

Improved ESG rating to support project financing process

HIGHLIGHTS

- Evolution has achieved an independent ESG rating of BBB following an updated submission to Digbee ESG™
- The improvement in this rating from the previous B rating reflects the substantial de-risking that has occurred due to Environmental, Social and Governance (“ESG”) initiatives implemented during the past 12 months
- Digbee ESG™ is the leading independent assessment platform for ESG disclosure in the mining sector endorsed by leading industry stakeholders
- An improved ESG rating will support the Company’s project financing process

Evolution Energy Minerals (“Evolution” or the “Company”) (ASX: EV1, FSE: P77) is pleased to announce that it has received an improved ESG rating of “BBB” (ratings range from D to AAA) from Digbee ESG™ (“Digbee”). The improved rating is based on the most recent submission to Digbee which follows Evolution’s initial submission, which produced a “B” ESG rating, as announced on 10 February 2022.

Phil Hoskins, Evolution’s Managing Director, commented: *“Our vision is to supply sustainably sourced graphite products and battery materials. We recognise that a commitment to ESG is central to delivering on that vision.*

“We signed up to Digbee when Evolution was formed as a means of obtaining an independent and transparent assessment of our ESG performance. Since receiving the initial report from Digbee earlier this year, we have addressed key areas for improvement and made material progress in integrating ESG considerations throughout our business more broadly.

“We recognise the increasing emphasis being placed on ESG by project financiers and capital markets as a key factor in their financing and investment decisions. Working with Digbee is critically important as we seek to position Chilalo for development and align with the requirements of ESG-focused financiers.”

Jamie Strauss, Founder & CEO Digbee commented: *“Evolution took action on many of the observations identified in the previous assessment. In addition, management has shown their commitment to further improvements, laying out their vision and reworking areas of their mineplan to reduce their ESG footprint.”*

The overall ESG rating of “BBB” is comprised of an assessment at both a project and corporate level, for which Evolution received a rating of “BB” and “A” respectively.

Figure 1 shows the Company’s overall ESG rating and the progress made since the previous rating in February 2022. Figures 2 and 3 show the ESG rating for both the project and corporate assessments and the progress since the previous rating.

Figure 1. Overall ESG Rating



Figure 2. Corporate ESG Rating



Figure 3. Project ESG Rating



In May, the Company appointed leading financial advisory group, Auramet International, to advise on project financing for development of the Company’s Chilalo Graphite Project in Tanzania. Having an independent expert confirm Evolution’s improved ESG performance is expected to support the financing process and be viewed favourably by ESG-focused funds looking to invest in battery minerals related companies.

Progress on ESG Initiatives

Since its initial submission earlier this year, the Company has made significant progress across a number of aspects of ESG performance.

Dry stacking of tailings

Testwork results confirmed the feasibility of dry stacking of tailings within the waste rock dump and as a result, a tailings storage facility (“**TSF**”) is no longer required. While this outcome provides for a reduced capital expenditure, from an ESG perspective, it significantly reduces Chilalo’s risk profile as tailings dams represent an environmental risk that have taken on greater significance in the wake of multiple high-profile tailings dam failures in recent years.

Resettlement Action Plan

The Company’s resettlement action plan (“**RAP**”) was approved by the Tanzanian Government in August 2022. Government approval of the RAP followed a period of extensive engagement with local communities that commenced in November 2021.

The RAP was completed in accordance with IFC Performance Standards on Social and Environmental Sustainability, which is generally a condition precedent to project finance, and goes well beyond the minimum legislative requirements in Tanzania.

All project affected persons (“**PAPs**”) will be compensated appropriately – an initial compensation payment was made in August 2022 – and relocated to superior properties with enhanced amenities. In addition, as part of the RAP, the Company has committed to a five-year livelihood restoration program that consists of several initiatives targeted at delivering sustainable benefits to the PAPs, including:

- **Conservation agriculture (Permaculture)** – supply of materials, training and ongoing coaching to promote the development of sustainable agriculture.
- **Tree nurseries** – propagation of alternative cashew trees for distribution to PAPs and provision of training and mentoring to support local communities in the development of cashew tree farms.
- **Vegetable program** – establishment of a vegetable nursery to produce seedlings for the development of vegetable farms and the provision of vegetable gardens with wells, tread pumps and seedlings in a large number of new dwellings.
- **Youth skills training program** – skills training for local youths, focused on brick laying and carpentry, as part of the construction of relocation dwellings.
- **Livelihood Restoration Centre (LRC)** – the LRC is an important community resource that includes a shade structure, fully equipped greenhouse, water wells, an exhibition compound and two trucks.

ESG Studies

Evolution completed several ESG-related studies that directly informed the Company’s approach to effectively delivering the RAP. These studies included a health impact assessment (the first such study carried out in the local area), a water availability study, a cultural heritage study, vulnerable persons assessment, human rights impact assessment, and a local biodiversity and ecosystem impact assessment.

ESG Program

Under the terms of the Investment Deed with the Company’s largest shareholder, ARCH Sustainable Resources Fund LP, Evolution agreed to implement an ESG Program. The ESG Program requires the Company to develop and adopt policies, plans and procedures across various dimensions of ESG, including those shown in the table below.

Environmental	Social	Governance
Environmental and Social Impact	Resettlement of PAPs	Corporate Governance Code
Biodiversity Management	Stakeholder Engagement	Anti-Bribery and Corruption

Environmental	Social	Governance
Pollution Prevention and Carbon Emissions	Cultural Heritage Management	Gender and Diversity
Climate Change Physical and Transitional Risk Assessment	Modern Slavery	Monitoring and reporting ESG performance
Occupational Health and Safety	Local Content and Procurement	Board Committees – ESG Committee, Audit and Risk Committee, Nomination and Remuneration Committee

Evolution has made significant progress in implementation of the ESG Program.

Establishment of Board committees

The Company has established an Audit and Risk Committee (“**ARC**”) and Nomination and Remuneration Committee (“**NRC**”) as a means of enhancing its governance procedures. Both the ARC and the NRC report to the Evolution Board and to the extent possible, both the NRC and the ARC are comprised of independent directors.

The NRC’s responsibilities include composition of the Evolution board of directors, performance and education of directors and executive and non-executive remuneration. The ARC’s responsibilities include financial reporting, external audit, risk management and insurance.

The Company also has an ESG Committee, which is an independent committee that advises the Evolution Board in relation to matters which involve ESG considerations or impact the Company’s ESG credentials.

Grievance procedures

To support its engagement with local communities, the Company opened an office at the Nangurugai village, which is located just outside the Chilalo mining licence area. The office is manned five days a week and provides local community members with an opportunity to register any grievances, to enquire about employment prospects and to obtain information about the Chilalo Project more generally. A formal grievance procedure has been established and a grievance register is maintained that monitors the status of the Company’s response to all recorded grievances.

Construction of doctor’s residence

Evolution engaged a local contractor to undertake the construction of a doctor’s residence at the Nangurugai village. The Company worked closely with the Nangurugai Village Chairman and the Nangurugai Village Council to ensure that the house was built to standard and within the required scope for the incoming doctor.

The house has three bedrooms and a bathroom. Construction of the residence was completed in December 2022 and was handed over to the Nangurugai local community by Evolution executives during a site visit in February 2023. The doctor’s house is a key factor in attracting a qualified doctor to the local area to manage a new medical facility in Nangurugai that is currently under construction. When complete the new facility will service the local area.

Tree nursery

Under the livelihood restoration program which forms a key part of the RAP, construction of a tree nursery commenced during the December quarter.

During stakeholder engagement meetings with the local communities, there was strong support for establishment of a tree nursery to grow replacement cashew trees for those trees that may be lost through the resettlement phase. Cashew trees are an important commercial crop in south-east Tanzania. The tree

nursery also provides training of local community members in basic agriculture practices, rotational crops, vegetable gardening for personal subsistence and planting for nutrition.

The nursery will employ people from the local village who will become trained nurserymen/women and then be responsible for sharing this knowledge with an allocated set of farmers.

Figure 4. Tree nursery



Who is Digbee?

Digbee ESG™ is the leading independent assessment platform for ESG disclosure for the mining sector. It provides mining companies with a right-sized, future-looking set of frameworks against which they can credibly disclose, track, compare and improve ESG performance. Digbee ESG™ has been developed in consultation with mining companies, ESG specialists and capital providers and is endorsed by leading financial institutions, producing mining companies and other industry stakeholders.

All ESG submissions are manually reviewed and assessed against a set of rigorous and standardised rating criteria that have been developed in consultation with a wide range of stakeholders. Scoring is undertaken by a team of accredited ESG experts who have deep experience in mining projects similar to those being assessed.

Digbee's independent assessments are aligned with key global ESG standards and frameworks, including those developed by the World Bank, IFC, the Initiative for Responsible Mining Assurance (IRMA) and the United Nations.

This announcement has been approved for release by the Evolution board of directors.

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ABOUT EVOLUTION (ASX:EV1)



Development ready

Chilalo Graphite Project in Tanzania



Robust DFS

High-margin, low capex



Framework agreement finalised

Provides Tanzanian government certainty



Binding offtake

With global leader for expandable graphite and foil



Battery suitability

Premium quality CSPG produced from fines



Vertically integrated strategy

Downstream processing in US using proven technology

Evolution's vision is to become a vertically integrated company that will only supply sustainably sourced graphite products and battery materials.

This will be achieved by combining our unique graphite source with industry-leading technology partners, working closely with customers and producing diversified downstream products in both Tanzania and strategically located manufacturing hubs around the world. Evolution is committed to being global leaders in ESG and ensuring its operations support the push for decarbonisation and the global green economy.

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