

Material Issues Report

2019



YAMANAGOLD





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



Governance | Strategy



Water



External Standards & Certifications



Waste | Tailings Management



Business Ethics | Human Rights



Climate Change



Health & Safety



Biodiversity



Community Relations | Social License



Closure



CANADA

**Canadian Malartic, Canada**

- 50% Yamana Owned
- Open pit gold mine

## About Yamana Gold

Yamana Gold Inc. is a Canadian-based precious metals producer with significant gold and silver production, development stage properties, exploration properties, and land positions throughout the Americas, including Canada, Brazil, Chile and Argentina. Yamana plans to continue to build on this base through expansion and optimization initiatives at existing operating mines, development of new mines, the advancement of its exploration properties and, at times, by targeting other consolidation opportunities with a primary focus in the Americas.



**Jacobina, Brazil**

- 100% Yamana Owned
- Complex of Underground Mines

**El Peñón, Chile**

- 100% Yamana Owned
- High grade underground gold-silver mine

**Minera Florida, Chile**

- 100% Yamana Owned
- Underground gold-silver mine

**Cerro Moro, Argentina**

- 100% Yamana Owned
- High grade open pit underground gold-silver mine

## About This Report

**Focus on Material Issues:** Similar to previous years, our 2019 report presents our annual performance metrics, with a focus on topics deemed to be material sustainability issues to our stakeholders, both at the corporate level and in the areas where we operate. In addition to this report, all aspects of sustainability are addressed in our GRI Index found on our website [www.yamana.com](http://www.yamana.com).

### Determining Materiality

We have a two-fold approach to determining materiality. The first is through ongoing, informed dialogue with our stakeholders, ranging from community consultation to investor calls. We ensure that we are in constant communication with a range of relevant stakeholders. Our second approach to determining materiality for this report was to drill down into specific material topics with each stakeholder group. This more focused and intentional approach allowed us to explicitly ask which issues are most critical to each group, and how we can best communicate our performance.

In 2019, we saw an increased interest in tailings management across multiple stakeholder groups, due largely to the catastrophic tailings failure at Vale's Córrego do Feijão facility in Brumadinho, Brazil. In many cases, we had detailed, specific dialogue on this topic, including information sessions with investors, incident simulations with local authorities and communities, and engagement through the Church of England's tailings safety initiative. Over the past year, we have significantly increased disclosure on tailings and waste management on our website and in this report in order to meet the demand.

This report aims to discuss and address the data, challenges, and achievements deemed material through these processes in clear, non-technical language. The goal of this report continues to be to maximize transparency and ensure we remain accessible and accountable to our stakeholders.

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

### Report Structure

As the case in previous years, our 2019 Material Issues Report is divided into sections based on each material topic, and has been designed to highlight our strategy, governance, risk management and performance associated with each material issue. This approach is roughly in line with the framework for the **Taskforce for Climate-related Financial Disclosure (TCFD)**. This allows both our progress from year-to-year to remain the focus as well as ensure our disclosure is easy to navigate for our stakeholders.

The format and a large portion of the subject matter of this report is similar as previous years, as our management approach to many issues has not changed and the tools, processes, policies, frameworks and management systems that guide our approach remain largely similar to previous years.

## Determining Materiality

Stakeholder Group	Method of Engagement	Key Area of Concern/Interest
<b>Investor Community</b> <i>Including Shareholders and Shareholder Services Firms</i>	Frequent engagement with investor community through specific and targeted outreach.	<ul style="list-style-type: none"> <li>• General ESG Issues</li> <li>• ESG Commitments</li> <li>• Management Systems</li> <li>• Controversies</li> <li>• Tailings Management</li> </ul>
<b>ESG Research and Rating Agencies</b>	Targeted meetings around feedback on ratings and general meetings with key stakeholders in this space to understand/update the materiality of issues to the ESG community.	<ul style="list-style-type: none"> <li>• General ESG Issues</li> <li>• ESG Commitments</li> <li>• Management Systems</li> <li>• Controversies</li> </ul>
<b>Local Communities</b>	Engagement with our neighboring communities on a daily basis through both formal and informal mechanisms. <i>See the Community Relations section of this report for more information.</i>	<ul style="list-style-type: none"> <li>• Job Availability</li> <li>• Local Contracts</li> <li>• Noise/Dust/ Vibration</li> <li>• Water Quality &amp; Quantity</li> <li>• Tailings Management</li> </ul>
<b>Governments</b> <i>Local, Municipal and National</i>	Frequent engagement with all levels of government to facilitate relationships and economic development.	<ul style="list-style-type: none"> <li>• Tax Revenue/ Transparency</li> <li>• Jobs/ Procurement</li> <li>• General Environment Concerns</li> </ul>
<b>Our Employees</b>	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.	<ul style="list-style-type: none"> <li>• Job Security</li> <li>• Salary and Benefits</li> <li>• Health and Safety</li> </ul>
<b>Civil Society – Development Partner Organizations</b>	Engagement with local and international development partner organizations through the design and execution of community programming.	<ul style="list-style-type: none"> <li>• Human Rights</li> <li>• Community Engagement &amp; Development</li> <li>• General Best Practices</li> </ul>
<b>Civil Society – Advocacy Groups</b>	Engagement on a required basis for emerging issues, when approached. In Canada and our host countries, we look for opportunities to engage proactively on issues that have the potential to pose future risks to our organization.	<ul style="list-style-type: none"> <li>• Human Rights</li> <li>• Water</li> </ul>

## Operations Covered

This report covers all of Yamana's operating mines, and where applicable, exploration properties, during their ownership period.

The sale of the Chapada mine was completed in early July 2019. This report is inclusive of information relating to Chapada for the duration of our ownership in 2019. In some cases, we were unable to obtain certain data or the information was not calculated for Chapada. These instances will be indicated in the accompanying text.

Additionally, this report does not cover our Canadian Malartic asset. As a separate company, to which we maintain a 50% ownership with Agnico Eagle, Canadian Malartic prepares a standalone annual sustainability report, available at [www.canadianmalartic.com](http://www.canadianmalartic.com).

**GRI Standards:** The 2019 report is our twelfth sustainability report and it is our second time reporting under the new Global Reporting Initiative's (GRI) GRI Standards, having reported under the previous version, the GRI G4 Standards, for the previous 3 years. The GRI ([www.globalreporting.org](http://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/responsibility](http://www.yamana.com/responsibility).

## 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 in order 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 in our disclosure approach, please contact us and let us know.

For further information, please contact us at: [sustainability@yamana.com](mailto:sustainability@yamana.com).

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

# Committed to supporting host communities through the COVID-19 crisis.

Typically, this letter is an opportunity to reflect on the past year and discuss our vision for the year to come; but this year is anything but typical. As we prepare this report, we are in the midst of a once-in-a-century-level pandemic and an unprecedented global response, so I will take a moment to reflect on the implications of COVID-19 on Yamana and how we have responded as a company.



**PETER MARRONE**  
*Executive Chairman*

Our top priority is and always will be the health and safety of our employees, their families, and the communities where we operate. We formed a crisis response group in the early phases of the pandemic to ensure we were in a position to take quick and decisive action. We shifted as many employees as possible to a work-from-home arrangement, including individuals at our mines whose roles could be performed remotely. Due to the nature of this industry, many employees are still required to go to our sites. We have ensured the highest levels of protection are in place such as enhanced health screening for our employees, which are outlined in Daniel Racine's message in this report.

Yamana is also deeply committed to supporting host communities throughout the COVID-19 crisis, offering up critical supplies, equipment, vehicles, offices, doctors, and Yamana team members to help local communities prepare for and respond to the pandemic. Our operations are in daily contact with local authorities to ensure that we tackle this crisis hand-in-hand (virtually). In many ways, it is our industry's strong capacity on health and safety that has enabled us to continue to operate safely and successfully restart operations at Canadian Malartic and Cerro Moro, which were temporarily suspended due to government restrictions related to COVID-19. As of this writing, there



have not been any confirmed cases of COVID-19 at any of Yamana's operations.

While the COVID-19 pandemic has certainly been a historic development, the mining industry has been facing a dramatically shifting landscape for the past several years. There are many contributing factors, but few as significant as the rising importance of Environmental, Social and Governance (ESG) considerations for investors. Simply put, the investment community, including some of the largest institutional investors in the world, are taking a far greater interest in how the mining industry addresses its ESG responsibilities and obligations. We are encouraged by this growth in ESG expectations because it is an issue that we have always prioritized at Yamana. We believe that high ESG standards go hand-in-hand with running a profitable business, and that our high standards and consistently strong performance in the areas of health, safety, environment, and community relations (HSEC) are competitive advantages for Yamana.

Since the Company was founded 16 years ago, we have put HSEC at the forefront of our business model, and over the past five years, we have also diligently engaged with both investors and ESG research and ratings firms to understand their needs in terms of disclosure. Our work on both fronts has been recognized, as we

have seen significant improvements in our scores by all of the major ESG research & rating firms, including Viegó Eiris, ISS, MSCI and Sustainalytics (Morningstar).

In the past five years, we have made enormous strides towards improving employee health and safety, achieving a 37 per cent reduction in total recordable injuries and a 48 per cent reduction in lost-time injuries. We are pleased with our progress and take pride in the fact that we consistently outperform the industry, but we are not content because we believe every day is a new opportunity to work towards our vision of *One Team, One Goal: Zero*.

We have also put considerable attention on the issue of climate change. In 2018, we initiated a comprehensive climate change, water, and biodiversity assessment of all of our operations. The climate change portion of this assessment focused largely on how climate shifts will impact our operations and host communities and the implications of potential regulatory and market-driven incentives or tax changes. Throughout 2019, our operations worked on implementing the findings of the climate change assessment, many of which include re-assessing their design parameters with updated climactic data.

The investment community, however, is not the only stakeholder group whose expectations have

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**\$6.1 million**  
to host communities

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**48%**  
local workforce

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**91%**  
national purchasing

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changed regarding ESG in recent years. Community and government expectations have also increased, not only regarding the management of our environmental impacts but also with respect to our contribution to local economies. In 2019 alone, we contributed over \$6.1 million to our host communities while hiring 64.2% of our workforce and conducting 60% of our purchasing from local and regional communities.

We are proud of these contributions, but we know that this is not the only aspect of building and maintaining a social license to operate. We increasingly look for ways to engage the community to ensure that their voice is heard on every aspect of our operations. To that end, in 2018 we introduced a new tool called the *Social License to Operate Index*, which is a series of quarterly perception surveys conducted in communities near our mines. The surveys give us a quantitative evaluation of our social license and an incredibly important data set for our operations and our investors. The Index also gives the community direct input on our performance by grading our social license. After one year of measurement, I am pleased to report that results show strong trust and acceptance across our operations. Put another way, the communities want us to be there; and we want to be there because our presence is valued, which allows us to operate smoothly and profitably – to the benefit of everyone.

The Index is part of a long-term strategy at Yamana to improve governance, build social license, and manage risk by leveraging data. We have also developed key environmental performance indicators that are unique to each of our sites and measure each operation's key risks and challenges. The indicators are reported monthly to our senior executive group (SEG) and board of directors to ensure proper management and oversight. A very similar process occurs with tailings, where our Director of Tailings Management works with each site to develop key performance indicators to reflect their unique operation for a monthly report that gives the SEG and the board a detailed understanding of how we are managing our most important risks.

We want to be forthright in acknowledging our risks and how we manage them. In 2019, we enthusiastically engaged with the Church of England's Global Tailings Safety Initiative and publicly disclosed an unprecedented amount of data on our tailings facilities, which is available on our website. And this year, as in previous years, our Jacobina mine was one of the first operations in Brazil to conduct emergency response simulations, ensuring communities know what to do in the event of a serious environmental incident.

The sustainability landscape is undoubtedly shifting. We see great opportunity in this change because

we believe our strong track record and ESG performance are competitive advantages. We see a future of opportunity as the global investment community shines a brighter light on issues like climate change, tailings management, and social license. In 2020, we will begin implementing the World Gold Council's *Responsible Gold Mining Principles* as well as the Mining Association of Canada's *Towards Sustainable Mining* initiative, both of which are externally assured programs with rigorous standards that will speak directly to communities, employees, and investors about our performance.

Two thousand nineteen was a strong year for Yamana, and we are as proud of our ESG performance as we are of our operational performance. This is a credit to our workforce, culture of excellence, and the asset portfolio that we have developed over this Company's lifetime. We look forward to improving on this performance in 2020 and for years to come.

**"Peter Marrone"**

**PETER MARRONE**

*Executive Chairman Message*

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# Zero:

Zero harm to  
employees,  
Zero harm to  
the environment,  
and Zero harm to  
communities.





# We continued a very strong health and safety trajectory in 2019.

Two Thousand Nineteen was a strong year for Yamana, with our environment, social and governance (ESG) performance being a key component of our success. However, before I reflect on our performance, it is important to take a moment to acknowledge our employees and community partners and the extraordinary efforts that they have gone to during the COVID-19 pandemic to help our people stay healthy and ensure our communities are prepared to handle this crisis. It has been a true team effort, and I would note many of the people who work in our mines also live in our host communities.



**DANIEL RACINE**

*President and Chief  
Executive Officer*

At our mine sites, we have implemented a significant number of prevention measures to protect the health and safety of our employees and contractors. These measures include advanced personal protective equipment (PPE) requirements and a variety of screening methodologies like temperature checks and health questionnaires (and where available rapid COVID-19 tests), as well as protocols to assure physical distancing across our sites and in company-provided transportation. We have also built and/or enhanced disinfection processes and reviewed our medical capacity and supplies to ensure we are well prepared in the event of

an outbreak at one of our mines. While we have not had any cases of COVID-19 at our operations, isolation and tracing protocols have also been developed should a suspected case be identified. All of this and more has been done in close coordination with public health officials to assure we maintain best practices, while also helping build capacity of the public and private health providers in the areas that we operate.

We have also worked closely with communities to ensure they are prepared to deal with the pandemic. In Argentina, to date, we have transferred more than 40 beds and



other supplies from the Cerro Moro camp to a temporary hospital to treat local COVID-19 patients. We also purchased 13,000 masks and 1,600 boxes of latex gloves for the provincial government of Santa Cruz and two ventilators for the community hospital of Puerto Deseado. We are working with officials to set up a local COVID-19 testing centre and we contributed \$125,000 for the purchase of polymerase chain reaction (“PCR”) test kits.

Similarly, in Chile, our operations have contributed to our local communities with everything from food, fuel, and PPE donations, to computer equipment and even volunteering our site doctors to help the local municipalities. In Brazil, our Jacobina mine has purchased or donated medical equipment and COVID-19 test kits to the local health ministry, along with an extensive list of PPE for neighbouring health clinics.

In Chile, Argentina and Brazil, our operations and employee volunteers have worked hard to prepare, collect, and distribute food, cleaning supplies, and PPE for the elderly and other vulnerable segments of local communities. And, in Brazil, we are working with several local non-governmental organizations and small businesses that produce clothing to help them shift their production to the manufacturing of masks for local community members and employees.

These are just a few examples of the efforts that our operations are making to support our communities, with hundreds of thousands of dollars contributed to the setting up of support funds for communities over the coming weeks and months.

While the COVID-19 crisis has certainly taken up a great deal of our time and energy in 2020, I want to shift the focus to 2019 and the strong performance of our health, safety, environment and community (HSEC) teams, which I will touch on below, and which bring us closer to our goal and our vision of *One Team, One Goal: Zero*.

### Health & Safety

We continued a very strong health and safety trajectory in 2019 with a further 5 per cent and 7 per cent reduction in our Total Recordable Injury Rate (TRIR) and Lost Time Injury Frequency Rate (LTIFR), respectively. Over the past three years, this translates into a 24 per cent decrease in our TRIR and a 41 per cent decrease in our LTIFR. Most importantly, however, we achieved another year with zero fatalities.

All of our operations had strong years, but our El Peñón mine deserves special mention, as it completed its second straight year without a lost-time injury. That translates to a total of over 8.9 million work hours, a remarkable achievement. While our overall performance fell short of our ultimate goal of zero, El Peñón’s 2019

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“It is important to take a moment to acknowledge our employees and community partners and the extraordinary efforts that they have gone to during the COVID-19 pandemic.”

performance and our year-over-year reductions are strong indicators that we have the right programs in place to protect our workforce and that the vision of Zero is achievable.

## Communities

Our community relationships also improved in 2019, and we are in the unique position to be able to demonstrate our performance quantitatively. As Peter touched on in his message, in 2018 we began to roll out the *Social License to Operate Index*, a series of quarterly community perception surveys that not only give us feedback on the issues that are most pressing to the community but also tell us how effectively the community feels we are managing those issues. These issues range from tailings and water management to local procurement and hiring practices. The data also rolls up into two key measurements of trust and acceptance – proxies for social license – where we are able to observe an overall 19.5 per cent improvement in social license across our operations over the past year, which already averaged in the range of moderate to high social license.

Changes to our engagement strategy account for most of the improvements we observed. Simply put, our dialogue with communities went deeper on critical issues such as tailings management and local hiring, not only inviting stakeholder feedback on these topics, but also, whenever

possible, we included stakeholders in key aspects of decision-making on the issues that impacted them. Our participatory environmental monitoring program is one example of that. Overall, our sites had a 33 per cent increase in stakeholder meetings last year.

The adjustments we made to our engagement strategies in 2019 were built on what was already a strong foundation of local economic development. Similar to previous years, Yamana contributed over \$6 million in community investments across our operations, with approximately 22,000 beneficiaries. We maintained a staff with close to 50 per cent local employment (64 per cent from within the province/state), and conducted 60 per cent of our procurement regionally.

## Environment

For a fifth consecutive year, we completed 2019 without a significant environmental incident. Both our overall water and energy consumption decreased in 2019, while we maintained strong gold and silver production. Much of this decrease is attributable to the sale of the Chapada mine in July 2019. Chapada was a high-tonnage operation and high consumer of water, energy and emissions. Overall, our total fresh water withdrawal decreased approximately 50 per cent compared to 2018, with water recycling exceeding withdrawal by

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“41% decrease in lost-time injury frequency rate over last three years. Fresh water withdrawal decreased approximately 50% in 2019.”

approximately 2.8 times. And, similar to previous years, we operated without any process water discharges in 2019.

All of our sites performed dam break analyses in recent years and some sites also conducted emergency preparedness simulations with local communities and authorities. In addition, in 2019, we completed a review of our tailings management framework against global best practices and posted an unprecedented level of disclosure on our website for each of our facilities, both active and closed.

One aspect of our environmental performance that we are very proud of is our community participatory environmental monitoring programs. Though we cannot statistically measure its benefits, this promotes transparency and trust, as well as supports capacity building within the community. The initiative began at our Minera Florida operation in Chile in 2018. By last year, all of our operations had started similar programs, with the exception of El Peñón, where the nearest community is approximately 200 kilometers away. The program offers community members a chance to directly participate in the site's oversight of key environmental protocols, including water, noise and dust management. The programs requires a significant amount of training and the involvement of

independent third party educators and labs, both of which help build community capacity and trust.

I am extremely proud of the work that we accomplished in 2019. We are aware of the risks and challenges that we face as a mining company, and I believe that this report will provide you with a frank and honest assessment of those risks and how we manage them. Although we will continue to face challenges on our road to Zero, I feel confident that we have the right people, practices, and culture to improve our performance yet again in 2020.

**“Daniel Racine”**

**DANIEL RACINE**

*President and Chief Executive Officer*

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. 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 performance is evaluated. **The HSEC Performance Index** is the most critical part of our yearly Targets & Objectives and is most heavily weighted in terms of compensation. The Index is linked to both site and executive compensation to ensure prioritization of the indicators. Additional details on the targets described below are provided throughout this report.

Targets	Performance	Comments
<b>HSEC</b>		
<b>HSEC Improvement Plans</b> <i>90% completion of the action plans, measured on a site-by-site basis.</i>	●	Each site successfully completed their action plans, which focused on the four areas of HSEC. 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 try to incentivize a culture of continuous improvement, and the detailed HSEC Improvement Plans are the most important vehicle for challenging sites to achieve not only compliance, but industry best practice.
<b>Health &amp; Safety</b>		
<b>Total Recordable Incident Rate (TRIR)</b> <i>10% reduction across all sites. A fatality results in failure to meet threshold.</i>	○	We were successful in accomplishing a 5% reduction in our TRIR, but not the 10% we set out to achieve. Given our 2018 performance and historically low TRIR, we are pleased with any improvement, but continue to strive towards Zero.
<b>High Potential Incident (HPI) Reporting</b> <i>Site target of 1 HPI Part 2 for every 200 workers for low consequence incidents.</i>	●	HPIs help to promote a culture of proactive reporting and allow us to learn from incidents. In 2019, we increased the required HPIs per site, with all sites successfully surpassing their stretch target of reporting and follow up investigations.



Targets	Performance	Comments
<b>Environment</b>		
<b>Significant Environmental Incidents</b> <i>No incidents reaching beyond the sites boundaries and/or remediation taking longer than a year.</i>	●	2019 marked the fifth year without a significant environmental incident at any of our operations.
<b>Environmental KPIs</b> <i>Integration of Environmental KPIs throughout Yamana.</i>	●	This target was achieved in 2019 with successful monthly reporting of new risk-based Environmental KPIs throughout Yamana. The Environmental KPIs aim to improve internal communication of key environmental aspects and set internal targets to maintain environmental compliance. The KPIs are communicated to site management, the corporate Senior Executive Group, and the Board of Directors.
<b>Community</b>		
<b>Significant Community incidents</b> <i>No incidents requiring significant support or involvement from a third party and/or threatens social license to operate.</i>	●	In 2019, we continued our record of having no significant community incidents.
<b>Social License to Operate Index</b> <i>Strategy and action plans.</i>	●	The SLO Index was successfully launched at all relevant sites in 2018. In 2019, this target was to incorporate data collected through the SLO Index into tangible strategies and action plans for the site. In 2019, this indicator was achieved across the organization.
<b>Tailings</b>		
<b>Tailings Management Review</b> <i>A review of Yamana tailings management against global best practice.</i>	●	In 2019, Yamana conducted a review of our tailings management protocol against global best practice in order to identify additional areas for improvement in this evolving field. The findings helped shape our 2020 strategy, which includes reporting against the Mining Association of Canada's <i>Towards Sustainable Mining Initiative</i> .

● Targets Achieved    ○ Targets Not Achieved

In 2020, we intend to maintain many similar targets to 2019, in addition to targets surrounding the implementation of Towards Sustainable Mining and the Responsible Gold Mining Principles. Finally, in 2020, we intend to include targets on greenhouse gas emissions.



Our vision of **One Team, One Goal: Zero** for health and safety, environment and community (HSEC) is intended to empower our employees to demonstrate and embed HSEC leadership across the organization. Sharing this important goal aligns our team performance and culture across all departments at all of our operations.

## 2019 Highlights

- All sites met their 2019 HSEC Improvement Plan target.
- Atacama Regional Mining Health and Safety Association awarded Outstanding Joint Committee on Hygiene and Safety award to our El Peñón operation.
- Employee awarded “Entrepreneur of the Year Award” in Argentina by Panorama Minero.
- Childhood Brazil awarded Jacobina for a program focused on helping communities address issues of child sexual exploitation.

## Strategy

### One Team, One Goal: Zero

What does our vision *One Team, One Goal: Zero* mean to Yamana? It 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 HSEC Performance. The 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 towards the complete integration of HSEC responsibilities throughout the entirety of our company.

We developed this innovative framework in 2016, using international best practice in order 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.

## 5 Pillars of the HSEC Management Framework



While the original set of standards and procedures remains in place as useful operational reference points, 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 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 the inability to use them to influence future behavior or

## Executive Compensation

Measuring our performance



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.

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.

Site and corporate leaders regularly participate in HSEC activities to demonstrate their 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. The HSEC Performance Index 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.

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

**Leading Indicators**

Developing Site-Specific HSEC Improvement Plans





In 2019, the site compensation HSEC Performance Index included:

- Completion of site-specific HSEC Improvement Plans;
- Reporting of high potential incidents (HPIs) and their subsequent incident investigations;
- Environmental incidents; and
- Social incidents.

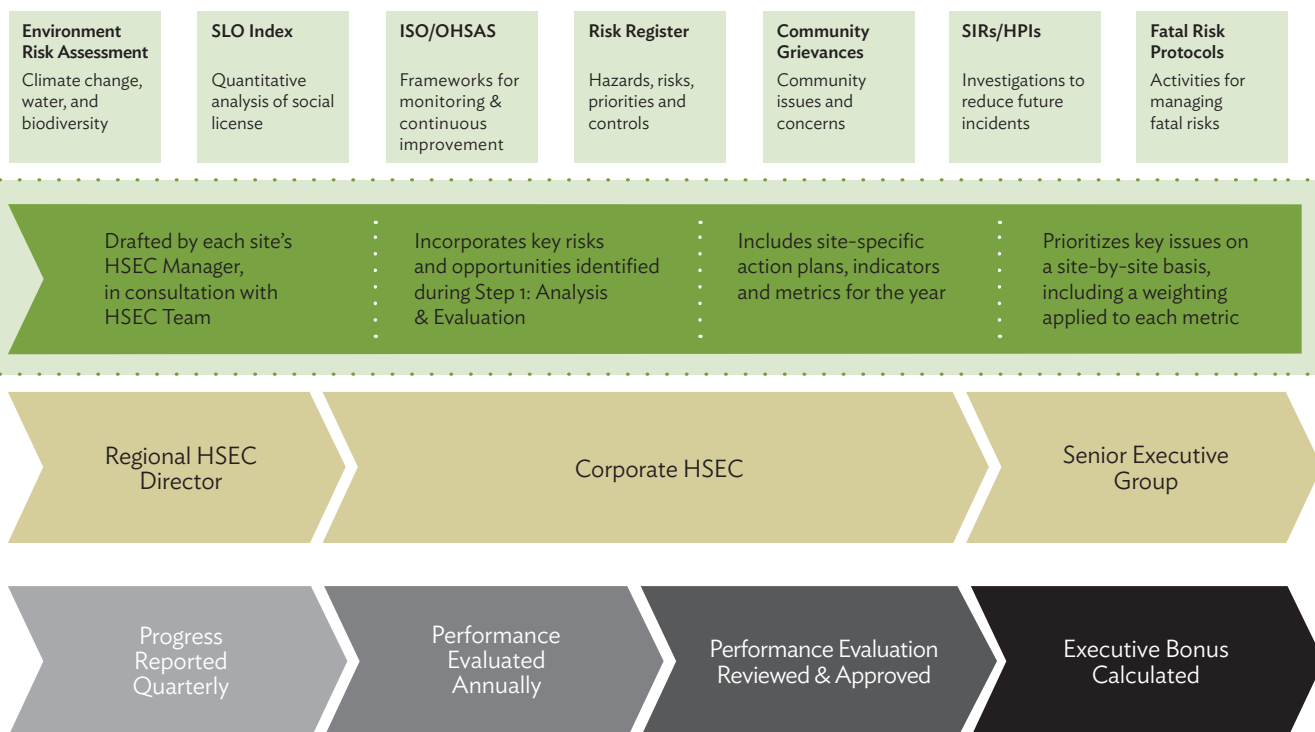
In 2019, the executive compensation HSEC Performance Index included:

- All indicators relating to site compensation;
- 10% Total Recordable Incident Rate (TRIR) reduction;
- Integration of Environmental KPIs in corporate reporting;
- Tailings management review against global best practices;
- Social License to Operate Index results integrated into strategy and action plans at the site level.

## Performance

Measuring our HSEC performance is critical to meeting our vision of Zero. With this goal in mind, we created the HSEC Performance Index, a detailed set of indicators used to define and measure sites performance in key areas. A primary element of the Performance Index is the HSEC Improvement Plans. These plans are a comprehensive tool that each site uses to identify key risks and opportunities and to monitor overall HSEC performance. The Improvement Plans are revised annually, based on the previous years performance, to ensure continuous improvement and ensure that focus and attention is given to aspects that become topical.

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

A variety of inputs are considered to develop each sites' HSEC Improvement Plan. 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.

### Step 3: Review and Approvals

The HSEC Improvement Plans are reviewed, updated and approved by management on an annual basis. Reviews and approvals include the site General Manager, regional and corporate HSEC. Once these plans are approved, they are integrated into the overall site plans and budgets, which are in turn approved by senior management and the Board of Directors.

### Step 4: Measurement and Evaluation

**Completion of the HSEC Improvement Plan is heavily compensated, making up 75% of site HSEC compensation,** as well as being linked to 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 to both the corporate HSEC team as well as the Senior Executive Group. The results are verified annually by the HSEC Regional Director with these reports being approved by corporate management and the Senior Executive Group in order to ensure an accurate reflection of performance.

## Governance

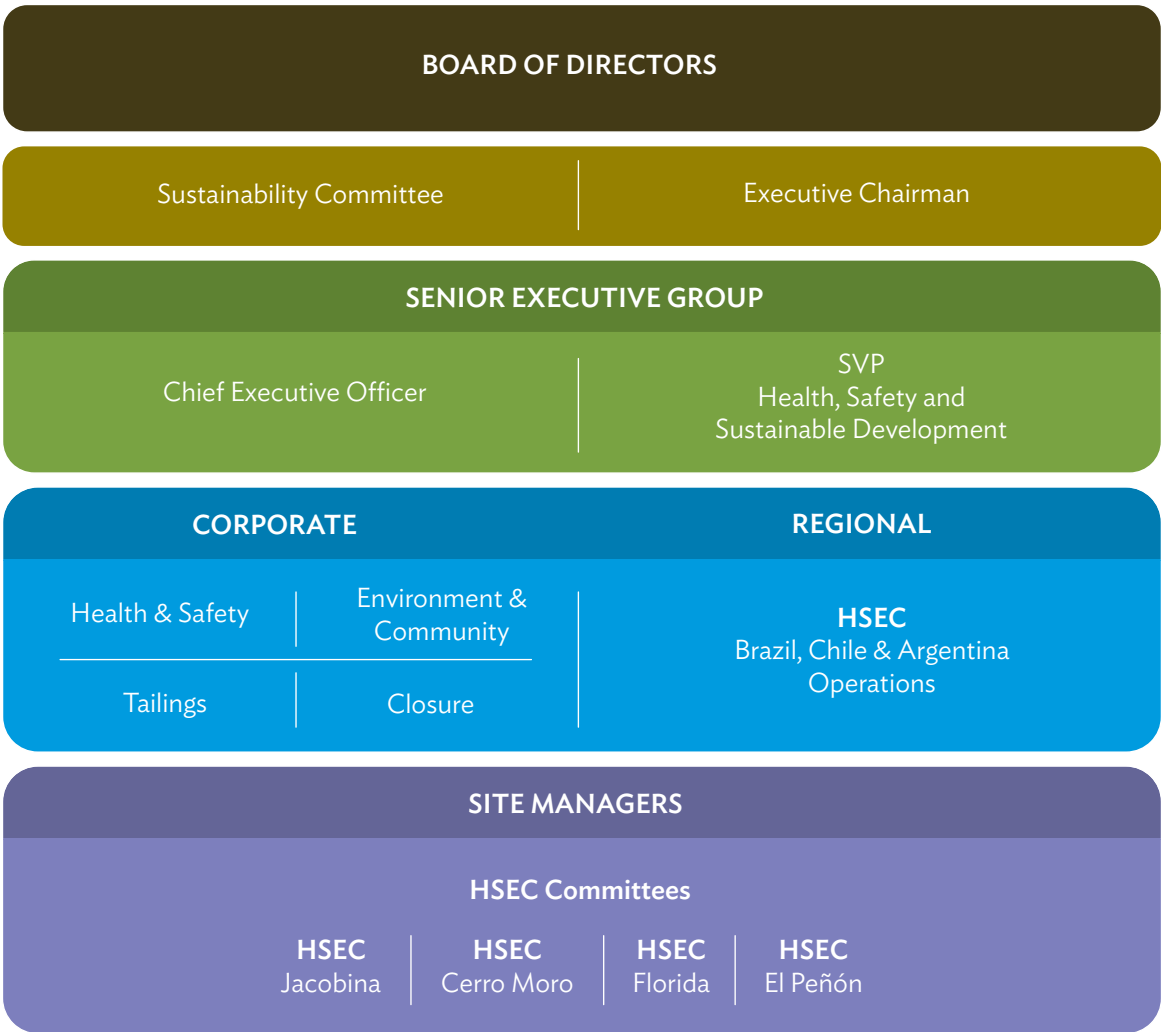
At the site level we have dedicated HSEC teams that provide regular reports to both site General Managers (GM) as well as a corporate level Regional Director and the corporate HSEC team. These site level teams are comprised of dedicated Health, Safety, Environment and Community Relations professionals 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 Director on an almost daily basis.

Yamana has a Regional HSEC Director who is a direct liaison between site HSEC teams and the corporate HSEC team. This individual assists in the site strategy development, reporting, permitting as well as assisting with any HSEC-related issues that arise. The Regional Director provides regular updates to the corporate HSEC team, the Senior Vice President of 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, as well as a Senior Manager of water and mine reclamation, a Manager and an Analyst of HSSD. 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.

Governance

Ensuring HSEC accountability at all levels of the organization



Inputs	Description
<b>HSEC Management Framework</b>	<ul style="list-style-type: none"> <li>• Based on industry best practice.</li> <li>• Serves as a guide for sites to plan their HSEC activities.</li> <li>• Outlines key focus areas that sites conduct gap analysis against in order to develop improvement plans.</li> <li>• <i>More information provided in the strategy section.</i></li> </ul>
<b>Environmental KPIs</b>	<ul style="list-style-type: none"> <li>• Site-specific indicators that focus on each sites' top environmental risks (regulatory, legal, perception or operational).</li> <li>• Increased visibility of environmental risks for site and corporate management.</li> <li>• Include noise, dust, water quality and availability, tailings management and reclamation activities.</li> <li>• Established thresholds ensure that key risks are clearly communicated and performance is tracked.</li> <li>• Allows for proper planning and ensures accountability for site and executive management.</li> <li>• <i>More information provided in the climate change, water and biodiversity sections.</i></li> </ul>
<b>Environmental Risk Assessment</b>	<ul style="list-style-type: none"> <li>• Comprehensive climate change, water and biodiversity risk assessment completed in 2018 and considered relevant in 2019.</li> <li>• Provides insight into key risks, potential consequences, the level of preparedness at each site, and the perceived likelihood of occurrence.</li> <li>• Identifies operational challenges in how our most critical risks are addressed and proactively managed.</li> <li>• <i>More information provided in the climate change, water and biodiversity sections.</i></li> </ul>
<b>Social License to Operate Index</b>	<ul style="list-style-type: none"> <li>• Introduced across relevant sites in 2018.</li> <li>• Industry-leading approach that allows us to quantitatively measure our social license on a site-by-site basis.</li> <li>• SLO score calculated quarterly using surveys that provide ongoing and comprehensive data on community perception of the company.</li> <li>• 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.</li> <li>• Feedback is incorporated into community relations strategy and action plans.</li> <li>• <i>More information provided in the community relations section.</i></li> </ul>



Inputs	Description
ISO/OHSAS	<ul style="list-style-type: none"> <li>• Industry best practice international environmental and occupational health and safety management systems.</li> <li>• Regularly audited against by a third party to ensure compliance.</li> <li>• All sites are ISO 14001 and OHSAS 18001 certified, with the exception of Cerro Moro, which, as a new operation, is in the process of obtaining certification.</li> <li>• <i>More information provided in the health and safety, and external standards and certifications sections.</i></li> </ul>
HSEC Risk Register	<ul style="list-style-type: none"> <li>• Active risk registers maintained at site include hazards, risks, priorities and controls in place.</li> <li>• Site HSEC and general management constantly update registers.</li> <li>• <i>More information provided in the health and safety section.</i></li> </ul>
Community Grievances	<ul style="list-style-type: none"> <li>• Provide important insight into community perspectives and priorities.</li> <li>• Community concerns are actively and continuously addressed to ensure our social license is maintained.</li> <li>• <i>More information provided in the community relations section.</i></li> </ul>
SIRs / HPIs	<ul style="list-style-type: none"> <li>• Reporting of Significant Incidents (SIRs) and High Potential Incidents (HPIs).</li> <li>• Important tool for monitoring and improving health and safety performance.</li> <li>• In-depth incident investigations determine the root cause and follow-up actions.</li> <li>• <i>More information provided in the health and safety section.</i></li> </ul>
Fatal Risk Protocols	<ul style="list-style-type: none"> <li>• Based on an in-depth review of industry fatalities.</li> <li>• Guides our approach to understanding and managing fatal risks.</li> <li>• Establish minimum performance expectations for each employee.</li> <li>• Controls and performance are measured to improve risk management.</li> <li>• <i>More information provided in the health and safety section.</i></li> </ul>

In addition to our corporate HSEC team, Yamana employs a Director of Tailings Management. The director prepares monthly technical evaluations and stability analysis reports. The Director of Tailings Management has an indirect reporting line to the Executive Chairman, on behalf of the board, and a direct reporting line to the Senior Vice President of Health, Safety and Sustainable Development.

The SVP HSSD helps implement policies and strategies, promotes dialogue on Yamana's mission, and vision, 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 Group and ultimately the Board of Directors. The SVP HSSD reports directly to the CEO and provides monthly, quarterly, and ad hoc updates to the Board of Directors.

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

**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 4 members from various backgrounds in order to ensure diverse experience and thorough oversight.

The Executive Chairman provides a liaison between the Board of Directors and the management of the company, establishes the strategic direction of the company, and acts in a mentoring and advisory capacity to the President and Chief Executive Officer and other senior members of management. The Executive Chairman is directly

responsible for reinforcing the merits of evaluating company performance across various return measures, including ESG. The Executive Chairman acts in a senior capacity representing the company to key governments and other stakeholders. The role also provide direct guidance to management, and to the President and Chief Executive Officer in particular, in relation to various stakeholder considerations, and to the company's Corporate Social Responsibility mandate. Oversight and advice is provided on the company's communications strategy, including in relation to social media. *More information on the role and responsibilities of the Executive Chairman can be found in the Management Information Circular.*

## Policies and Standards

At Yamana, we have over 85 internal 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 more in-depth in the Business Ethics and Human Rights section of this report.*

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 system 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.

In addition to our rigorous internal standards, Yamana complies with a variety of external standards and certifications. More information on these can be found in our external standards and certifications section.



Together with our internal standards and management approaches, we also maintain a number of external commitments and certifications.

**The landscape of external standards and certifications is continuously evolving;** our approach on selecting which standard to apply at our sites consists of understanding the value of each standard in terms of improving our performance, managing risks and understanding stakeholder needs.

### 2019 Highlights

- Cerro Moro completed a pre-audit for the international cyanide management code.
- All sites are certified or obtaining certification under ISO 14001 and OHSAS 18001.
- Assured under the Conflict Free Gold Standard.

All of our sites are certified under ISO 14001, Environmental Management Systems and OHSAS 18001, Occupational Health and Safety Management Systems, with the exception of Cerro Moro, which, as a new operation, is in the process of obtaining certification. In addition, Yamana is a signatory of the International Cyanide Management Code, as such, our sites are compliant with the cyanide code, with the exception of Cerro Moro, which has three years from start of operation to become certified. The site has conducted a pre-audit with the aim to be fully compliant and audited in 2020.

In addition, as members of the World Gold Council, we assure that our gold does not contribute to conflict through the completion and assurance of our 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 assured by Deloitte and available at any time on our website.

In September 2019, the World Gold Council released the Responsible Gold Mining Principles (RGMPs). This over-arching framework sets out clear expectations as to what constitutes responsible gold mining and is designed to provide confidence to investors and supply chain participants that gold has been produced responsibly. Yamana is committed to produce gold in a responsible manner. In order to demonstrate that commitment, the company has endorsed the Responsible Gold Mining

Principles developed by the World Gold Council and will begin implementation in 2020.

In 2017, Yamana became a member of the Mining Association of Canada (MAC). MAC's Towards Sustainable Mining (TSM) protocols aim to enable mining companies to meet society's needs for mineral, metals and energy products in the most socially, economically and environmentally responsible way. TSM is globally recognized as an industry leading practice, and has been adopted by various national mining associations outside of Canada. We have voluntarily decided to implement the TSM protocols at our sites. The implementation will follow the 3-year implementation schedule as set out by MAC, starting with a self-assessment against all protocols, which will be done in 2020.

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, as well as the Voluntary Principles on Security and Human Rights.

Yamana has been reporting against the standards developed by the Global Reporting Initiative (GRI) since 2007 and we have also voluntarily reported to the Carbon Disclosure Project (CDP) since 2016.

Yamana also remains a member of various industry organizations such as:

- 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

## External Frameworks

<b>Towards Sustainable Mining Protocols</b> <ul style="list-style-type: none"><li>• Indigenous and Community Relationships</li><li>• Crisis Management and Communications Planning</li><li>• Safety &amp; Health</li><li>• Tailings Management</li><li>• Biodiversity Conservation Management</li><li>• Energy &amp; GHG Emissions Management</li><li>• Preventing Child and Forced Labour</li><li>• Water Stewardship</li></ul>											
<p><b>ISO 14001</b> is an international framework for an effective environmental management system and is reflective of the current environmental context. This framework helps our sites improve resource efficiency, reduce waste, reduce environmental costs and reduce our environmental impact.</p> <p><b>OHSAS 18001</b> is also an international framework focusing on occupational health and safety management. It aims to help organizations identify,</p>	<p>control and decrease risks associated with health and safety in the workplace.</p> <p><b>The International Cyanide Management Code</b> is a voluntary standard where gold and silver mining industries, cyanide producers and transporters can become certified. The cyanide code focuses on safe and responsible use, handling and transportation of cyanide to ensure the health and safety of employees as well as protection of the environment.</p>										
<b>Responsible Gold Mining Principles</b> <p>A coherent framework defining responsible gold mining focuses on 10 areas of importance to investors and consumers, building on existing frameworks and initiatives.</p> <table><tr><td>1. Ethical conduct</td><td>6. Labour rights</td></tr><tr><td>2. Understanding our impacts</td><td>7. Working with communities</td></tr><tr><td>3. Supply chain</td><td>8. Environmental stewardship</td></tr><tr><td>4. Safety and health</td><td>9. Biodiversity, land use and mine closure</td></tr><tr><td>5. Human rights and conflict</td><td>10. Water, energy and climate change</td></tr></table>		1. Ethical conduct	6. Labour rights	2. Understanding our impacts	7. Working with communities	3. Supply chain	8. Environmental stewardship	4. Safety and health	9. Biodiversity, land use and mine closure	5. Human rights and conflict	10. Water, energy and climate change
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Yamana operates in four different countries throughout the Americas, which are considered some of the world's most stable mining jurisdictions. With the scale of our operations, we have inherent responsibilities to our employees, shareholders, communities and local governments to ensure we operate ethically and responsibly.

## 2019 Highlights

- 
- 38% of board of directors are women.
- 
- 24% women in management.
- 
- 100% security personnel received human rights training.
- 
- No human rights related grievances.

## Responsibility for our Workforce

Responsible business ethics start with ensuring Yamana is a good place to work for all employees. **All full-time Yamana employees receive benefits** that 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, with adequate vacation, personal and bereavement days as well as opportunities to work remotely when appropriate. Additionally, 80% of our employees are covered by collective bargaining agreements and all employees have the right to collective bargaining.

We regularly conduct employee engagement surveys across our company to ensure employees' needs are being met and heard, with this information being communicated back to the employees. Currently, Yamana has a 95% engagement rate amongst our employees, a steady increase over the last 8 years.

## 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 are as follows:

### Argentina

35 hours

### Brazil

42 hours

### Chile

66 hours

*Training hours are provided equally to all individuals regardless of gender.*

## Policies

We ensure our operations, as well as corporate and regional offices, operate to the highest degree of business ethics through the use of extensive internal policies. All employees are trained on these policies, with refresher training required regularly. 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:** This encompasses 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 officials from giving or offering anything of value to government officials, political parties or employees, as well as various other individuals and activities. Yamana complies with Canada's Corruption of Foreign Public Official Act and the U.S. foreign Corrupt Practices Act. *More information on these policies can be found within the Code of Conduct available on the Yamana website.*

**Human Rights:** Yamana upholds the highest standards for respecting and protecting the human rights of all individuals affected by Yamana 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 by phone or through the Yamana website. The helpline is confidential and may be reported to anonymously.

**Diversity Policy:** Yamana recognizes our commitment to the principles of diversity and the importance of diverse cultural and geographic backgrounds, age, skills, experience, and gender. This policy focuses on incorporating diversity aspects in hiring of director and senior leadership candidates, including executive officers, who have the core skills and qualities to serve on our board or executive management team.

*Additional information on our corporate policies are available in our Code of Conduct and on our website [www.yamana.com](http://www.yamana.com).*

Supplier Business Ethics

**Yamana holds our suppliers to the same high degree of business ethics as ourselves.** Prior to contracts being **awarded**, all suppliers must sign and comply with Yamana’s Code of Conduct, which covers the previously mentioned topics as well as clauses on environmental stewardship, health and safety, and community involvement. In addition to the Code of Conduct, the local HSEC team provides HSEC topics as criteria for evaluation according to the material/service related to the respective bidding. In addition, in 2019 Yamana began the process of implementing an additional system for supplier management, which includes risk assessment on additional HSEC indicators.

External Certification and Assessment

To supplement our policies, all of our sites have been assessed by a third party for bribery and corruption risks, which includes ongoing audit reviews, testing, and monitoring, with anti-bribery and anti-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 anti-corruption training, along with our senior executives.

A primary standard we comply with is the World Gold Council’s Conflict Free Gold Standard, which enables organizations to assure 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 submitted to the Government of Canada. **This Act is an equivalent level of reporting to the Extractive Industries Transparency Initiative (EITI) Standard** and aims to increase transparency by ensuring companies report annually on payments to all levels of

government. More information regarding ESTMA and its equivalency to EITI is available on the EITI website at <https://eiti.org/supporter/canada>.

More information on external programs to which Yamana complies can be found in the external standards and verifications section of this report.

Diversity and Inclusion

**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. Yamana’s goal is to employ a diverse workforce, and recognize the importance of gender diversity and the challenges that the mining industry faces to successfully implement diversity initiatives. In 2019, we had no reported incidents of discrimination across our organization. We are currently evaluating new initiatives aimed at increasing gender diversity at all levels of the company, including the senior executive level. Currently, 38% of our Board of Directors are women, and we have had a 60% increase of women in management since 2017.

Employee Gender Diversity

	2017	2018	2019
Senior vice presidents	1	1	1
Vice presidents	2	2	2
Directors	9	9	9
% of women in management	15%	20%	24%

At a local level, we have been successful in hiring more women in positions that were typically held by men. Additionally, our Jacobina operation has a Women’s Sustainable Diversity Program that monitors the number of women employed at the site and identifies career opportunities, with the objective to increase the number of women in all areas.

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



**2019 was our fourth consecutive year achieving a reduction in our Total Recordable Incident Rate (TRIR)** with a decrease of 5% on an already low TRIR of 0.6 in 2018, as well as a decrease of 7% in our Lost Time Injury Frequency Rate (LTIFR) and zero fatalities. This progress towards our goal of zero demonstrates a continued prioritization of health & safety at our operations and the shared values of our employees.

### 2019 Highlights

- No fatalities in 2019.
- All sites met or surpassed their stretch targets for HPI reporting.
- Achieved a 5% reduction in Total Recordable Injury Rate.
- Achieved a 7% reduction in our Lost Time Injury Rate.
- Introduction of a 10<sup>th</sup> Fatal Risk Protocol.

### Strategy

**Our vision of *One Team, One Goal: Zero* guides our health and safety strategy. Three main elements drive our strategy, which include** focusing on managing high risk activities, implementing the HSEC Improvement Plans focusing on leading indicators and creating a culture of safety in the organization.

### Risk Management

Risk management is the fundamental aspect of Yamana's approach to health and safety. Sites, with support from regional and corporate teams, identify which risks are most likely to affect them, and create strategies to prevent, control and mitigate those risks through the HSEC Improvement Plans. In addition, a formalized risk management approach aligned with the Global Mining Industry Risk Management (GMIRM) framework is used to anticipate, identify, quantify and control risks in our workplaces.

Prior to starting work with Yamana, or conducting a new task, all employees receive training on hazard identification and risk assessment as well as procedures for task-specific risk assessments. Tools such as Field Level Risk Assessments and Job Hazard Analyses are part of the first line of defense to prevent health and safety incidents. This concept is further expanded on in the Risk Management section.



At a corporate level, the company assists sites in managing risks through providing frameworks, capacity building opportunities and acting as a resource to help identify and promote information sharing across the organization.

### **HSEC Improvement Plans**

As a company, we place a strong emphasis on leading indicators across all disciplines of HSEC. This started with the implementation of our HSEC Management Framework in 2016. The Framework outlines our company-wide approach to health and safety and all other aspects of HSEC in order to improve performance and align sites with the top performers in the industry. This framework combines best practice, and allows sites to approach HSEC in a site-specific manner while operating in line with the company expectations. *See the Governance section of this report for more information on the Framework.*

Using the framework as guidance, sites create HSEC Improvement Plans, which are based on each operations' unique risks and challenges and focus on the activities that have been proven to reduce risks. The set of 'leading' activities or leading indicators within the HSEC Improvement Plans drive performance and but also create valuable data that can be used to help manage risks in the future. The data generated from the HSEC Improvement Plans shows us where sites need to focus special attention and/or allocate additional resources in order to drive performance and mitigate risks.

The site-specific indicators allow us to incentivize the completion of actions proven to reduce risk, not simply reduce incidents.

### **Culture**

Yamana ensures health and safety is embedded throughout the company culture at all levels through a variety of activities. One prominent way in which we do this is through Visible Felt Leadership (VFL) across all sites, corporate and regional offices. This concept guides our leadership actions at Yamana, by encouraging people

from all levels of the organization to promote health and safety through their visible actions every day. Through VFL, leaders demonstrate the importance of our employees' safety through listening and validating that the controls in place are useful to manage risk. This, as well as participating and encouraging a variety of health and safety activities throughout the site, demonstrates that the goal of zero is everyone's responsibility and a priority for the company.

In 2019, we also implemented the Corporate HSEC Leadership Passport Initiative with the intent of promoting VFL throughout the regional and corporate offices during site visits. The passport is a tool which helps guide employees on how to interact on topics of health and safety, as well as demonstrate health and safety leadership while at a Yamana site. It includes examples of risk assessments, questions to ask, and activities for office employees to participate in while at site, in order to continue to support the company's culture of safety being everyone's responsibility. All corporate and regional office employees who travel to site were provided training on the passport and encouraged to use it throughout their visits at site to demonstrate a continued focus and prioritization of health and safety. The Passport does not replace the traditional health and safety training that visitors receiving upon arriving at site, but acts as a supplement to better engage with site employees.

We also drive culture change through sharing and discussing learnings amongst sites. Since 2016, we have been putting a focus on reporting High Potential Incidents (HPIs) of low actual consequences. We incentivize HPIs as a means to encourage reporting of low actual consequence events. These provide us with an opportunity to understand missed controls in events where an employee was not injured, thereby ensuring controls can be put in place to prevent injury in the future from a similar event. These incidents are shared with the Senior Executive Group, and on a monthly basis sites are able to discuss their learnings with other sites. More on incident reporting can be found in the Significant Incident Reporting part of this section.

### Linking Health and Safety Performance to Compensation

Our most important health and safety targets are linked to the compensation of both operations and the corporate office.

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. This strategy has worked well in previous years, and we continued in 2019 with similar, though harder to reach targets for each site. These leading indicators are monitored by site and corporate executives on a quarterly basis in order to ensure that sites are on track and are providing value to the sites. Having both uniform and site-specific compensation targets ensures that each site is 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 performance on lagging indicators remains a component of our journey to zero, and ensures that should health and safety performance worsen, compensation is impacted. While we did have a decrease in TRIR in 2019, we did not reach our reduction target of 10%, meaning executives did not receive the full portion of this component of their bonus. *For more information on our compensation, please see the Management Information Circular available on our website [www.yamana.com](http://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 as well as eliminate risks wherever possible. Some examples of the different ways in which risk is managed throughout the organization is highlighted in the boxes below:

#### Worker/Supervisory Level:

- All employees and contractors are trained to identify, and mitigate risk prior to starting a task
- Task-specific training
- Have right to refuse unsafe work
- Field-level risk assessments

#### Management Level:

- Trained to identify and mitigate risk
- Ensure proper systems for change management
- Maintain risk register
- Incorporate lessons learned across sites
- Visible Felt Leadership (VFL)

#### Corporate & Executive Level:

- Participate in prevention through design
- Demonstrate Visible Felt Leadership – HSEC Leadership Passport
- Develop strategies and protocols

## Fatal Risk Protocols

Yamana Developed 9 Fatal Risk Protocols (FRPs) in 2017, with a 10th, underground fires, added in 2019. The protocols target higher-risk activities with the potential to cause fatal injuries, and establish minimum performance expectations for managing these risks. An additional component of these protocols are Life Saving Controls (LSC) which further focuses on the controls within the FRPs that are most likely to prevent the loss of life. These are the controls that are most regularly verified to be in place working effectively.

## 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, proper safety protocols, 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 materials storage and use, safe driving procedures, the obligation to refuse unsafe work, and an introduction to Yamana's Fatal Risk Protocols. In addition, increasing the quality of Incident Cause Analysis Methodology (ICAM) investigations was a priority in 2019. To ensure lessons learned are shared across Yamana sites, and to prevent recurrence of incidents, HSEC leaders received additional training and participated in an ICAM Masters workshop. ICAM training was also provided to corporate and exploration representatives who hold an active role in the ICAM process.

## Significant Incident Reporting

All sites follow the Significant Incident Reporting (SIR) procedure, which aims to generate learnings from incidents in order to be shared throughout the operation and across our sites in an effort to reduce the chances of reoccurrence.

## 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



Underground Fires

Incident investigations are completed on all actual and potential significant incidents using ICAM which sites utilize to determine the root cause of an incident, such as absent or failed defenses, organizational factors, or environmental conditions. 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. In 2019, a quarterly conference call was led by our SVP Operations, and attended by our site General Managers, in order to review significant incidents. The purpose of the call is to further embed the lessons learned into the organization.

The learning process embedded in the SIR procedure also helps generate a workplace culture that encourages not only incident reporting, but also the reporting of conditions and situations that could lead to an accident, HPIs. We believe that HPI reporting is such a critical part of developing a strong safety culture at operations that we linked HPI reporting to performance compensation. For more details on how we link HSEC to operational and executive compensation, please see the governance section of this report.

Through the use of HPIs, SIRs, and monthly and quarterly SIR meetings, we have improved knowledge sharing throughout the company, not only of the incidents themselves, but of the root causes and mitigation strategies, with the aim to ensure that a similar situation is not present at a different site. 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, and 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 H&S 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.

**Yamana ensures our approach to safety is constantly 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 practice.

### Performance

**In addition to having zero fatalities in 2019, we successfully reduced our LTIFR by 7% and our TRIR by 5%.** While we did not reach our goal of a 10% reduction in TRIR, we are proud of our continued reductions in recent years, having successfully reduced TRIR by 24% over the past 3 years. As we continue to reduce our TRIR, it becomes more difficult to see large year-over-year improvements in performance, however we continue to make progress towards our goal of zero. Through continual year-over-year improvement in performance, we are ensuring that Yamana is a safe place for all employees to work.

**In 2019, sites successfully surpassed their leading indicator reporting target** for the second year in a row.

This was no small task as we raised the bar on the leading indicator targets over last year. We continue to emphasize leading indicators, as we believe they play a significant role in our sites' health and safety accomplishments each year. In addition to HPIs, each site identifies the leading indicators that are most relevant to their operation and builds them into their HSEC Improvement Plan, which is the most heavily weighted aspect of the HSEC component of site and executive compensation.

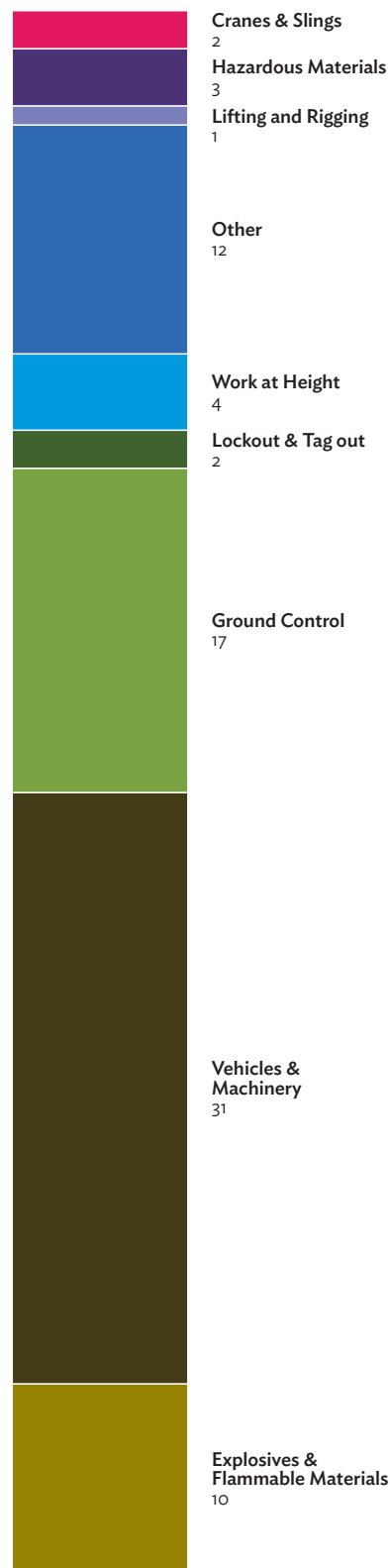
In 2019, HPIs accounted for 89% of total SIRs, an increase from the 75% reported in 2018. By reporting HPIs we can prevent a future incident before it happens, thereby decreasing lagging health and safety indicators such as TRIR and LTIFR.

Our SIRs are reported under each of the 10 Fatal Risk Protocols. In 2019, 37% of SIRs reported were related to vehicles and machinery, which is similar to our performance in 2018. In 2019 we focused on controls that could be used to help minimize these SIRs, including vehicle maintenance schedules, tools to reduce distractions and discussions with management to work to reduce similar incidents.

In addition, we saw a rise in SIRs related to ground control, or rockfall, with 21% of incidents reported being related to this fatal risk. To help address this and work to minimize future events, we worked with sites to help identify and manage ground control related risks, across operations.

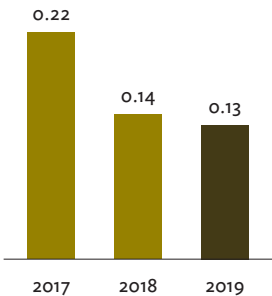
**This year, all sites completed at least 1 month without injuries of any kind.** This is an exciting milestone for all sites and demonstrates that zero is possible. In addition, El Peñón completed 3 consecutive months without an injury of any kind, and completed over 2 consecutive years without a lost time injury at the site. 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.

**2019 Significant Incident Report**

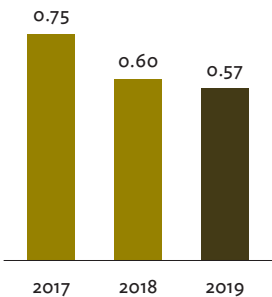




Lost Time Injury Frequency Rate



Total Recordable Incident Rate



Finally, our El Peñón site achieved “Triple Zero” 10 out of 12 months in 2019. Minera Florida and Cerro Moro both achieved 7 months, and our Jacobina site achieved 5 months of Triple Zero. A Triple Zero month is a month with no Lost Time Injuries, Restricted Work Cases or Fatalities.

At Yamana, we believe it is important that we ensure that both employees and contractors work safely. As such, all contractors must abide by the same strict health and safety standards as Yamana employees. Contractors are an essential and inevitable part of our operations, as such, we do not separately report on contractor performance but rather include it in our company results. Therefore, all of the data presented in this section is inclusive of both Yamana employees as well as contractors to provide a clear and accurate understanding of the health and safety standards at our sites.

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El Peñón completed more than two consecutive years without any lost time injuries.

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Our 2019 health and safety performance demonstrates our continued year over year improvements in key health and safety indicators towards 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 in order to improve our employees health and safety capacities and performance.



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 2019, we used the feedback generated by the industry-leading Social License to Operate Index, implemented in 2018, to measure and improve our engagement with local communities.

### 2019 Highlights

- 19.5% increase in Social License to Operate.
- Over 99% of employees come from host countries.
- 22,000 beneficiaries of Integrar Programs.
- 60% regional purchasing.

### Strategy

Our HSEC vision is *One Team, One Goal: Zero*, however, **our approach to community relations is to go beyond zero** and ultimately 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 to fully understand the concerns of our stakeholders, mainly our HSEC Framework and the Social License to Operate (SLO) Index.

### Incorporating Industry Best Practice Through our HSEC Framework

We set a benchmark of industry best practice through our Framework, which was introduced in 2016. As discussed in the Governance section of this report, the Framework draws 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
- Material Issues
- Feedback Management

#### **Impact Management**

- Impact Identification
- Impact Management
- Baseline Social Closure

#### **Benefit Management**

- Expectation Management
- Local Employment and Procurement
- Community Investment

Each site 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**

The SLO Index provides communities with a direct and comprehensive voice, while providing Yamana’s senior management a quantitative measure of each of the sites’ social license.

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 social

license. Traditionally, we gather that feedback through both formal and informal engagement platforms as well as through our grievance mechanism.

In 2018, we introduced an industry-leading tool for listening and responding to communities – the SLO Index. This tool quantitatively measures the social license at all of our sites, with the exception of El Peñón, which has no community within 200 km. The SLO Index is generated through an in-depth annual household perception survey and a series of quarterly mobile surveys, which provide ongoing and comprehensive perception data of the company and our performance. 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. The work is conducted by a specialized group within the Commonwealth Scientific and Industrial Research Organisation (CSIRO) of Australia under the principles of informed consent and using leading research in the field of social license.

These site-tailored surveys reach a wider range of stakeholders than what we can reach with our traditional stakeholder engagement activities, and allow for a more detailed analysis of feedback. The data generated from the SLO Index directly influences 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 a direct line of sight on the performance 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. See the Performance section for SLO index results and further analysis.

## Linking Community Relations to Compensation

Similar to our work with health and safety, we believe that linking community relations 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/action plan. These action plans incorporate the specific feedback generated from the SLO Index and other community engagements into 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. In 2019, executives received this portion of their bonus due to the sites' inclusion of data generated by the SLO Index into developing strategies and action plans. *More information on compensation can be found in our Management Information Circular on our website.*

## 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 team which report into the site's General Manager, as well as the corporate HSEC team, including the Senior Vice President of Health, Safety and Sustainable Development. 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 management of our community relations.

## 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 that we manage impact, maintain fair and transparent processes, and include stakeholders in decision making in order to maintain our social license.

The key principles of our social risk management are:

- Stakeholder Engagement
- Managing Impacts
- Grievance Management
- Local Employment and Procurement
- Community Investment

We have programs under these principles at each of our sites, which allows us to best interact with local communities and stakeholders based on local concerns, needs and vision. These principles are further explored in the performance section.

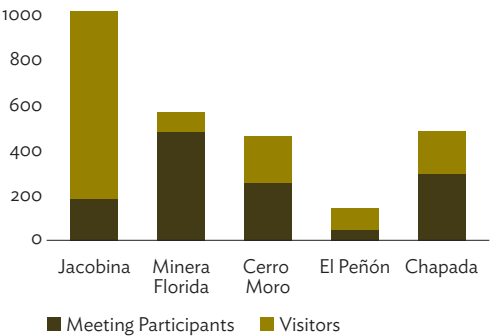
Effective community engagement is the mechanism that underlines all of these discussions. To Yamana, effective engagement means transparency and responsive dialogue – listening to, and acting on feedback from the community, and to the greatest extent possible, involving stakeholders in decision-making processes.

## Performance

### Stakeholder Engagement

**The goal of our community relations strategy continues to be proactive and transparent engagement with all of our stakeholders.** Through our stakeholder engagement strategies, we identify material issues for each stakeholder group and ensure they are actively engaged on issues that matter most to them.

Stakeholder Engagement Participants



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 2019, our sites held 57 formal stakeholder consultations, which is a 33% increase against their numbers in 2018, and reaching 50% more participants. This points to an increased interest by a greater number of participants across our sites.

**In 2019, we reached a total of 1,250 citizens through formal meetings. We hosted a total of 75 site visits, inviting over 1,400 visitors directly at our mines.** These *Open Doors* programs demonstrate what life at a mine site is like, and the active policies and procedures we have in place to ensure the safety and wellbeing of our employees, communities and environment.

Feedback from the SLO Index indicates that all our sites have room to improve on the quality and quantity of contacts with the local community. Our local community engagement teams are using this feedback to improve this engagement and target topics that are of concern to the local communities.

2019 Stakeholder Engagement

	Formal Stakeholder Consultations	Open Door Visit
Jacobina	4	41
Minera Florida	30	6
Cerro Moro	15	10
El Peñón	3	8
Chapada	5	10
Total	57	75



## Measuring Social License<sup>1</sup>

The previous Strategy section outlines the innovative new tool we use for measuring social license. While it was originally piloted in 2017, we rolled out the SLO Index to all of our operations in 2018, with the exception of El Peñón, which has no nearby communities. In 2019, we used the information generated by the SLO Index to drive our community engagement strategy and improve our relationships.

### Social License to Operate Index Results

The results indicate strong acceptance of our presence within the local communities. They also show a relatively stable and improving social license at our operations compared to 2018, with a significant improvement at our Minera Florida operation. Highlights from each operation are presented in this section.

### Grievance Management

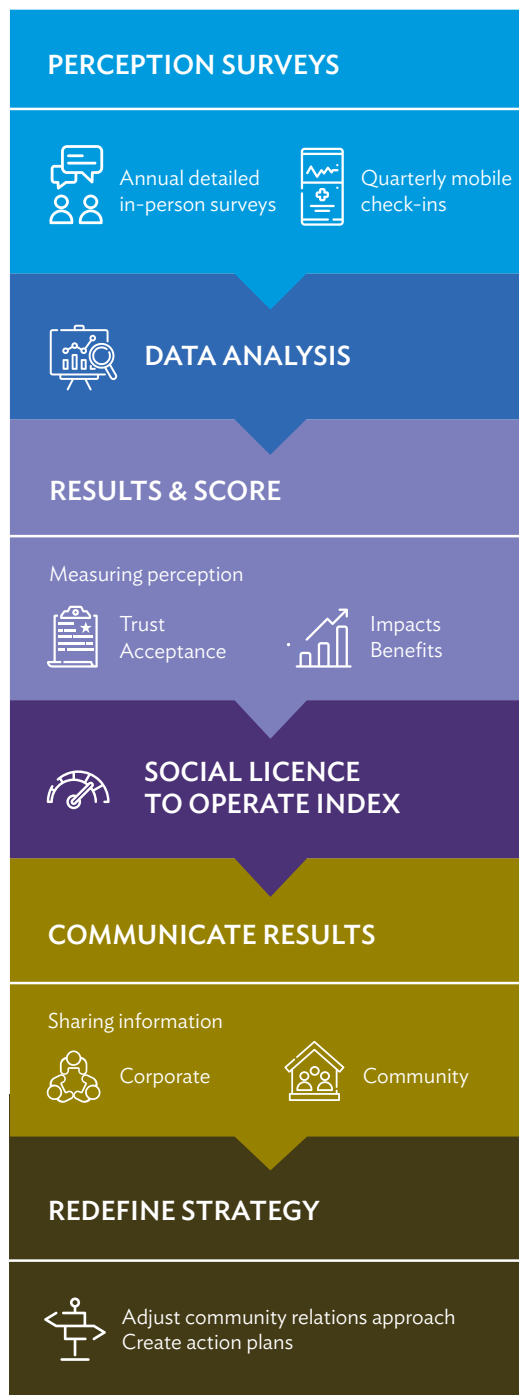
Through our active grievance mechanisms, we received a total of 87 grievances in 2019. This is a slight decrease from 2018 when we compare the data for our sites still under Yamana's ownership. Jacobina saw an increase in grievances, which can be explained by conducting work in new areas of the property, which increased questions and concerns. As well, we added an additional communication channel by which grievances can be received. All grievances are resolved through in person dialogue.

**We achieved a 100% grievance closeout rate again in 2019** 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.

<sup>1</sup> Although Chapada has implemented the Social License to Operate Index at the site, the data is not available for inclusion in our report.

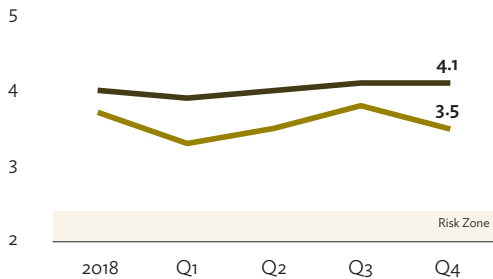
## Measuring our Social License

The SLO Index



## Social License to Operate

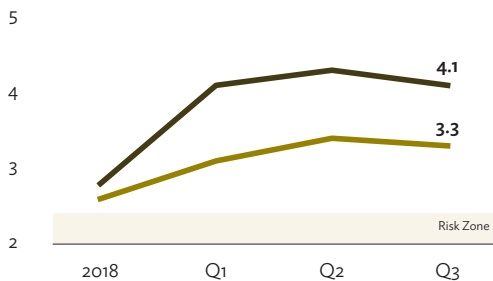
### Jacobina



#### Jacobina

- Excellent and stable acceptance
- Good and stable trust
- Highlights: High perception of fair benefits, positive impact on existing businesses, company shows respect of community views
- Areas to improve: quantity of engagement, perception of water impacts and dust impacts

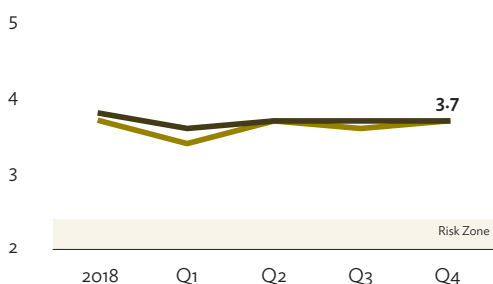
### Minera Florida



#### Minera Florida

- Very good acceptance
- Sound levels of trust
- Highlights: company shows respect of community views, quality of engagement, perception of social investment benefits, improved perception of dust impacts, positive impact on existing businesses
- Areas to improve: quantity of engagement, perception of water impacts

### Cerro Moro



■ Acceptance/SLO ■ Trust

5 - Very High    2 - Very Little  
4 - High        1 - None  
3 - Moderate

#### Cerro Moro

- Sound level of trust and acceptance
- Highlights: company shows respect of community views, perception of social investment benefits, high perception of fair benefits, improving perception of positive impact on existing businesses
- Areas to improve: quality and quantity of engagement, perception of water and dust impacts

The risk zone is based on CSIRO's research of other operating mines; to determine a threshold where the risk of active community opposition becomes likely.

Various programs are in place at our sites, specifically community environmental monitoring programs, which help our local communities understand the details of our monitoring programs. These programs were put in place partially as a response to the number of environmentally related grievances we receive. We hope that this increase in transparency on environmental issues results in greater trust with the community and reduced grievances.

### Total Grievances by Site

	Grievances
Jacobina	31
Minera Florida	21
Cerro Moro	17
El Peñón	0
Chapada	18
Total	87

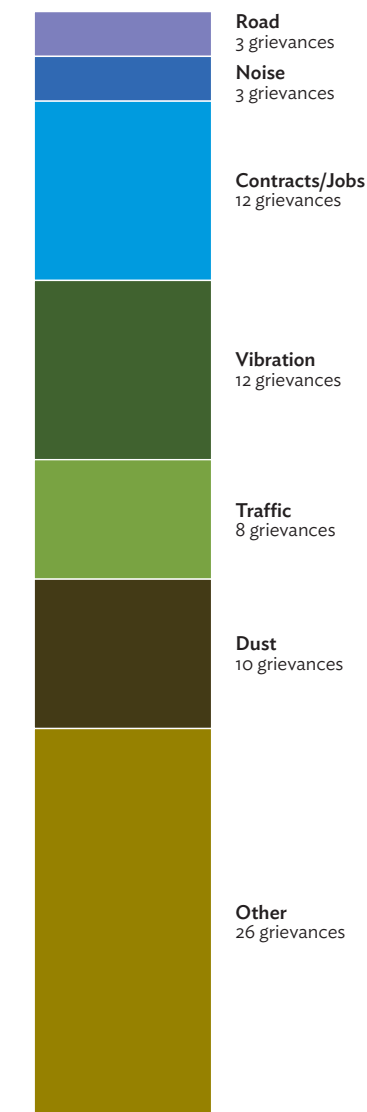
**While most of our sites are not in jurisdictions where human rights would be considered at risk**, we are proud to say that we did not have any grievances related to human rights or labour rights. Again, this year, we continue to incorporate consideration for human rights into our training, planning 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<sup>2</sup>

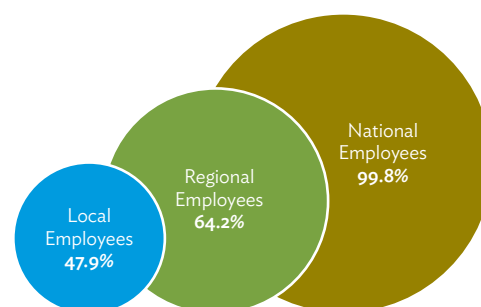
Local employment continues to be a top priority for both Yamana and our stakeholders, as it is one of the most impactful ways to bring benefits to host communities and to build the long-term capacity of the local workforce. In 2019, slightly less than half of our employees came

<sup>2</sup> Local employment numbers are calculated annually and do not consider Chapada

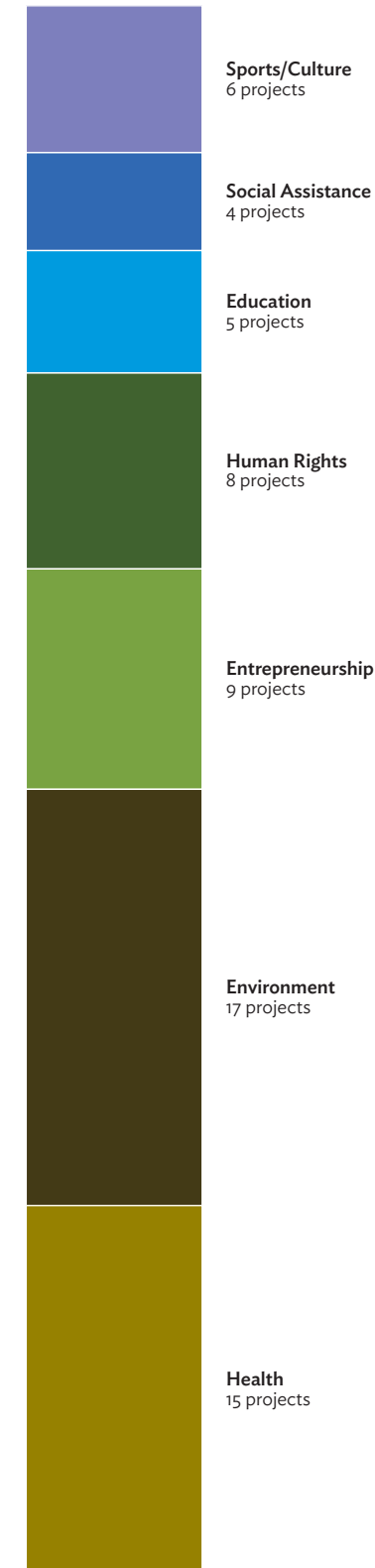
### Grievance Topics



### Workforce Breakdown



Integrar Programs



from local communities surrounding our mines. We also continued to maintain high levels of regional employment as well as having over 99% national employment.

Local Procurement<sup>3</sup>

Local procurement is a core component of our community relations strategy, with 60% of purchases for our operations coming from the region where our sites are located. Supporting local suppliers is a driver in providing economic benefit to our communities, as well as it increases employment and skills in order to generate long-term economic development for the area. It is Yamana’s policy to prioritize local and regional suppliers by implementing a cost strategy to leverage local supplier competitiveness. Yamana also works with local industry associations to best identify suppliers capable of meeting our needs and international standards. In 2019, Yamana maintained a high in-country procurement level, at 91%, spending over 630 million USD in procurement for our operations.

Community Investment

Across all sites, Yamana’s approach to community investment is completed through 3 main facets; the Integrar Program, which focuses on helping communities fill education, infrastructure and capacity gaps; the Partnership Alliance program, that provides a platform for company partnerships with local NGOs, and Direct Economic Contributions into new and existing community initiatives.

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

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

<sup>3</sup> Local procurement information is calculated on an annual basis and do not consider Chapada

**In 2019, over 22,000 people benefitted from over 64 Integrar Programs.** All programs are hosted in conjunction with local authorities in order to ensure local development and alignment.

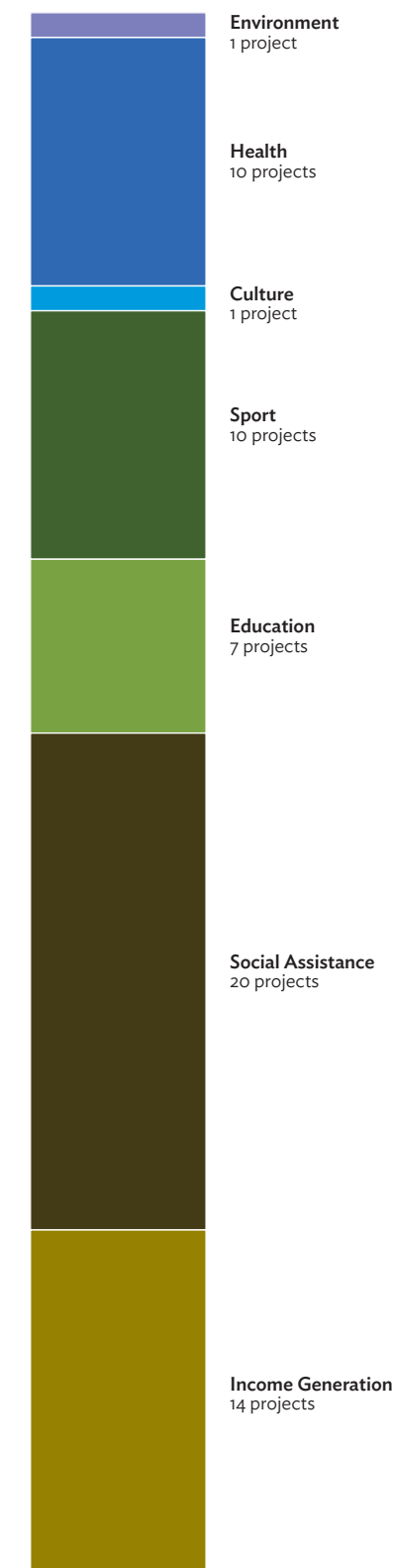
**In 2019, Yamana funded 63 projects, benefitting over 21,000 individuals through the Partnership Alliance Program.** This program partially funds community investment projects chosen by local citizens. Local enterprises submit applications for local and regional development projects in order to receive 85% of their required funding directly from Yamana. Projects are chosen based on community members votes for which projects are the most desired and will generate the most positive impact for the surrounding area.

Finally, Yamana offers direct economic contribution to our communities, with the goal of providing sustainable long-term local economic value. While our primary method of this 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. These facilitate local and regional economic growth and create long-term prosperity, which far exceeds the life of the mine. In 2019, we provided over 74 million dollars to the communities and governments where we operate.

#### Direct Economic Contributions (USD)

	Direct Community Investment	Donations & Sponsorship	Tax & Royalties
Argentina	4,186,153	174,358	11,650,688
Brazil	226,636	161,377	54,420,594
Canada	281,581	640,807	10,322
Chile	333,540	159,923	2,500,368
Other	-	-	114,963
Total	5,027,910	1,136,465	68,696,935

#### Partnership Alliance Programs by Topic





**Water is a shared resource and we are committed to responsibly managing this critical community resource.** Changes in the availability of, or access to reliable water sources is a key risk for Yamana and the industry in general as it is a critical component of the mining process. Water risks are managed on a site-by-site basis, with strong corporate oversight, and a continued focus on reusing and recycling water and preventing process water discharges to the environment.

### 2019 Highlights

- 
- 5<sup>th</sup> consecutive year with no material spills at any of our operations.
- 
- No process water was discharged in the environment.
- 
- Approximately 75% of our water used was sourced within our mines.
- 
- Total amount of recycled and reused water 2.8 times greater than total of water withdrawn.

### Strategy

The goal of our water strategy is to ensure operational water management efficiency, which means minimizing impacts on local water bodies, both in terms of quantity and quality. 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 identify, prepare for, mitigate and manage. Each site has unique water management strategies to address these risks and all mine sites aim to minimize their fresh water use through reducing total consumption and maximizing the use of recycled water, to minimizing the impact on the local water table.

In addition, we prevent the discharge of process water to the natural environment to reduce our impact on both human and aquatic life surrounding our operations. Overall, our water management strategy comprises four key components: efficiency, quality, climate adaptation and preparedness, and stakeholder engagement.

Strategy Component	Action Plans
<b>Efficiency</b> <i>Maximize efficiency and reduce raw water consumption</i>	<ul style="list-style-type: none"> <li>• Review of water management policies, and update as required.</li> <li>• Tracking and public disclose of water use, recycle and discharge rates.</li> <li>• Use of industry best practice framework – TSM’s <i>Water Stewardship Protocol</i>, to spur improvements in existing water management programs. (TSM Implementation planned to begin in 2020).</li> <li>• Identification of opportunities to improve the accuracy of water monitoring and reporting systems.</li> <li>• Water efficiency programs for each site.</li> <li>• Decrease of fresh water consumption, maximize recycled water use, and reduce total consumption wherever possible.</li> </ul>
<b>Quality</b> <i>Minimize effects on human and aquatic health</i>	<ul style="list-style-type: none"> <li>• Monitoring of water quality based on local regulations and industry best practice.</li> <li>• Review operations for impacts on water quality, both short-term and long-term.</li> <li>• Engagement with regulators and communities to ensure transparency in water quality monitoring programs.</li> <li>• Modification of infrastructure to ensure process water is safely contained.</li> <li>• If required, installation of water treatment systems to ensure water discharge does not affect downstream users.</li> </ul>
<b>Climate Adaptation and Preparedness</b> <i>Identify and understand our vulnerabilities</i>	<ul style="list-style-type: none"> <li>• Monitoring of regional weather patterns to understand potential short and long-term effects on availability and sustainability.</li> <li>• Adjustment of management plans and operational procedures to protect people, the environment, and physical assets.</li> <li>• Inclusion of potential water-related emergency events in site risk assessments and preparedness plans.</li> <li>• Continuous updates and testing of emergency response plans to ensure personnel are appropriately trained.</li> </ul>
<b>Engagement</b> <i>Communicate with local communities and stakeholders about key issues</i>	<ul style="list-style-type: none"> <li>• Establish open lines of communication with communities and key stakeholders around key thematic areas of water – quality &amp; quantity.</li> <li>• Disseminate results of the water quality and quantity monitoring.</li> <li>• Develop community-based water monitoring programs, including capacity building of community members to measure and understand water related indicators and regulations.</li> </ul>

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Cerro Moro and Minera Florida conducted community participatory monitoring programs throughout the year, focusing specifically on water quality and water quantity. This collaborative approach to monitoring increases transparency and helps strengthen our relationships with local communities.

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### Linking Water to Compensation

We ensure water indicators are linked to both executive and site level compensation. At the site and executive levels, water management indicators are included within the HSEC Improvement plans for each site. This helps to ensure that appropriate resources are allocated to address 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 2019, to complement the water indicators included in site HSEC Improvement Plans, the executive scorecard also included the integration of Environmental KPIs throughout Yamana, many of which focused on water. This increased transparency and reporting of site water management indicators to senior executives and the board in order to ensure higher levels of management and appropriate means were allocated to these indicators.

### Governance

**Key environment and water risks are reported monthly to the SVP Health, Safety, and 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 local regulations in order to ensure compliance and best practice management of both risks and opportunities on a day-by-day basis.

Site teams are supported 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 are incorporated into HSEC Improvement Plans.

Regular reporting on environmental and water indicators are provided to the Senior Executive Group, CEO and Board of Directors. The SVP Health, Safety and Sustainable Development as well as the CEO and Board of Directors approve all policy and strategy changes prior to implementation.

## Risk Management

In 2019, we continued our efforts to increase water efficiency, as water availability and water quality continue to be priority material issues to our stakeholders. Some

of our sites are located in water scarce areas, or in areas with distinct wet and dry seasons, requiring unique risk management strategies at each site. In 2019, Chapada experienced a dryer than average season, while Minera Florida suffered the effects of a severe drought. As such, water availability and sustainability are key operational risks and important material concerns for our local communities. In an effort to improve our understanding of specific risks and opportunities, in 2018 we completed a comprehensive water risk assessment for each of our sites. Here are some of the highlights on a site-by-site basis:

### Sites with Potential Risks

Potential Risks	Cerro Moro	Chapada	Jacobina	El Peñón	Florida	Risk Management Strategies
<b>Short-term availability</b> of water during the dry season or during drought conditions.		●	●		●	<ul style="list-style-type: none"> <li>Monitoring of on-site storage volumes to ensure sufficient water availability during dry season.</li> <li>Tracking of climate trends to identify potential future risks. Maximization of water recycle and reuse.</li> </ul>
<b>Long-term sustainability</b> of the water supply system due to low refill rates of the groundwater aquifer levels.	●			●		<ul style="list-style-type: none"> <li>Tracking and monitoring of groundwater levels and refill rates.</li> <li>Maximization of water recycle and reuse.</li> <li>Identification of secondary water supply options.</li> <li>Regularly updated site hydrogeology model to understand short and long-term sustainability.</li> </ul>
<b>Long-term site water quality</b> has the potential to affect downstream groundwater and surface water quality if not adequately managed.		●	●		●	<ul style="list-style-type: none"> <li>Continuous monitoring of downstream surface and groundwater quality.</li> <li>If necessary, treatment of discharge water to ensure downstream water quality is maintained. <i>Not currently required at any sites.</i></li> <li>If required, installation of additional infrastructure management systems to mitigate risk.</li> <li>Progressively reclamation of waste rock and tailings facilities to minimize infiltration.</li> </ul>

## Sites with Potential Risks

Potential Risks	Cerro Moro	Chapada	Jacobina	El Peñón	Florida	Risk Management Strategies
<b>Changes in downstream water availability</b> as a result of mining activities if not adequately managed.		●	●		●	<ul style="list-style-type: none"> <li>Monitoring of downstream groundwater levels and stream flowrates.</li> <li>Maximization of water recycle and reuse.</li> <li>Maintenance of updated hydrogeology models to ensure accurate understanding of surface water and groundwater connections.</li> <li>Close communications with communities to understand key needs and concerns.</li> </ul>
<b>Infiltration of groundwater</b> into the underground mining operations.			●		●	<ul style="list-style-type: none"> <li>Ensuring underground infrastructure is designed to manage ingress.</li> <li>Maximization of water recycle and reuse.</li> <li>Monitoring of downstream groundwater levels.</li> <li>Maintenance of updated hydrogeology model.</li> </ul>
<b>On-site water accumulation</b> (e.g. in storage ponds or the tailings storage facility) during normal to wet climate conditions.			●		●	<ul style="list-style-type: none"> <li>Monitoring of site-wide water balance to ensure water can be safely contained on-site.</li> <li>If necessary, treatment of discharge water to maintain safe water levels.</li> <li>Monitoring of climate trends to capture changes in precipitation patterns and adjust infrastructure design as required.</li> <li>Maximization of water recycle and reuse.</li> </ul>
<b>Community concerns</b> about potential effects on water quality or water availability.	●	●	●		●	<ul style="list-style-type: none"> <li>Communication of initiatives and programs to manage water.</li> <li>Monitoring and responsiveness to community concerns about water issues.</li> <li>Where appropriate, initiate community water sampling program.</li> </ul>

## Leading Indicators for Managing Risk

In 2018, we completed a process of 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. These indicators get updated annually to ensure that they remain relevant and that internal targets are reflective of data gathered and progress made in the previous year. Indicators vary on a site-by-site basis, and manage legal, regulatory, community and operational risks. Water related indicators cover a variety of topics including water availability, deviation from water budget, and water quality, among others.

**Performance on these indicators are communicated to site and senior management, the Board of Directors,** and corporate and regional HSEC teams. This process allows additional 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 also challenges the sites to maintain a high level of performance month by month. Additionally, these risks help to inform HSEC Improvement Plans and ensure environmental management is properly budgeted.

## Performance

Extreme climatic events took place at various sites in 2019. Jacobina experienced two significant rainfall events in February and April in addition to higher than average seasonal rains. This significant increase in water on site, both within the mine and at our tailings facility resulted in the operation using evaporators to remove the water and avoid discharging water to local surface water bodies.

On the other end of the spectrum, Chile experienced its worst drought in over 60 years, as a result various regions declared states of emergency due to the drought. Specifically, the municipality around Minera Florida declared a Water Scarcity and Agricultural Emergency. In order to support the local community, Minera Florida quickly mobilized to build deep groundwater wells to

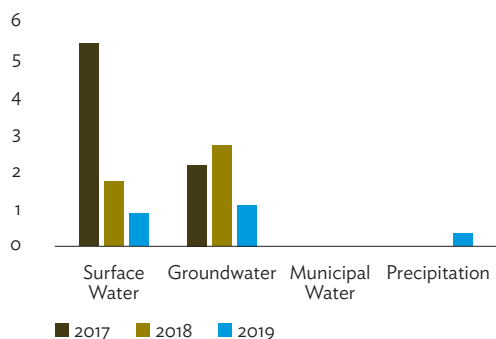
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In 2019, our Jacobina operation experienced abnormally heavy precipitation events and used evaporators to eliminate spare water that could not be reused. These actions prevented having to discharge water directly in surface water bodies.

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### Freshwater Withdrawal by Source – m<sup>3</sup> (millions)



provide drinking water to the local communities of El Asiento and Talami. These wells, which were built in coordination with local regulators, will be operated by the municipality. Other water-related projects in Minera Florida included building water storage facilities and providing water filtration systems to the local community. The drought did not impact the ability of Minera Florida to extract water necessary for operations.

In addition to managing these extreme weather events, in 2019 we focused on responsible water management through our efforts to continue to use water efficiently by reducing water consumption and preventing discharge to the environment. Here are some of the highlights:

### Freshwater Withdrawal by Source – m<sup>3</sup>

	2017	2018	2019
Surface Water	5,366,215	1,709,982	867,658
Groundwater	2,148,661	2,669,807	1,092,996
Municipal Water	240	-	-
Precipitation	-	-	333,945

**Our overall total fresh water withdrawal has decreased approximately 50% compared to 2018.** This is primarily due the fact that Chapada, our operation with the largest consumption of water, was only included until July 2019 when the sale of the site completed. In addition, our 2018 disclosure included water use from the Gualcamayo operation which was sold in late 2018 and therefore not included in our 2019 water use. Two other factors affected water withdrawal: Jacobina's increased rainfall generated excess water during the rainy season, reducing the need to withdraw fresh water; and Minera Florida's drought as well as decreased production led to an overall decrease in water consumption.

**In 2019, Yamana's water recycling exceeded overall water volumes withdrawn** and included recycling almost 25.3 million cubic meters of water. Water recycling for our operations is primarily in the form of water reclaimed from our tailings facilities or dewatering process of the tailings for re-use in our operations. In addition, various other internal flow streams, such as water treatment plants, are increasingly used to contribute to water re-use efficiency.

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## In 2019, we had zero discharges of process water.

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Similar to water withdrawal, one of our priorities for water management is to minimize water discharge to the environment, and therefore increase our water recycling. In 2019, we had one non-process water discharge to the environment at Cerro Moro, which consists of treated sewage effluent released into the environment in accordance with regulatory requirements.

All relevant sites conduct community participatory monitoring programs for various environmental aspects such as noise, dust and water. Jacobina focused the program for 2019 on dust and noise, and plans to implement water monitoring with the community in 2020. Cerro Moro and Minera Florida focused their programs on water quantity and quality, conducting monitoring activities every quarter. These programs have the goal of building capacity and knowledge with community members on environmental aspects, as well as increasing transparency and building stronger relationships with our local communities.

**We would like to congratulate our sites on the fifth 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, minor spills occurred within our sites' boundaries, such as those of low volume fuel and oil-water separator effluent. These spills were immediately and effectively contained and remedied through the procedures we have in place, as well as sites undertaking the appropriate measures to mitigate the possibility of reoccurrence in the future.

In 2020, we will begin the implementation of World Gold Council's Responsible Gold Mining Principles as well as the Mining Association of Canada's Towards Sustainable Mining Protocols. Both of these systems pay particular attention to water stewardship and management. During our review, gap assessment and implementation, we will ensure that our sites are aligned with the best practices identified in those systems.



The management of waste, specifically tailings management, consistently remains one of the most material issues for Yamana and the mining industry as a whole, with increased demand for disclosure in recent years. Throughout our operation, **we have developed a strong tailings and waste management strategy**, which aims to minimize risks to the environment and our host communities. Our programs focus on sound design, dam safety and emergency response and preparedness.

### 2019 Highlights

- 
- No major incidents involving tailings management facilities.
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- Review of Tailings Management Framework against global best practice completed.
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- Minera Florida and El Peñón increased their amounts of recycled and reused waste.

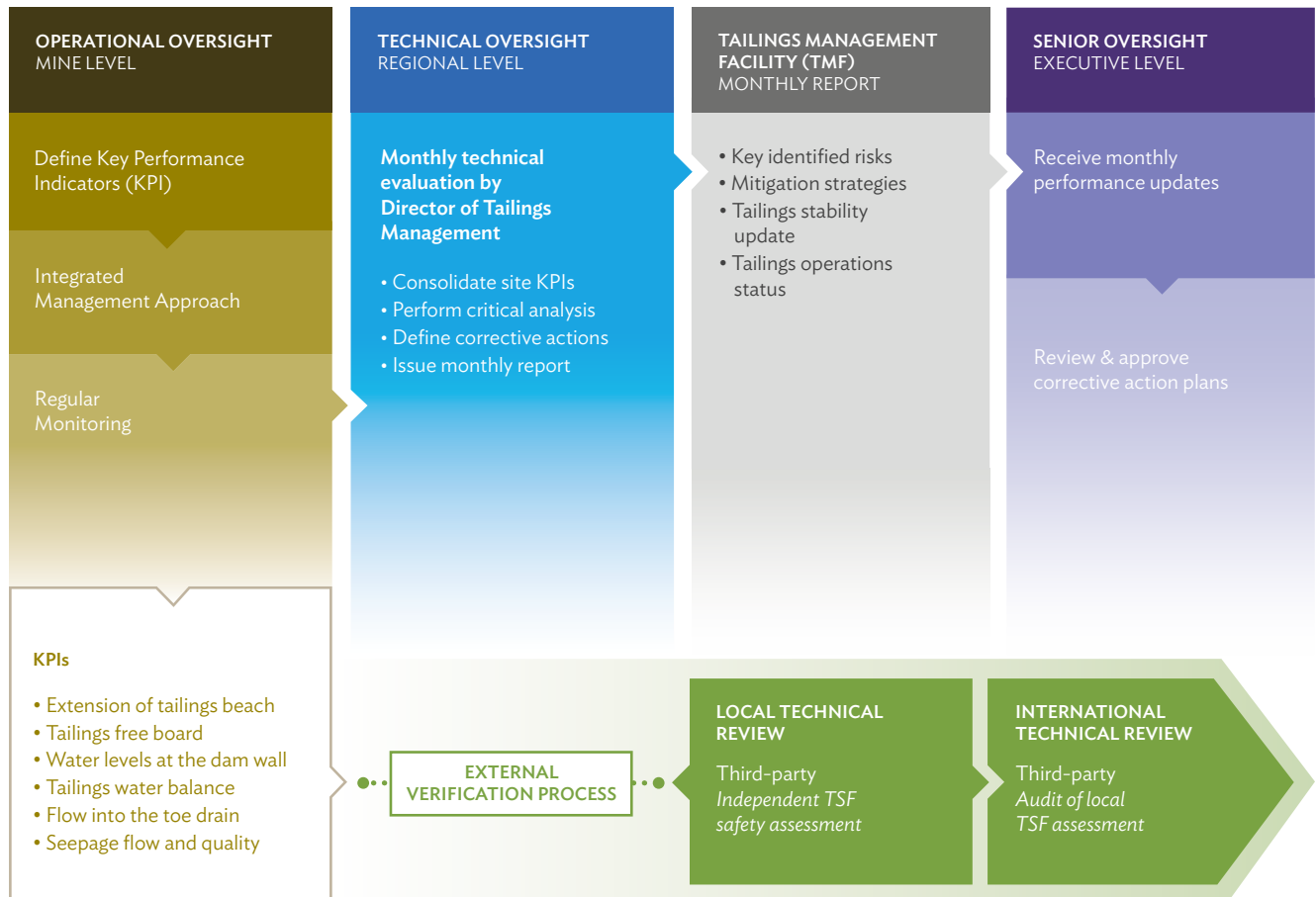
### Strategy

**Yamana's tailings management framework builds on international best practices** and governs all tailings management activities throughout the life cycle of our operations. Our tailings strategy leverages this framework to allow for all of our Tailings Management Facilities (TMFs) to conform to the highest standards on dam safety and tailings management. Yamana's tailings strategy recognizes the importance of timely application of the most up-to-date concepts on dam safety and tailings management, including, but not exclusively limited to, guidance provided by the Canadian Dam Association (CDA), the Mining Association of Canada (MAC), and the International Committee of Large Dams (ICOLD).

Risk assessment and management as well as reporting are key components of Yamana's tailings management system. All of our operations follow a risk assessment process and actively pursues strategies to mitigate risks, focusing on minimizing the probability of occurrence and limit potential consequences in the unlikely event of a failure.

## Tailings Risk Management

Process and procedures



### Risk Assessment & Management

In accordance with the framework, each of our sites have developed a set of tailings disposal and surveillance procedures and protocols, including measurable performance indicators that govern the daily management of the tailings facility operations. These indicators were identified and defined through in-depth analysis and using standard practice for tailings management. They are the cornerstone of each site's integrated tailings facility management plan, providing a clear performance monitoring framework.

### Reporting

Reporting is another key component of Yamana's tailings management system. On a monthly basis, a site-by-site status report is generated and reviewed with the company's senior executive management. This report includes updates on key identified risks and related mitigation strategies in addition to a tailings stability and operations status update for all facilities. In addition to monthly internal reports, external audit reports are also prepared and presented to the Director of Tailings Management, with key findings being shared with senior management.

Currently, Yamana's tailings management system focuses on the following 7 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
- Emergency response plans with dam failure analysis
- Closure planning

Additional guidance is included around governance as well as accountabilities and responsibilities for both site and corporate levels.

### 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 teams to ensure proper management and accountability, including HSEC as well as Operations management. At the corporate level, **we have a dedicated Director for Tailings Management** whose sole responsibility is the oversight and governance of our TMFs as well as technical support for sites.

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**Yamana-operated tailings facilities are reviewed twice per year by third-party national and international experts.**

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The Director for Tailings Management prepares monthly reports highlighting key risks and controls for each of Yamana's TMFs. The content of these reports are discussed with each specific site management team as well as with senior executives. At the senior executive level, monthly reports are shared with all members of the Senior Executive Group as well as the CEO and Board of Directors. In addition, all technical assessments and third-party reviews are submitted to Yamana's senior management to ensure accountability throughout the organization.

## Linking Tailings and Waste to Compensation

Like all aspects of HSEC, the performance of our TMFs is linked to compensation of both senior executives and site operations. Specifically, in 2019 our corporate scorecard included an indicator for a review of our Tailings Management System against Global Best Practice. In addition, any tailings incident that would have an environmental impact (requiring remediation) beyond the mine boundaries would be considered in the environmental incident indicator of the HSEC Performance Index.

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All Yamana-operated tailings facilities are downstream or centerline construction.

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## Risk Management

Management of tailings risks is focused on achieving a stable and safe facility at all times. Many of the key performance indicators for operational management of tailings facilities are associated with water management, construction methods, and the sites foundations conditions. As such, indicators for managing tailings risks are site-specific, but may include any of the following:

- Dam freeboard
- Tailings beach length
- Dam slopes and pore water pressures
- Embankment dam compaction criteria
- Tailings solids content and impoundment water balance
- Seepage flow and quality
- Groundwater quality and levels

Dam safety activities include the regular monitoring of surveillance instrumentation and completion of regular visual inspections of our tailings dams and ancillary infrastructure.

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 and Response

An integral component of our tailings and waste management strategy and risk management is emergency preparedness. A component of this preparation is the emergency response plans (ERPs) that have been developed for all TMFs, which involves all levels of the organization, as well as local community stakeholders. As part of our Yamana's emergency response preparation, emergency simulations are performed regularly to ensure that our employees are properly trained on emergency procedures; local authorities and emergency response services understand their roles in the event of emergency; and that communities feel confident in the level of planning that has been done to keep their people and communities safe.



More specifically, ERPs are developed to prepare our employees and communities to deal with unlikely worst-case scenarios. At Yamana, development of ERPs for each of our site involve four main steps:

1. Documentation preparation, which includes completion of a dam break analysis, and development of communication plans and a downstream survey.
2. Stakeholder mapping and internal training, where employees are trained on risk prevention and what to do in the event that an incident takes place, including notifying to communities, emergency services and resource management agencies.
3. External training on the procedures required if an emergency were to occur.
4. Simulation process involving community participation and local government bodies.

## Performance

In early 2019, a catastrophic tailings failure occurred at Vale's Córrego do Feijão facility in Brumadinho, Brazil. While Yamana already had strong management systems in place, this event dramatically impacted how companies approached the disclosure of tailings management. Additional pressure from investors and communities encouraged increased transparency in order to better understand each companies' tailings management and risks. Soon after the event, Yamana hosted a discussion with representatives from the Mining Association of Canada (MAC), the Canadian Dam Association and the National Mining Agency of Brazil (ANM) to discuss Canada's approach to dam safety and MAC's Towards Sustainable Mining Tailings Standard. This discussion focused on sharing best practices, the role of regulations and sharing lessons learned from failures.

In addition, our two mines that operate near communities, Minera Florida and Jacobina, held dam break simulations and information sessions with local communities. These simulations provided additional peace of mind for communities, governments and local authorities about

the safety measures in place at Yamana's tailings facilities, and ultimately reinforced guidance on what to do in the event of an emergency. Similarly, Cerro Moro accelerated the process of completing their dam break analysis and emergency action plan. The TMF at Cerro Moro is a low consequence facility, due to its remote location.

Consistent with previous years, we had no major incidents at our TMFs in 2019. 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.

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

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In 2019, Yamana underwent an internal transition in the tailings management governance as we sought a new Director of Tailings Management for the organization. As a result, some external reviews were postponed in Q4 2019. However, sites continued to conduct internal reviews, implement action plans, as well as report on issues to the corporate team. The most recent external reviews identified no significant issues, and only minor recommendations made, which have been addressed through our action plans. With a new Director of Tailings Management in place, we see this as an opportunity for this individual to conduct his own technical and management system review and to help improve our management systems under his leadership.

There are a variety of both active and inactive TMFs under Yamana's control. In 2019, as a response to the Church of England's request to over 600 mining companies, Yamana created a document summarizing key indicators relating to all of our TMFs. This information is publically available on our website.

Currently, Yamana has the following active TMFs:

**Jacobina B2 TSF:** This is an active downstream facility, which began initial operation in 2010. Full and complete engineering records for the facility are maintained with an independent third-party review having been completed in 2019.

**Minera Florida Tranque Pasta:** This is an active centerline facility, which began operation in 2016. Full and complete engineering records for the facility are maintained with an independent third-party review having been completed in 2018.

**Cerro Moro Dique de Colas:** This is an active downstream facility, which began initial operation in 2018. Full and complete engineering records for the facility are maintained with an independent third-party review having been completed in 2018.

**El Peñón:** This site operates a dry-stack tailings, meaning the tailings are significantly dewatered prior to deposition. Monitoring of the tailings occurs at this site, however due to the relatively low risk of this method in the environment where Peñón operates, external reviews are not required to be regularly conducted.

In 2019 our waste rock and tailings generation rates decreased significantly, due in large part to the sale of our Chapada operations half way through the year, as the site normally counts for approximately 80% of our total generation, therefore seeing a decrease of approximately 40% was expected. If we compare on a site-by-site basis, our largest change was at Jacobina, which is due in large part to changes in production at the site, resulting in increased waste.

## Mineral Solid Waste

	2017	2018	2019
Total Waste Rock Generated (tonnes)	57,340,366	57,457,707	31,501,286
Total Tailings Generated (tonnes)	27,053,461	26,856,228	15,864,169

## Hazardous and Non-Hazardous Waste

	2017	2018	2019
Total Hazardous Waste Generated (tonnes)	5,704	4,209	3,207
Total Waste Generated, Hazardous and Non-Hazardous (tonnes)	11,152	11,415	9,756

## Non-Mineral Waste

In terms of non-mineral waste, our waste generation rates for hazardous waste increased slightly in 2019. This is due to one of our sites having residual waste from 2018, which was only transported to the recycling facility in 2019. *A more detailed look at our waste is available in the GRI table on our website [www.yamana.com](http://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 2019, both our Minera Florida and El Peñón operations increased their waste recycling rates as they focused efforts to improve waste management. Where waste could not be recycled or reused, waste disposal was completed by licensed contractors and in accordance with local legislation and applicable permits.



We recognize that climate change is a material risk for our business. We monitor these risks in order to reduce the likelihood of business interruption and minimize our impact. Minimizing our impact on the local environment is a priority for Yamana, both through **improving our energy efficiency and reducing our greenhouse gas emissions at all of our sites.**

### 2019 Highlights

- 
- Reduced absolute GHG emissions by 26%.
- 
- Over 50% of electricity use comes from renewable sources.
- 
- 5<sup>th</sup> consecutive year without any significant environmental incidents.

### Strategy

Climate change and resulting extreme weather events have become increasingly more material across the mining industry and its external stakeholders. While as a company managing our environmental impact has consistently been a material issue, we acknowledge that our operations impact climate change 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, Adaption and Preparation, and Preparedness.

In addition to these pillars, the HSEC Management Framework guides site activities and corporate programs related to the various functional areas of HSEC. The environment functional area of this framework outlines a variety of environmental management and monitoring considerations relevant to climate change such as:

- Air, Noise and Vibration
- Water
- Land and Biodiversity
- Energy and Emissions
- Tailings and Waste Rock
- Waste and Hazardous Materials

These topics are further explored in various other sections of this report.

Strategy Component	Action Plans
<b>Mitigation</b> <i>Manage energy efficiency and emissions reduction</i>	<ul style="list-style-type: none"> <li>• Review of energy management policies and update as required.</li> <li>• Tracking and public disclosure of energy use and greenhouse gas emissions.</li> <li>• Use of industry best practice frameworks – specifically the TSM's <i>Energy Use and GHG Emissions Management Protocol</i>, to inform improvements in existing energy management programs.</li> <li>• Maintenance of energy efficiency programs for each site.</li> <li>• Site-specific objectives around improved management of fossil fuel use and carbon footprint reduction, wherever possible.</li> <li>• Exploration of renewable energy opportunities where possible.</li> </ul>
<b>Adaptation and Preparation</b> <i>Identify and understand our vulnerabilities to prevent impacts on our operations</i>	<ul style="list-style-type: none"> <li>• Monitor site-level changes in climate and extreme weather events.</li> <li>• Identification of opportunities to improve accuracy of data collection and reporting systems.</li> <li>• Modification of facilities to ensure they are prepared to safely withstand extreme weather events, especially those related to water management.</li> <li>• Adjusted management plans and operational procedures to protect people, the environment, and physical assets against potential impacts.</li> <li>• Remaining informed on environmental policy and regulatory changes and proactive plans for potential policy and regulatory changes.</li> </ul>
<b>Preparedness</b> <i>Develop emergency preparedness and response plans for potential impacts on our operations</i>	<ul style="list-style-type: none"> <li>• Definition of potential extreme weather events and other foreseeable crises and emergencies for each site.</li> <li>• Continuous update and testing of emergency response plans to address changing local climates.</li> <li>• Ensuring that site personnel and local communities are aware of roles and responsibilities and trained accordingly.</li> </ul>

## Linking Environment to Compensation

We ensure environment indicators are linked to both executive and site compensation. At the site and executive level, environmental indicators are included within the annually updated 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 2019, executive compensation also included the integration of Environmental KPIs throughout Yamana.

## 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. The site HSEC team as well as mine management** manage risks to our physical assets associated with climate change. Our site HSEC teams include trained environmental engineers who are familiar with the site in order to ensure compliance and best manage these risks and opportunities on a day-by-day basis. These individuals also ensure we remain in compliance with local environmental permits and regulations as well as monitor and report on key environmental indicators.

Corporate and Regional HSEC Directors support the site teams by providing 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 and managed throughout the organization, as well as incorporated into HSEC Improvement Plans and site budgets where required.

Reporting on environmental indicator risks and performance is provided to the Senior Executive Group, CEO and Board of Directors. The SVP Health, Safety and Sustainable Development as well as the CEO and Board of Directors approve all policy and strategy changes prior to implementation.

The Task Force on Climate-related Financial Disclosures (TCFD) has developed voluntary consistent risk disclosures for use by companies for providing climate-related information to stakeholders. We have adopted the TCFD guidelines as the parameters with which we need to evaluate ourselves going forward and have structured our report similar to the TCFD Pillars: Governance, Strategy, Risk Management, Metrics and Targets.

## Risk Management

In 2018, a comprehensive **climate change risk assessment** was completed at each of our operations. Due to the long-term nature of climate risks, the vast majority of the findings remain true for 2019, however short-term risks and impacts have been updated where required based on climactic changes. The key drivers for the risk assessment were to:

- Take a more updated and proactive approach to understanding our climate risks
- Engage sites in identifying and articulating key risks and opportunities
- Understand and prioritize potential risks based on likelihood and potential consequence
- 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
- Develop recommendations and work with operations on the development of action plans to manage risks proactively

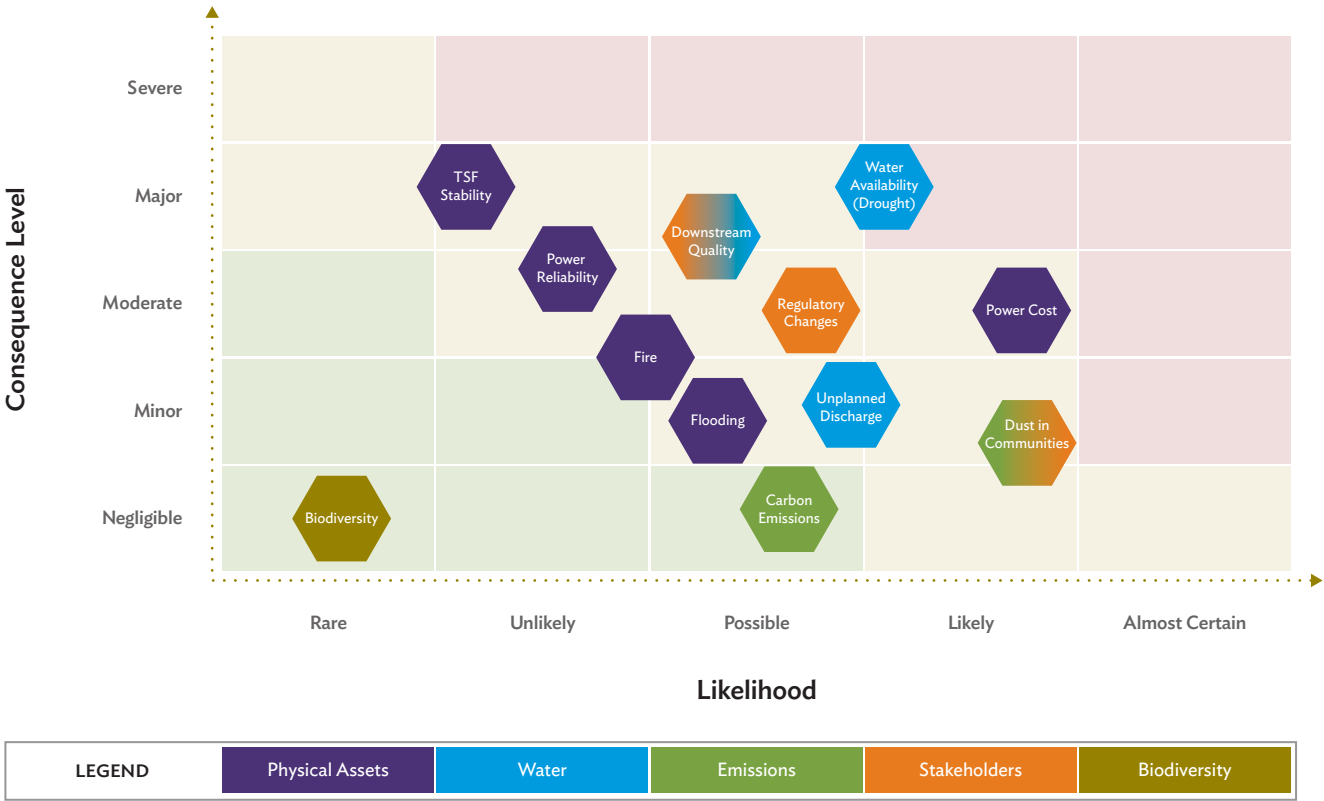
The climate change risk assessment process provided a formal framework and structure for identifying, understanding, and prioritizing key risks. Sites gained important insight into their operational challenges and allowed the company to better understand our overall risk profile as well as further our understanding of 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
<b>Managing water</b> at our sites during extreme weather conditions, including storm events with high precipitation, and during dry seasons or drought conditions.	<ul style="list-style-type: none"> <li>• Actively identify opportunities to further minimize raw water use and maximize water recycling.</li> <li>• Analyze climate trends and use data to inform predictions about extreme weather events.</li> <li>• Perform cost sensitivity analysis around the cost of water.</li> <li>• When appropriate, update or improve accuracy of the site wide water balance.</li> <li>• Determine need for additional water management infrastructure.</li> </ul>
<b>Dust generated</b> from sites, especially from tailings facilities, during dry seasons and during drought conditions.	<ul style="list-style-type: none"> <li>• Continue to focus on the application of water and other dust absorption/suppression technologies to manage dust, where required.</li> <li>• Proactively engage with community on dust management and control in order to reduce impacts to community members.</li> </ul>
<b>Regional and local forest fires</b> that disrupt site access, or result in operational shut down.	<ul style="list-style-type: none"> <li>• Continue with emergency response planning and training programs.</li> <li>• Actively engage with local and regional authorities to ensure a unified approach to managing forest fires.</li> <li>• Continue to work with communities to bolster local biodiversity and water management.</li> </ul>
<b>Changes in the cost of power</b> due to carbon pricing, increased regulations around energy use, or requirements for renewable power generation.	<ul style="list-style-type: none"> <li>• Perform cost sensitivity analysis around the cost of power and consider various factors such as carbon taxes, changes in fuel prices or delivery charges.</li> <li>• Consider how local renewable energy could reduce current power supply risks.</li> <li>• Continue with site-based energy efficiency programs to minimize power consumption.</li> <li>• Monitor discussions of local and global decision makers to understand potential changes.</li> <li>• Consider potential for internal carbon pricing mechanisms.</li> </ul>
<b>Regulatory changes</b> that impact operating costs.	<ul style="list-style-type: none"> <li>• Perform cost sensitivity / economic analysis regarding potential financial implications of climate change over the next 5-10 years.</li> </ul>
<b>Changes in coastal sea levels</b> and coastal extreme weather events (e.g. hurricanes).	<ul style="list-style-type: none"> <li>• Our operations are not directly affected by changes in coastal sea level or in coastal extreme weather events.</li> <li>• Work with our supply chain potentially affected by coastal events to ensure that our operations are not adversely affected.</li> </ul>



Summary of Climate Change Risks



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

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.

As water management is one of our more material and complex climate change risks, a separate water risk assessment was also conducted. The results of this risk assessment are further explored in the water section of this report.

In 2019, key findings of this report were included into site HSEC Improvement Plans in line with the pillars of our environmental strategy to help sites better manage and prepare for their climate-related risks.

### **Leading Indicators for Managing Risk**

In 2018, we completed a process of defining Environmental Key Performance Indicators for each site which are updated annually (or as required) based on previous years performance and changing risks at the 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 manage legal, regulatory, community and operational risks.

Performance on these indicators is regularly communicated to site management as well as to the corporate HSEC team, senior management. In 2019 this process became further ingrained throughout the company as monthly performance on these indicators, as well as their respective action plans was reported to the Board of Directors.

The ultimate goal is to allow additional visibility and tracking on these indicators and ensure they are being properly planned for and managed. The indicators are communicated in such a way to ensure environmental technical knowledge is not required to understand the specific risks related to each site, understand their

management approach and identify potential gaps or improvements. The process not only ensures management awareness of the risks, and their potential business impacts but also challenges the sites to maintain a high level of performance month by month. Additionally, these risks help to inform HSEC Improvement Plans and ensure environmental management is properly budgeted.

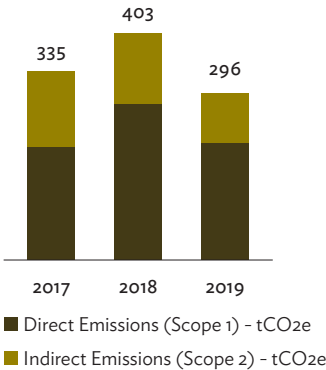
### **Performance**

We saw a 25% decrease in our scope 1 and 2 emissions, resulting in a total GHG emissions of 296,238 tCO<sub>2</sub>e in 2019. The primary reason for this is the sale of Gualcamayo in late 2018 as well as the sale of Chapada midway through 2019. In 2018, these two operations collectively accounted for a large portion of our total emissions, therefore the exclusion of Gualcamayo for the full year, as well as half a year for Chapada had a significant impact on our absolute emissions. An additional material impact is the inclusion of Cerro Moro for the full calendar year, Cerro Moro began operating in mid 2018, and therefore did not have 12 months of fuel usage included in our 2018 values.

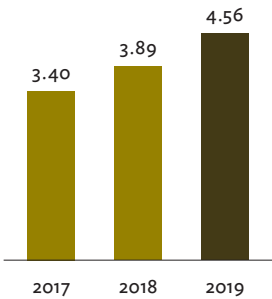
On a site-by-site basis, our Minera Florida, El Peñón and Jacobina operations all remained relatively similar in 2019. These changes are primarily due to changing production at the sites, related to different ore processing and further travel distances for machinery to access ore and the plant.

Our calculated energy intensity in 2019 was 19.1 mWh/k tonnes moved, which is an increase of 15% compared to 2018. As such, our GHG emissions intensity also increased in 2019, to 4.56 tCO<sub>2</sub>e/k tonnes moved, a 17% increase. Similar to previous measures, this is largely due to the sale of Chapada mid-way through 2019. This site had very low energy intensity which impacted our overall company intensity.

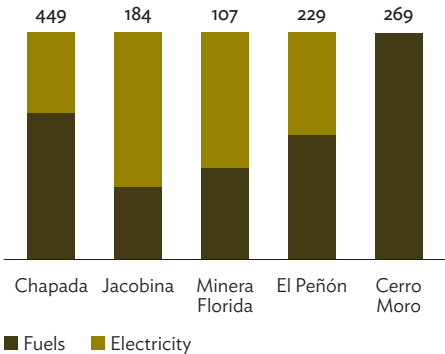
**GHG Emissions**  
(000's)



**GHG Emissions Intensity**  
(tCO<sub>2</sub>e/k tonnes moved ore and waste)



**Energy Consumption**  
(000's MWh)



Fuel and electricity use continue to be the two main uses of energy at our sites. The majority of our fuel use is a result of the diesel used in transporting ore and waste as well as power generation, with the exception of Cerro Moro, where diesel is used as the primary source of electricity generation. In addition, Cerro Moro has a small wind energy pilot project which generated approximately 1000 Kwh in 2019.

We are fortunate that the majority of our electricity comes from the national and regional grids of each country we operate in. For mining, electricity is primarily used for ore processing and underground ventilation, as well as power to mine offices camps and common areas. Due to the location of our Cerro Moro facility, it is not connected to the grid and uses only diesel power. Our other operations rely almost exclusively on the national grid for electricity use, with ratios of renewable and non-renewable sources reported as approximately 80% for Brazil, followed by Chile at 27% and Argentina at over 25%. Based on this data found through the International Energy Agency, we estimate that over 50% of our electricity comes from renewable sources, primarily hydropower. By operating in countries that incorporate renewable energy sources we are able to minimize our electricity-related GHG emissions. We are currently evaluating options at Cerro Moro to reduce fuel consumption, including connecting to the grid.

Our total energy consumption in 2019, considering fuel and electricity, was 1,240,639 MWh, a 24% decrease from 2018. Similarly to our GHG emissions, this is a result of the changes in our operational portfolio. Our sites continue to operate in different regions with different ore types, and with constantly changing production rates, mine depth and ore grade.

Prioritizing biodiversity means that **we constantly aim to minimize impacts on the local environment while positively contributing to long-term ecological health.** An integral component of our biodiversity management activities focuses on protecting and restoring native plant species that are unique and endemic to the regions where we operate.

## 2019 Highlights

- 
- No sites operating in areas at risk of affecting critically endangered species.
- 
- Reclaimed more land than newly disturbed in 2019.

## Strategy

**Conserving and managing biodiversity is a priority for Yamana,** which starts with ensuring accurate information gathering on our impacts and using the mitigation hierarchy to properly mitigate and manage those impacts. In 2018, we conducted a biodiversity risk assessment at all of operations which review how, where and when we collect biodiversity data to ensure current approaches were working. Each site uses the assessment findings, in combination with their existing data set, to develop and maintain its own biodiversity management plan that adheres to both local legislation and Yamana's overall approach to biodiversity and conservation management. These strategies 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 biodiversity both within and surrounding our site.

## Linking Biodiversity to Compensation

In order to demonstrate our commitment to biodiversity, site-specific biodiversity targets were included within HSEC Improvement Plans, which are linked to both site and executive compensation. Having these indicators in our compensation package, and focusing on leading indicators, ensures that biodiversity management is properly tracked and remains a priority throughout all levels of 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. A high-level summary of the key finding follows:

Country	Highlights
<b>Argentina</b>	<ul style="list-style-type: none"> <li>Our Cerro Moro site is located in a region with very low biodiversity value. A thorough biodiversity study was completed in 2017 prior to site development which identified some significant and protected species (flora and fauna) within the site boundaries. However, these species are not unique to the site and are found throughout the province and the Patagonia region in general.</li> </ul>
<b>Brazil:</b>	<ul style="list-style-type: none"> <li>Neither our Chapada nor our Jacobina properties are located in biodiversity protected regions.</li> <li>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.</li> <li>A species inventory is completed prior to obtaining each site-clearing license, in accordance with local legislation.</li> <li>Both Chapada and Jacobina maintain legal reserves, which have recognized importance for biodiversity conservation, as per the Forest Code.</li> </ul>
<b>Chile:</b>	<ul style="list-style-type: none"> <li>Our El Peñón operation is located in the Atacama Desert, which is a region with extremely low biodiversity value. There are no established flora or fauna species in the area surrounding the site, and very limited migration through the site.</li> <li>Our Minera Florida operation is located within the conservation area of Cordillera de Cantillana, and the framework outlined in the National Biodiversity Strategy for Chile governs all activities within the conservation area. In recognition of the biodiversity values in the region, and in full compliance with the conservation framework, Minera 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 Minera Florida operation. 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.</li> </ul>

## Governance

The site HSEC team is responsible for directly managing biodiversity. HSEC teams collaborate with a variety of departments, including mine planning and community relations in order to identify biodiversity risks and opportunities, and ensure impacts are properly managed.

At a corporate level, both Regional and Corporate HSEC Directors are responsible for ensuring that biodiversity is suitably managed and communicated to senior management, as well as ensuring that strategy is aligned with industry best practice and the HSEC Management Framework. In addition, at a corporate level, the Senior Vice President, Health, Safety and Sustainable Development, oversees strategy and policy development and reports directly to the CEO and Board of Directors. Updates on relevant aspects of biodiversity including performance, policy approval, and strategy are regularly brought to the CEO and Board of Directors for their input and final approval.

## 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 that have an impact on either IUCN or nationally listed critically endangered species. With the exception of El Peñón and Cerro Moro, our operations have action plans aimed to mitigate impacts on biodiversity.

### Looking to 2020

Jacobina will be extending the scope of their Biodiversity Monitoring Plan with the help of EcoArqueologia. This extended scope of the plan will incorporate guidelines from Brazilian Standards, Cyanide Code, HSEC Framework, IUCN Redlist and State and Federal Guidelines. It will include updated inventories and procedures for monitoring and interacting with flora and fauna as well as ecotoxicological analysis at multiple points in the rivers.





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, during and after the closure process.

### 2019 Highlights

- Collaborated with regulatory agencies to frame the remaining closure activities at Beartrack.
- Completed closure and final regulatory release at Austin Gold Venture.
- Maintained full regulatory compliance at both U.S. closed sites.

### 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 for 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 progressive reclamation activities whenever possible. In 2019, our operating sites rehabilitated 28 hectares of land, over twice the amount of land disturbed this year, 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 the end of life of a mine, we place an increased effort on active engagement and transparent communication to prepare community members for the final stages in the mine life cycle.

## Governance

Yamana employs a Sr. 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 Sr. Manager of Mine Reclamation also 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 General Managers to determine appropriate site-specific strategies to closure based on each sites specific needs.

## Risk Management

**The largest risks associated with closed sites are related to water management, social challenges and changing permit 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. Examples of our proactive risk management approach are the use of engineered covers for sulfide waste rock and spent heap leach ore at our Beartrack site. This source control strategy passively minimizes water quality impacts over the long term, thereby minimizing long-term, sometimes complicated water treatment requirements.

**At operating sites, closure risk is managed by regularly reviewing and updating our closure plans** while also concurrently restoring disturbed areas when practical. These strategies allow us to dynamically approach closure requirements, and ensure that long-term strategies are up-to-date for the current conditions at an operation.

## Performance

Yamana ensures that our operations annually review and report their financial closure obligations. This includes reviewing the understanding of all site impacts, local regulations, and changes with the surrounding social environment. After reviewing all of these factors, appropriate funds are allocated for necessary closure activities by locally placing reclamation bonds as well as recording Asset Retirement Obligation (ARO) coverage. In 2019, our ARO allocation for mine closure was \$220.4 million USD, which is 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 125 of our annual report.*

Currently, a fully-owned Yamana subsidiary operates two closed sites in the United States. Yamana also has partial liabilities for other closed sites to which we are not the sole owner. Each site is compliant with all local permits and regulations and is in good standing with the relevant communities and stakeholders.

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