated (tonnes)	71,612,096	57,340,366	57,457,707
Total Tailings Generated (tonnes)	36,031,828	27,053,461	26,856,228

Hazardous and Non-Hazardous Waste

	2016	2017	2018
Total Hazardous Waste Generated (tonnes)	4,957	5,704	4,209
Total Waste Generated, Hazardous and Non-Hazardous (tonnes)	13,324	11,152	11,415

** Both 2016 and 2017 numbers are as reported in our previous years' Material Issues Report and GRI tables.

Consistent with previous years, we had no major incidents at our tailings management facilities in 2018. 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 alignment with our tailings management system, in 2018 all facilities underwent two external reviews. The 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. Similar to previous years, no significant issues were identified during these reviews, and only minor recommendations were made, which have been addressed through our action plans.

Non-Mineral Waste

In terms of non-mineral waste, our waste generation rates for hazardous waste decreased approximately 25% from 2017. However, our total non-mineral waste remained consistent with previous years due to an increase in reused and recycled non-hazardous waste. *A more detailed look at our waste is available in the GRI table on our website www.yamana.com.*

A core component of our environmental management program consists of maintaining separation at source facilities that focus on reducing, reusing, and recycling wastes. In 2018, both our Jacobina and Gualcamayo operations increased their waste recycle rates as they focused efforts to improve waste management. Where waste could not be recycled or reused, waste disposal was by licensed contractors and in accordance with local legislation and applicable permits.

Climate Change

Combatting climate change is a priority for Yamana, and we **strive to minimize our impact on the environment by improving our energy efficiency and reducing our greenhouse gas emissions at all of our sites.**

2018 Highlights

- Over 50% of our electricity use comes from renewable sources.

- Climate change risk assessment completed at our operating facilities.

- Approximate 19% increase in our GHG emissions due to our Cerro Moro facility coming online half way through the year.

Strategy

We recognize that climate change and extreme weather are material issues across the mining industry, and that our operations contribute to these throughout the life of our mine. As such, we have a 3-fold strategy to mitigate and manage the associated risks of a changing climate at our sites: mitigation, adaptation and preparation, preparedness.

Linking Environment to Compensation

We ensure environmental indicators are well linked to both executive and site level compensation. At the site and executive level environmental indicators are included within the HSEC Improvement plans. This ensures sites are able to incentivize site-specific environmental challenges and that appropriate means are allocated for addressing these challenges. Additionally, both sites and executives are compensated based on the occurrence and severity of environmental incidents. In 2018, executive compensation also included the completion of a climate change risk assessment at all sites.

Governance

Key environment and climate change risks are reported monthly to the SVP Health, Safety and Sustainable Development, the senior executive team and the Board of Directors. Managing risks to our physical assets associated with climate change is the responsibility of all site personnel, including the HSEC team and mine management. Our site HSEC teams include trained environmental engineers who are familiar with the site which helps to ensure compliance and management of risks and opportunities on a day-by-day basis.

Strategy Component	Action Plan
Mitigation *Manage energy efficiency and reduce emissions*	• Review energy management policies and update as required. • Track and publicly disclose energy use and greenhouse gas emissions. • Use industry best practice frameworks, such as TSM's *Energy Use and GHG Emissions Management Protocol,* to spur improvements in existing energy management programs. • Maintain energy efficiency programs for each site. • Decrease fossil fuel use and reduce carbon footprint wherever possible.
Adaptation and Preparation *Identify and understand our vulnerabilities*	• Monitor site-level changes in climate and extreme weather events. • Identify opportunities to improve accuracy of data collection and reporting systems. • Modify facilities to ensure they are prepared to safely withstand events, especially as they relate to water management. • Adjust management plans and operational procedures to protect people, the environment, and physical assets. • Remain informed on environmental policy and regulatory changes.
Preparedness *Develop emergency preparedness and response plans*	• Define potential extreme weather events and other foreseeable crises and emergencies for each site. • Continuously update and test emergency response plans to address changing local climates. • Ensure that site personnel and local communities are aware of roles and responsibilities and trained accordingly.

Site teams are aided by corporate and regional HSEC Directors to help provide guidance, strategy, and oversight to the environment and broader HSEC teams. Directors also receive regular updates on key performance indicators, risks and actions plans from site personnel. This ensures environmental indicators are properly communicated throughout the organization and incorporated into HSEC Improvement Plans.

Regular reports on environmental indicators are provided to the senior executive group, CEO and Board of Directors. All policy and strategy changes are approved by the SVP Health, Safety and Sustainable Development as well as the CEO and Board of Directors prior to implementation.

Risk Management

In 2018, a comprehensive **climate change risk assessment** was completed at each of our operations. The key drivers for the risk assessment were to:
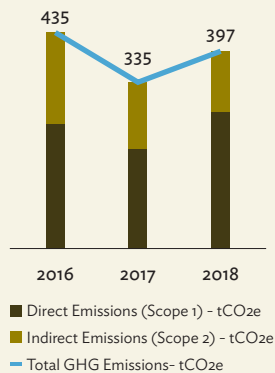
• Engage sites in identifying and articulating key risks and opportunities;

• Categorize and prioritize potential risks to environment, community, and operations;

• Identify common risk issues and themes across our sites;

• Determine potential areas for future study and consideration; and

• Develop recommendations and work with operations on the development of action plans to manage risks proactively.

The climate change risk assessment process provided a formal framework and structure for identifying, understanding, and prioritizing key risks. It also provided important insight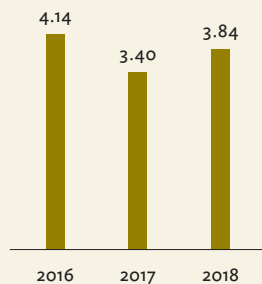 into our operational challenges and allowed us to better understand how our most critical risks are addressed and proactively managed. The following key risks and opportunities were identified during the climate change risk assessment:

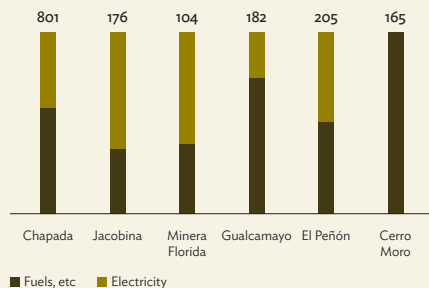| Key Risks	Opportunities
Managing water at our sites during extreme weather conditions, including storm events with high precipitation and during dry seasons or drought conditions.	• Actively identify opportunities to further minimize raw water use and maximize water recycling. Currently, our water recycling rate is 78%. • Analyze climate trends and use data to inform predictions about extreme weather events. • Use historical weather data to identify potential risks for extreme rainfall and drought events. • Perform cost sensitivity analysis around the cost of water. • Where appropriate, update or improve accuracy of the site-wide water balance.
Dust generated from sites, especially from tailings facilities, during dry seasons and during drought conditions.	• Continue to focus on the application of water and other dust absorption technology to manage dust, where appropriate.
Regional and local forest fires that disrupt site access or result in operational shutdown.	• Continue with emergency response planning and training programs. • Actively engage with local and regional authorities to ensure a unified approach to managing forest fires.
Changes in the cost of power due to carbon pricing, increased regulations around energy use, or requirements for renewable power generation.	• Perform cost sensitivity analysis around the cost of power and consider various factors such as carbon taxes, changes in fuel prices or delivery charges. • Consider how local renewable energy could reduce current power supply risks. • Continue with site-based energy efficiency programs to minimize power consumption.
Regulatory changes that increase operating costs.	• Perform cost sensitivity / economic analysis regarding some form of financial implications of climate change over the next 5-10 years.
Changes in coastal sea levels and coastal extreme weather events (e.g. hurricanes).	• Our operations are not directly affected by changes in coastal sea level or in coastal extreme weather events. • Work with suppliers potentially affected by coastal events to ensure that our operations are not adversely affected.

GHG Emissions
(000's)

435
335
397

2016   2017   2018

- Direct Emissions (Scope 1) - tCO2e
- Indirect Emissions (Scope 2) - tCO2e
- Total GHG Emissions- tCO2e

GHG Emissions Intensity

4.14
3.40
3.84

2016   2017   2018

Energy Consumption
(000's)

801   176   104   182   205   165

Chapada Jacobina Minera   Gualcamayo El Peñón Cerro
                    Florida   Moro

- Fuels, etc
- Electricity

Other climate risks include reliability of off-site infrastructure (e.g. roads), increased dust generation, increased likelihood of forest fires, and power reliability. However, these risks are better understood and managed by individual sites.

Leading Indicators for Managing Risk

In 2018, we completed a process of developing Environmental Key Performance Indicators for each site. This process began in late 2017 with the goal of determining key indicators at each site that have the potential to create risk if not properly managed. Indicators vary on a site-by-site basis and were developed to manage legal, regulatory, community and operational risks.

Performance on these indicators are communicated to site management as well as the corporate HSEC team, senior management and the Board of Directors. This process allows extra visibility and tracking on these indicators to ensure they are being properly planned for and managed. The process not only ensures management's awareness of the risks, but encourages the sites to maintain a high level of performance month over month. Additionally, these risks help to inform HSEC Improvement Plans and ensure environmental management is properly budgeted.

Performance

In 2018, our total Scope 1 and Scope 2 greenhouse gas emissions (GHGs) increased by approximately 19% to 397,450 tCO2e, as compared to our emissions in 2017. This is largely a result of the addition of our Cerro Moro operation, which came into production half way through 2018.

Our calculated energy intensity in 2018 was 15.8 kWh/tonne moved, which is an increase of 15% compared to 2017. As such, our GHG emissions intensity also increased in 2018, going from 3.40 tCO2e/ktonnes moved in 2017 to 3.84 tCO2e/ktonnes moved in 2018. This is consistent with our changing portfolio, where our mines are going deeper and need

to process more ore, which was particularly true of our Gualcamayo site, which was nearing its end of mine life.

The two main uses of energy at our sites continue to be fuel and electricity. With the exception of Cerro Moro, 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 Cerro Moro facility, which came online in the middle of 2018, is not connected to the grid and uses only diesel power. Our other operations rely heavily on the national grid for electricity use, with ratios

of renewable and non-renewable sources reported by Brazil at 76%, followed by Chile at 27% and Argentina at 2%. Based on data found through federal governments, the International Energy Agency and International Finance Corporation, we estimate that, excluding Cerro Moro, over 50% of our electricity use comes from renewable sources. We are currently evaluating options at Cerro Moro to reduce fuel consumption, including connecting to the grid.

Our total energy consumption in 2018, considering fuel and electricity, was 1,632,500 MWh, a 20% increase from 2017. This increase is largely attributable to our Cerro Moro operation coming on line half way through 2018. Our sites continue to operate in different regions, with different ore types, and constantly changing production rates, mine depth, and ore grade.

Summary of Climate Change Risks
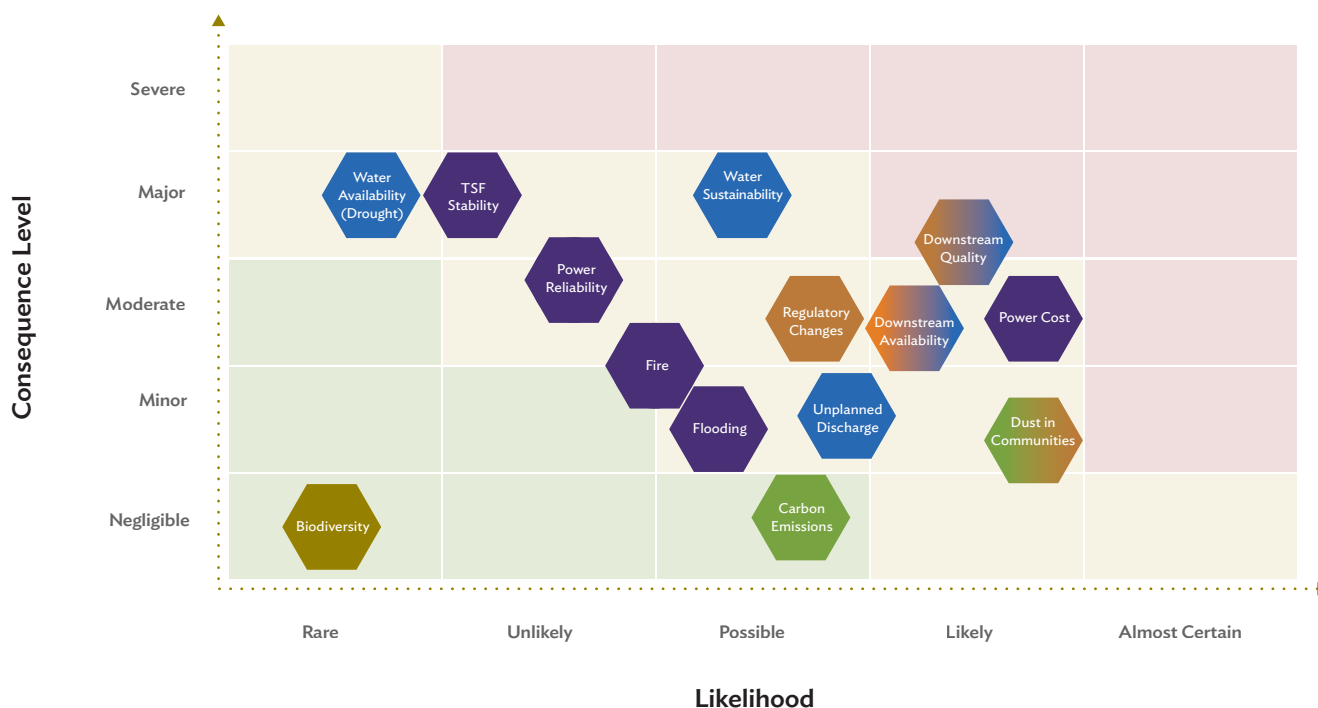
Water Sustainability - Refers to long-term reliability and availability of water resources (life of mine)

Biodiversity

Proper biodiversity management is a key component of our approach to HSEC. By prioritizing biodiversity we ensure that **we minimize impact and positively contribute to the long-term biological health of the region.** Proper understanding of each site's specific biodiversity related risks is an integral component of our biodiversity management.

2018 Highlights

- Completion of a biodiversity risk assessment for our sites.

- No sites operating in areas at risk of affecting critically endangered species.

- Our sites disturbed a total of 261 hectares of land, and reclaimed 226 hectares, an increase of 96% from 2017.

Strategy

Conserving and managing biodiversity is a priority for Yamana, and adopting responsible biodiversity practices, such as the mitigation hierarchy, is a critical component of our environmental management strategy, and the HSEC Management Framework. Another key component of our strategy is ensuring accurate data regarding actual and potential impacts through regular identification and evaluation of biodiversity on and around our operations. Sites develop and maintain biodiversity management plans, which include but are not limited to progressive reclamation, protection of sensitive areas, and biodiversity offsets. Our goal is to ensure the minimum impact possible on the biodiversity both within and surrounding our site.

Linking Biodiversity to Compensation

In order to demonstrate our commitment to biodiversity, in 2018 Yamana linked a portion of executive compensation to the completion of the biodiversity risk assessment. In addition, site-specific biodiversity targets were included within HSEC Improvement Plans that are linked to both site and executive compensation. By including these leading indicators in our compensation package, we ensure that biodiversity management is properly tracked and remains a priority within the company.

Risk Management

In 2018, we completed a biodiversity risk assessment at
each of our operations, with the purpose of updating
and re-evaluating our biodiversity risks. Here are
some highlights:

Country	Highlights
Argentina	• Our Cerro Moro site is located in a region with very low biodiversity values. There was a thorough biodiversity study completed prior to site development in 2017, and the baseline data is updated annually as part of the site's operating permit. • Our Gualcamayo operation did not undergo the biodiversity risk assessment this year due to the sale of the property. However, biodiversity risks at this site are low and have been managed inline with Yamana guidelines throughout the ownership of the site. The site maintains baseline impact studies to inform strategy and mitigation programs.
Brazil	• Neither our Chapada nor our Jacobina properties are located in biodiversity protected regions. • Biodiversity considerations are carefully managed at both sites through rehabilitation of disturbed areas, rescue and relocation programs for flora and fauna species during site clearing activities and restricted work activities and protection zones along water bodies. • A species inventory is completed prior to obtaining each site-clearing license, in accordance with local legislation. • Both Chapada and Jacobina maintain legal reserves, which have recognized importance for biodiversity conservation, as per the Forest Code.
Chile	• Our El Peñón operation is located in the Atacama desert, which is a region with extremely low biodiversity values. There are no established flora or fauna species in the area surrounding the site and very limited migration through the site. • Our Florida operation is located within the conservation area of Cordillera de Cantillana, and all activities within the conservation area are governed by the framework outlined in the National Biodiversity Strategy for Chile. In recognition of the biodiversity values in the region, and in full compliance with the conservation framework, Florida has developed a comprehensive biodiversity conservation plan, which includes continuous reforestation of the Cantillana region and offsetting more than 100% of the footprint of our Florida operations. As part of the program, an education plan for the local community has also been developed, which includes research, environmental improvement, species conservation, and environmental education. Details regarding the Community Biodiversity Conservation Plan (2013-2017) is available on our website.

Governance

Yamana takes a multi-tier approach to managing biodiversity, from the site level to the Board of Directors, in order to ensure that biodiversity concerns and plans are properly managed and maintained. Managing biodiversity is the responsibility of the site HSEC team, however identifying biodiversity risks and opportunities as well as ensuring impacts are appropriately managed is achieved through collaboration with other departments at site, including mine planning and community relations. At a corporate level, both regional and corporate HSEC Directors are responsible for ensuring that biodiversity values are suitably managed and communicated and aligned with industry best practice. The SVP, Health, Safety and Sustainable Development oversees strategy and policy development, while the CEO and Board of Directors receive updates on relevant aspects of biodiversity performance and approve policies, strategies and performance plans.

Performance

Based on the results of the risk assessment, biodiversity does not currently pose a significant risk to our operations, as our sites are not located in remote or highly sensitive biodiversity areas. As in previous years, none of our operations are in areas which have an impact on either IUCN or nationally listed critically endangered species. All of our operations have action plans appropriate to the level of risk and biodiversity sensitivity of the site. Operations such as Jacobina and Florida have more in-depth biodiversity management plans as they operate in areas with high biodiversity.

🌳 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.** We also prioritize maintaining a strong relationship with the communities and stakeholders of each site throughout and after the closure process.

2018 Highlights

- Engineered cover installed at Beartrack.

- No significant environmental or social incidents.

- All sites in compliance with permit requirements.

Strategy

Yamana's approach to closure focuses on proactive planning, fulfilling our closure commitments, and ensuring, at minimum, sites are returned to a condition that is acceptable to both government and local stakeholders. We approach closure through a variety of mechanisms, a key component of which includes closure plans of all operating sites. All active sites, independent of where they are in their mine life, maintain up to date closure and reclamation plans as well as allocate funds for cost of closure long before the closure of the mine. Closure plans are reviewed and updated regularly to ensure they properly reflect the changing mine footprint as well as regulatory and economic landscapes of their jurisdictions.

In addition to maintaining closure plans, our sites participate in concurrent restoration activities where possible. In 2018, our operating sites rehabilitated 226 hectares of land in and around their operations. This ultimately leads to less impact on the surrounding environment and a quicker return of the natural ecosystem once the mine is no longer in operation.

Finally, we strive to ensure proper social closure with the communities surrounding our sites. Ultimately, the strategy is to invest in local communities throughout the life of the mine in a way that promotes economic, social and cultural resiliency. This ensures that our host communities are not only equipped to handle the transition of a mine closure, but can also thrive in a post-mine environment.

As we reach life of mine we place an increased effort on active engagement and in communicating with and preparing community members for the final stages in the mine life cycle.

Governance

Yamana employs a Senior Manager of Mine Reclamation who reports to the SVP Health, Safety and Sustainable Development. This individual oversees all of our currently closed sites and provides regular updates to the senior executive group, CEO, and Board of Directors.

The Senior Manager of Mine Reclamation assists operating sites with proactive closure and reclamation planning, by ensuring closure commitments are properly logged, accounted for and managed. The manager works with site HSEC personnel and mine general managers to determine appropriate site-specific closure strategies based on each site's specific needs.

Risk Management

The largest risks associated with closed sites are related to social challenges and permitting requirements, the latter of which we mitigate through a variety of processes, including regular monitoring of local and discharged water quality. Monitoring assists in developing management strategies for any determinable risks. An example of our proactive risk management approach would be the addition of engineered covers for sulfide waste rock and the heap leach pad at our Beartrack site. This source control strategy will passively protect downstream water quality, so that water does not require long-term, complicated treatment methods.

At operating sites, risk management associated with closure is managed through regular updates to our closure plans and through concurrent restoration. These processes allow us to properly account for closure requirements and ensure long-term strategies are in place for the operation.

Performance

Yamana ensures that we have an annual review of our closure obligations at each site. This includes appropriate allocation of funds for closure activities, review of changes to footprint, and changes in the surrounding community or environment that could impact the site closure. In 2018, our Asset Retirement Obligation (ARO) was $250.3 million. Each operating site maintains an active closure plan which is periodically reviewed and financially bonded with the ARO value being annually reported to the Board of Directors and senior management. An overview of our discounted and undiscounted liabilities associated with decommissioning and restoration can be found on page 157 of our annual report.

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. At all of our closed sites, Yamana remains compliant with all local permits and regulations and is in good standing with the relevant communities and stakeholders at each site. We also ensure that our ARO requirements are updated annually.

Contact Information

Yamana Gold Inc.
200 Bay Street
Royal Bank Plaza, North Tower
Suite 2200
Toronto, Ontario M5J 2J3
Phone: 416-815-0220

Health, Safety and Sustainable Development
Ross Gallinger
Senior Vice President,
Health, Safety and Sustainable Development
Phone: 416-815-0220/1-888-809-0925
Email: sustainabiliy@yamana.com

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