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CORPORATE
GOVERNANCE
STATEMENT

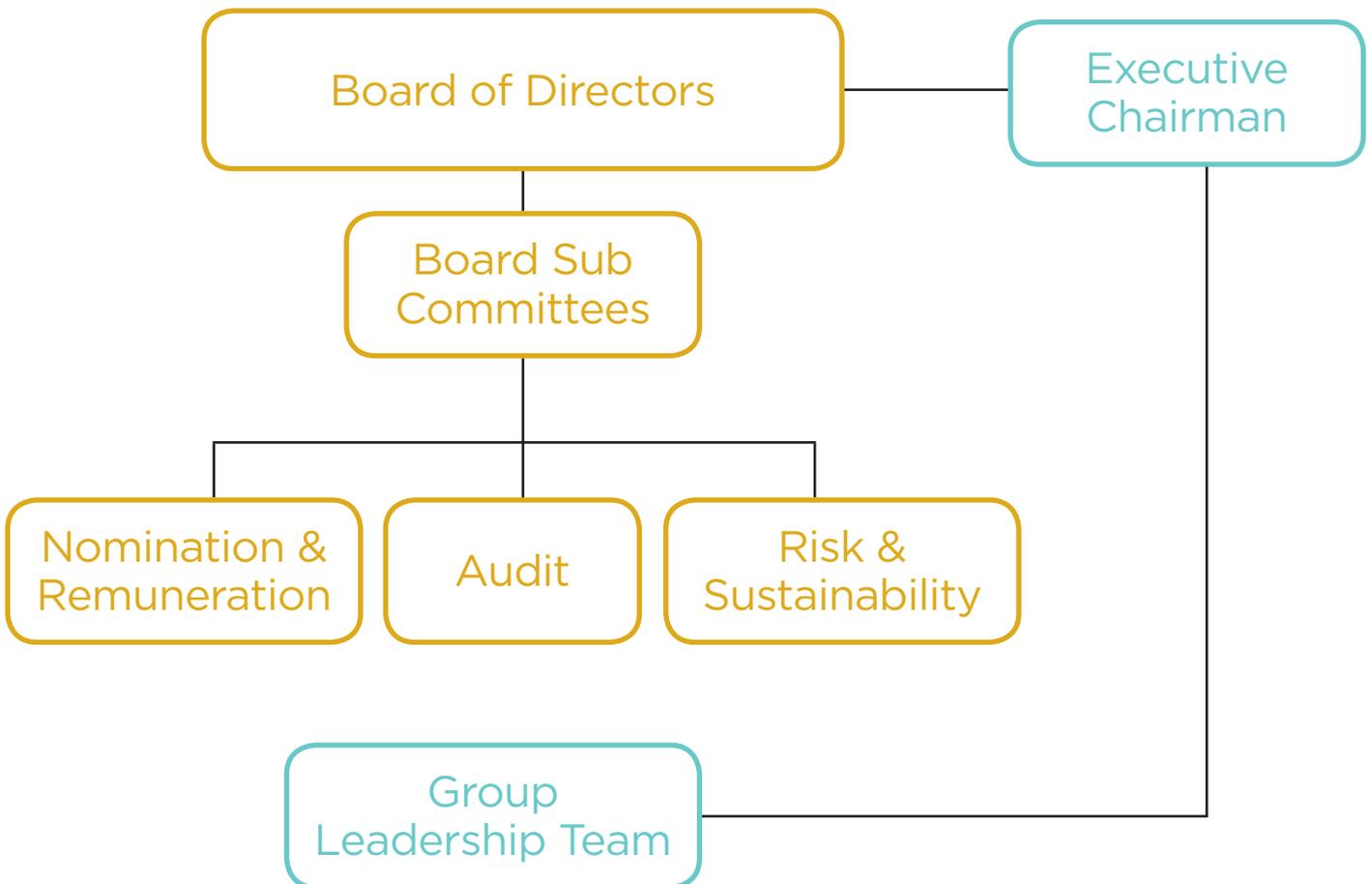


Evolution
MINING

CORPORATE GOVERNANCE STATEMENT

Evolution Mining Limited (“Evolution” or the “Company”) has implemented and is committed to the ASX Corporate Governance Council’s (“Council”) Third Edition Corporate Governance Principles and Recommendations, and to maintaining a high standard of corporate governance which reflects the requirements of the market regulators and the expectations of the Company’s security holders. Where the Company’s corporate governance practices do not meet with all the practices recommended by the Council, or the Board does not consider it practicable or necessary to implement some principles due to the size and stage of development of its operations, the Board’s reasoning for any departure is explained. Corporate Governance related documentation, including Board and Sub-Committee charters, policies and codes are presented in the corporate governance section on the Evolution Mining Limited website at www.evolutionmining.com.au

CORPORATE GOVERNANCE FRAMEWORK



BOARD OF DIRECTORS

Role of the Board

The Board is responsible for the governance of the Company and its authority to act is derived from the Constitution and has thereby established the functions reserved to the Board. The role of the Board is to provide overall strategic guidance and effective oversight of management. In fulfilling these duties, the Directors must act in the best interests of the Company as a whole and each member of the Board is committed to spending sufficient time to enable them to effectively carry out their duties as a Director of the Company.

Responsibilities of the Board and Board Processes

The Board's functions and the functions delegated to Senior Executives are set out in the Board Charter which is available on the Company's corporate governance page on the Company's website and can be accessed [here](#).

The key functions of the Board include:

- Adopting a strategic plan for the Company
- Selecting the Chief Executive Officer (CEO) (or equivalent)
- Adopting clearly defined delegations of authority from the Board to the CEO (or equivalent)
- Agreeing key performance indicators with Management
- Taking steps designed to protect the Company's financial position and its ability to meet its debts and other obligations as they fall due
- Establishing and monitoring policies directed to ensuring that the Company complies with the law and conforms with the highest standards of financial and ethical behaviour
- Adopting an annual budget for the financial performance of the Company and monitoring results in accordance with its Charter
- Determining that the Company has instituted adequate reporting systems and internal controls (both operational and financial) together with appropriate monitoring of compliance activities
- Determining that the Company's financial reports are true and fair and conform with Australian Accounting Standards
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs and that the scope of the external audit is adequate
- Selecting and recommending the appointment of auditors to shareholders at general meetings
- Adopting formal processes for the selection of new directors and recommending them for the consideration of shareholders at general meetings, with adequate information to allow shareholders to make informed decisions
- Reviewing its own processes and effectiveness and the balance of competence of the Board

As at the date of this report, the Board has established the following committees to assist it in discharging its functions:

- Audit Committee
- Nomination and Remuneration Committee
- Risk and Sustainability Committee¹

The Board holds regular meetings and is expected to meet periodically throughout the year. Timetables for Board and Sub Committee meetings are agreed annually in advance. Directors' attendance at meetings this year is set out in the Directors' Report section of the 2018 Annual Report. Information for Board meetings is prepared and circulated in advance. Senior Executives are regularly involved in Board discussions. In general, the Board is ultimately responsible for, and has the authority to determine all matters relating to the policies, practices, management and operations of the Company. The Board is responsible for establishing the corporate governance standards and management framework. This framework divides the functions of running the Company between the Board, the Executive Chairman and Senior Executives. The Board guides and monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. The Board delegates authority to Senior Executives to carry out delegated duties in support of the objectives of the Company. It is the role of Senior Executives to manage the Company in accordance with the agreed strategy and delegations of the Board and the responsibility of the Board to oversee the activities of Management in carrying out these delegated duties.

Day to day management of the operations of the Company is delegated by the Board to the Executive Chairman and to Senior Executives subject to the delegation of authority limits approved by the Board. Whilst retaining control of decision making on strategic matters and policy, the Board has delegated to Management responsibility for:

- **Strategy:** development of strategies, and making recommendations to the Board on such strategies
- **Operational performance:** managing the operations and performance of the Company's operations, assessing opportunities and making recommendations regarding business development and managing exploration and discovery in accordance with the strategy, life of mine plans and policies approved by the Board
- **Financial performance:** developing the annual budget and managing the operations in accordance with the approved budget and life of mine plans
- **Risk management:** establishing and maintaining effective risk management frameworks, systems, policies, standards and procedures to effectively manage financial, health, safety, environment, community and other operational risks
- **Continuous disclosure:** ensuring that the Board and the market are fully informed about all material matters pertaining to the Company
- **Selection of Senior Executives:** making recommendations for the appointment of Senior Executives, determining terms of appointment, evaluating performance and developing and maintaining succession plans for Senior Executives

The Board receives regular updates from the Executive Chairman on matters of strategic, operational or financial importance occurring outside of the Board meeting cycle.

¹ Formally the Risk Management Committee

CORPORATE GOVERNANCE STATEMENT

Board Skills and Experience

Board Skills and Experience	Out of 7 Directors
LEGAL AND GOVERNANCE EXPERIENCE	
Experience in a large organisation with a strong focus on and adherence to high governance standards	6
Listed entity board and/or sub-committee experience	7
Experience in corporate legal affairs and/or regulatory/governmental departments	2
Relevant legal tertiary degree or professional qualification	4
EXECUTIVE MANAGEMENT	
Experience at director, CEO, CFO, other office holder or similar in medium to large entities	7
MINING AND RESOURCES	
Mining or Resource Industry Executive Management	
Senior executive, advisory or Board experience in a large mining or resources organisations	6
Geology and Exploration	
Senior executive responsibility for exploration or long-term Board experience in a large mining and resources organisation with exploration as a key part of its business	3
Relevant tertiary degree or professional qualification	1
Health, Safety, Environment and Community	
Executive or board sub-committee experience in a mining and resources organisation with responsibility for health and workplace safety, and/or environmental and social responsibility	6
Capital Projects and Engineering	
Senior executive experience with capital projects and/or engineering in mining or resources environment; tertiary or professional engineering qualification	5
HUMAN RESOURCES/ORGANISATIONAL DEVELOPMENT & CULTURE	
Senior executive experience in people management and remuneration policy development or board remuneration and nomination sub-committee experience	7
FINANCE	
Senior executive experience in financial accounting and reporting, or business development and/or mergers and acquisitions experience	5
Board audit sub-committee experience	7
Relevant tertiary degree or professional qualification	5
RISK MANAGEMENT	
Senior executive experience in risk management	6
Board risk sub- committee experience	6

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Board Appointments

It is the function of the Nomination and Remuneration Committee under their Charter, to identify and recommend candidates for the Board after considering the necessary and desirable competencies of new Board members, to determine the appropriate mix of skills and experience and how the candidates can contribute to the strategic direction of the Company. When considering Board appointments, the Company ensures that appropriate checks are undertaken on the candidate's character, education, qualifications, criminal record and bankruptcy history and that sufficient information is provided to shareholders when a candidate is standing for election or re-election as a Director to enable them to make an informed decision on whether or not to elect or re-elect the candidate. Information regarding the Directors who were re-appointed in the 2018 Financial Year at the Annual General Meeting held on 23 November 2017 was provided in the Notice of Meeting dispatched to shareholders on 20 October 2017. All other changes to the composition of the Board are detailed on page 66 of the 2018 Annual Report.

Induction

All new Directors are appointed through a written agreement with the Company that sets out all their duties, rights and responsibilities. In addition, the Company Secretary is responsible for ensuring that the new Directors are provided with an information pack consisting of a detailed overview of the strategy, vision and values of the Company, details of each operation, the Company and organisational structure, the constitution, policies and charters of the Company. New Directors are also provided with the Board schedule. All Directors have the opportunity to visit at least two of the operations each year on a rotational basis as part obtaining first hand exposure to the operations, their management and personnel. During the year ended 30 June 2018, the Board visited the Cracow, Mt Rawdon, Ernest Henry and Cowal operations.

Company Secretary

The Company Secretary reports directly to the Board through the Executive Chairman on all matters relating to the proper functioning of the Board. All Directors have access to the Company Secretary, who advises the Board and its committees on governance matters, attends and takes minutes at all Board and Board sub-committee meetings, communicates with the ASX and ASIC on all regulatory matters, monitors adherence to Board policies and procedures and retains all professional advisors at the Board's request.

BOARD AND SUB COMMITTEE COMPOSITION

Board Composition

The membership of the Board is reviewed by the Board from time to time, having regard to the ongoing requirements of the Company. The objective is that the Board should be of a size and composition that is conducive to effective decision making with the benefit of a variety of perspectives, skills and experience.

As at 30 June 2018, the Board comprised of nine Directors, including Mr Jacob Klein, who is the Executive Chairman, and Mr Lawrence Conway, who is the Finance Director and seven Non-Executive Directors. Following the completion of the La Mancha transaction in August 2015, Mr Sawiris and Mr de Montessus were appointed as Directors with effect from 1 September 2015 with Mr Benoit and Mr El Adawy as their alternates. Mr El Adawy and Mr Benoit resigned as Alternate Directors and Mr Andrew Wray was appointed as the new Alternate Director for both Mr Sawiris and Mr de Montessus effective 19 April 2018. Subsequent to the end of the 2018 financial year, Mr Sawiris and Mr de Montessus resigned from the Board effective 1 August 2018 as a consequence of La Mancha's shareholding falling below 10% thereby reducing the number of Non-Executive directors from seven to five. Under the Board Charter, the composition of the Board should comprise a majority of Non-Executive Directors who should also be Independent Directors. The current five Non-Executive Directors have a mix of commercial, exploration, project development, mining and financial skills and experience. The Board believes that with the addition of Ms Hall, an Independent Director who was appointed to the Board on 1 October 2017, the composition, diversity of skills and experience is appropriate to discharge their responsibilities and in making decisions.

Each Director has the right of access to all Company information and to Senior Executives. Further, each Director and the Board collectively, subject to informing and with the approval of the Executive Chairman, has the right to seek independent professional advice from a suitably qualified advisor, at the Company's expense, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board. Further details about the Directors including skills, experience and term of office are set out on pages 61 to 62 of the 2018 Annual Report. In addition to the Annual Report, the table on page 8 sets out the skills, attributes and experience of the Directors serving on the Board as at 30 June 2018.

Independence

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer, and the importance of ensuring that Directors are free from interests and relationships that could reasonably be perceived to materially interfere with the Director's ability to exercise independent judgement and act in the Company's best interests.

It is the approach and attitude of each Non-Executive Director which determines their independence, and this must be considered in relation to each Director, while taking into account all other relevant factors including whether the Director:

- Is a substantial shareholder of the Company or a representative or officer or founding shareholder of a substantial shareholder
- Has been employed by the Company in an executive capacity within the last three years
- Has been a principal or employee of a material professional advisor or consultant to the Company within the last three years
- Has been a substantial supplier or customer of the Company or related bodies corporate

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- Has a material contractual relationship with the Company
- Has any interest, or any business or other relationship which could or could reasonably be perceived to materially interfere with the Independent Non-Executive Director's ability to act in the best interests of the Company

Determination of the independence of each Director is made with reference to the factors set out above. As at 30 June 2018, the Board comprises a majority of five Independent directors.

The Board, at least annually, assesses the independence of its Non-Executive Directors. This assessment may occur more than once each year if there is a change in circumstances that may impact upon the independence of a Non-Executive Director. Individual Directors must not participate in assessing their own independence and must provide to the Board all information relevant to the assessment. In assessing independence, the Board considers all circumstances relevant to determining whether the Non-Executive Director is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with that Director's ability to exercise unfettered and independent judgement on Company issues. Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a Director is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. There is no maximum age for Directors.

The Board has made the determination that Mr Freestone, Mr McKeith, Mr Askew, Mr Johnstone and Ms Hall are all Independent Directors. Mr Klein is the Executive Chairman and Mr Conway is the Finance Director and Chief Financial Officer and are therefore not considered to be independent.

The length of service and an assessment of the independence of each Director is detailed in the table below:

Name of Director	Position	Length of Service (as at 30 June 2018)	Independent
Mr Jacob Klein	Executive Chairman	6 years 8 months	No
Mr Lawrence Conway	Finance Director & CFO	6 years 8 months	No
Mr Graham Freestone	Non-Executive Director	8 years 6 months	Yes
Mr Colin Johnstone	Lead Independent Director	4 years 9 months	Yes
Mr Thomas McKeith	Non-Executive Director	4 years 6 months	Yes
Mr James Askew	Non-Executive Director	6 years 8 months	Yes
Ms Andrea Hall	Non-Executive Director	9 months	Yes
Former Directors (resigned 1 August 2018)			
Mr Naguib Sawiris	Non-Executive Director	2 years 10 months	No
Mr Sebastien de Montessus	Non-Executive Director	2 years 10 months	No

Chair of the Board

Mr Klein is the Executive Chairman of the Company. In this role, Mr Klein is required to operate as the Chairman of the Board and also in the capacity of a role equivalent to a Chief Executive Officer. As a result, there is not a clear division of responsibility between these functions and as an Executive Chairman, Mr Klein is not independent of the Company. Notwithstanding the ASX Corporate Governance Council's recommendation that listed companies should have an Independent Director as Chairman, the Board believes Mr Klein to be the most appropriate person to act as Chairman of the Company at this time for the reasons set out below:

- Mr Klein was instrumental in the formation of Evolution Mining and since his appointment to the Board in 2011, has overseen its rapid growth and success, helping to create Australia's third largest gold producer¹ and one of the lowest cost gold producers globally
- He has extensive skills and experience in managing and developing mining companies

The dual role of Mr Klein is balanced by the appointment of Mr Johnstone as Lead Independent Director (effective from 25 November 2015, replacing Mr Freestone). In this role, Mr Johnstone chairs the discussions of the Non-Executive Directors and represents the Board and the Company in situations where the Executive Chairman may be conflicted. As such, the Board believes Mr Klein is the best person to undertake the Executive Chairman role and does not believe it is necessary at this stage to appoint an Independent Chair of the Board.

Nomination and Remuneration Committee

The Board has established a Nomination and Remuneration Committee. In accordance with its Charter, the Nomination and Remuneration Committee is structured such that it consists solely of Non-Executive Directors, is chaired by an independent Non-Executive Director and has at least three Non-Executive Directors as members. This Charter is available on the Company's corporate governance page on the Company's website and can be accessed [here](#).

The Chairman of the Nomination and Remuneration Committee is Mr Thomas McKeith. The other members of the Committee at 30 June 2018 were Mr James Askew and Mr Sebastien de Montessus. Subsequent to the end of the 2018 financial year, The following changes to the composition of the Committee were made effective 1 August 2018:

- Mr de Montessus resigned as a Director of the Company and as a member of the Nomination and Remuneration Committee
- Mr Freestone was appointed as a member of the Committee

All Committee members are Non-Executive Directors.

Details of the number of meetings held and the Directors' attendances during the financial year ending 30 June 2018 are set out in the following table and in the Directors' Report section of the 2018 Annual Report.

1. As at October 2018 by market capitalisation

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Name of Director	Position	Independent	No. of Meetings Held While a Member	No. of Meetings Attended
Mr Thomas McKeith	Non-Executive Director	Yes	3	3
Mr James Askew	Non-Executive Director	Yes	3	3
Mr Sebastien de Montessus ¹	Non-Executive Director	No	3	1
Mr Andrew Wray ¹	Alternate Director	No	1	1

Name of Director	Position	Independent	No. of Meetings Held While a Member	No. of Meetings Attended
Mr Graham Freestone	Non-Executive Director	Yes	4	4
Mr Colin Johnstone	Non-Executive Director	Yes	4	4
Mr Thomas McKeith	Non-Executive Director	Yes	4	4
Ms Andrea Hall	Non-Executive Director	Yes	3	3

Audit Committee

The Board has established an Audit Committee to assist the Board to safeguard the integrity of financial reporting. The responsibilities of the Committee are set out in a formal Charter approved by the Board.

The Charter sets out the purpose, membership, responsibilities, authority and reporting requirements of the Committee. The primary responsibilities of the Committee are detailed in the Charter and include the following areas:

- Audit
- Reporting
- Financial Risk Management
- Financial Corporate Governance

This Charter is available on the Company's corporate governance page on the Company's website and can be accessed [here](#).

As at 30 June 2018, Mr Freestone was the Chair of the Audit Committee and an independent Non-Executive Director. Mr McKeith and Mr Johnstone, both Non-Executive Directors, were also members of the Committee. Ms Hall was appointed as a member of the Committee on 1 October 2017. Subsequent to the end of the 2018 financial year, the following changes to the composition of Committee were made:

- Ms Hall was appointed as Chair of the Audit Committee
- Mr Freestone remains as a member of the Committee
- Mr McKeith stepped down as a member of the Committee

The composition of the Audit Committee satisfies the Board's requirements in performing the Committee's function given the size and complexity of the Company at present. The Executive Chairman, the Chief Financial Officer, senior members of the finance team and the external auditor attend Committee meetings at the discretion of the Committee. Other Board members are invited to attend these meetings. Further details of the members of the Audit Committee and their attendance at Committee meetings are set out in the following table and in the Directors' Report section of the 2018 Annual Report.

The Committee meets with the external auditor without Senior management on general matters concerning the audit and other matters. The Company Secretary is also the Secretary to the Committee and copies of the minutes of the meeting are distributed to the Board ahead of the next full Board meeting. The Chair of the Audit Committee reports to the Board on the Committee's discussions, conclusions and recommendations and both external and internal auditors have a direct line of communication at any time to the Chairman of the Committee and the Chairman of the Board.

Risk and Sustainability Committee

The Board has established a Risk and Sustainability Committee to oversee the Company's risk management systems, policies, practices and plans on behalf of the Board and report the results of its activities to the Board. Subsequent to the end of the 2018 financial year, the Risk Management Committee changed its name to the Risk and Sustainability Committee and updated its Charter. This Charter is available on the Company's corporate governance page on the Company's website and can be accessed [here](#).

The responsibilities of the Risk and Sustainability Committee include oversight of the following areas:

- Health, Safety and Security
- Environment and Tailings Dam Governance
- Community and Social Performance
- Operational Risk Management
- Business Risk Management
- Legal and Regulatory Compliance

As at 30 June 2018, the Risk and Sustainability Committee comprised of three Non-Executive Directors. The Chairman of the Risk and Sustainability Committee is Mr Johnstone, a Non-Executive Director. The other members of the Committee were Mr Askew and Mr Freestone who are both Non-Executive Directors. Subsequent to the end of the 2018 financial year, the following changes to the composition of Committee were made:

- Mr McKeith was appointed as a member of the committee
- Mr Freestone stepped down as a member of the committee

The Board considers all of the Non-Executive Directors on the Committee to be independent. The composition of the Risk and Sustainability Committee satisfies the Board's requirements in performing the Committee's function given the size and complexity of the Company at present.

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The Executive Chairman and the Chief Operating Officer attend Committee meetings at the discretion of the Committee, along with the General Manager for Health, Safety, Environment and Risk, who is regularly invited to attend and present at these meetings. Other Board members are invited to attend these meetings. Further details of the members of the Risk and Sustainability Committee and their attendance at Committee meetings are set out in the following table and in the Directors' Report section of the 2018 Annual Report.

Name of Director	Position	Independent	No. of Meetings Held While a Member	No. of Meetings Attended
Mr James Askew	Non-Executive Director	Yes	2	2
Mr Graham Freestone	Non-Executive Director	Yes	2	2
Mr Colin Johnstone	Non-Executive Director	Yes	2	2

The Company Secretary is also the Secretary to the Committee and copies of the minutes of the meeting are distributed to the Board ahead of the next full Board meeting. The Chair of the Risk and Sustainability Committee reports to the Board on the Committee's discussions, conclusions and recommendations.

The Company is committed to the identification, monitoring and management of material business risks of its activities via its risk management framework. The Risk Management Policy is available on the Company's corporate governance page on the Company's website and can be accessed [here](#).

Board Sub-Committees

Details of the current membership and composition of each of the standing Board Committees is set out below:

Committee	Membership	Role	Meetings
Audit Committee	At least three Non-Executive Directors (NEDs). Currently: <ul style="list-style-type: none"> ▪ Andrea Hall (Chair) ▪ Graham Freestone ▪ Colin Johnstone 	The role of the Audit Committee is to: <ul style="list-style-type: none"> ▪ Assist the Board in carrying out its responsibility to exercise due care, diligence and skill in relation to the Board's reporting of financial information, application of accounting policies, financial management, internal control systems, business policies and procedures, compliance with applicable laws and regulations, and monitoring and controlling of business risks ▪ Provide a formal forum for communication between the Board, auditors and senior management ▪ Improve the effectiveness of the external audit function and the communication between the Board and the external auditors and evaluate the need for any internal audit function 	Minimum four per year
Risk and Sustainability Committee	At least three Non-Executive Directors (NEDs). Currently: <ul style="list-style-type: none"> ▪ Colin Johnstone (Chair) ▪ James Askew ▪ Thomas McKeith 	The role of the Risk and Sustainability Committee is to: <ul style="list-style-type: none"> ▪ To advise and support the Board of Directors on all matters pertaining to the Sustainability of the Company and group level risk appetite, risk management, and mitigation of all material risks arising from the Company's activities ▪ Oversee the Company's risk management systems, sustainability programs and mitigating controls on behalf of the Board and regularly providing a report of its activities to the Board ▪ Maintain free and open communication between the Committee and Executive Management, as appropriate 	Minimum two per year
Nomination and Remuneration Committee	At least three Non-Executive Directors (NEDs). Currently: <ul style="list-style-type: none"> ▪ Thomas McKeith (Chair) ▪ Graham Freestone ▪ James Askew 	The role of the Nomination and Remuneration Committee is to: <ul style="list-style-type: none"> ▪ Review and recommend to the Board on remuneration packages, recruitment, retention and termination policies and procedures and terms of employment contracts for senior Executives and Directors ▪ Review and recommend proposals for share plans and incentive programs ▪ Review and recommend proposals for superannuation arrangements ▪ Review and recommend policy on retirement and termination payments for Directors ▪ Identify and recommend to the Board candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience, and after assessment of how the candidates can contribute to the strategic direction of the Company ▪ Approve and review induction procedures for new appointees of the Board to ensure that they can effectively discharge their responsibilities ▪ Assess and consider the amount of time required to be committed by a Non-Executive Director to properly fulfil their duty to the Company and advise the Board ▪ Consider and recommend to the Board candidates for election or re-election to the Board at each annual shareholders' meeting ▪ Review Directorships in other public companies held by or offered to Directors and senior executives of the Company ▪ Review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board <p>In carrying out its role, the Nomination and Remuneration Committee is to take cognisance of regulations regarding appointments and remuneration, particularly the relevant provisions of Employment Law and the Corporations Act.</p>	Minimum three per year

BOARD FEES AND EXECUTIVE REMUNERATION

Executive Service Agreements & Non-Executive Director Remuneration

The Leadership Team comprises of the Executive Chairman and six Senior Executives with the Senior Executives reporting directly to the Executive Chairman. Each Senior Executive is employed under an Executive Service Agreement which sets out the employment terms, duties and responsibilities, remuneration details and the circumstances under which employment can be terminated.

The Board (with the assistance of the Nomination and Remuneration Committee) has established a policy to ensure that it remunerates fairly and responsibly. The remuneration philosophy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated Directors and employees. The Nomination and Remuneration Committee is responsible for the oversight of the Company's equity plans.

Upon the establishment of the Company in 2011, the Nomination and Remuneration Committee was charged with the responsibility for making recommendations to the Board regarding the principles of remuneration to be applied to the Senior Executives of the Company, having regard to the ASX corporate governance principles and the remuneration practices of Australian mining companies of a comparable size to the Company.

An independent remuneration consultant, Mercer Australia, (Mercer) was engaged to prepare a report (The Mercer Report) to assist the Nomination and Remuneration Committee to determine, amongst other items, the appropriate levels for Non-Executive Directors fees and Senior Executive remuneration. The recommendations of the Mercer Report were adopted by the Board, having regard for the aggregate maximum Directors' fee pool limit, which is currently set at A\$950,000 for Non-Executive Directors. This limit is set by shareholders at an Annual General Meeting.

Following an independent review of the fees paid to the Company's Non-Executive Directors (NEDs) in 2016 by Mercer, the Board and the Remuneration Committee determined that annual remuneration paid to NEDs will be delivered partially in cash and partially in equity, under the NED Equity Plan (Plan) approved by shareholders at the Annual General Meeting held on 24 November 2016. Under the Plan, NEDs are granted Share Rights as part of their remuneration. The number of Share Rights granted is calculated in accordance with the following formula:

"Equity Amount" (A\$) for the financial year/Value per Share Right, where:

- "Equity Amount" is an amount determined by the Board having regard to the level of board and committee fees paid in cash and independent advice received. For FY18, the Equity Amount is A\$40,000 for each Non-Executive Director

- The Value per Share Right is the volume weighted average price (VWAP) of Evolution's ordinary shares traded on the ASX over the 5-day trading period up to and including 30 June each year. For FY18, the VWAP used to determine the number of share rights granted to each Non-Executive Director was A\$2.3957

Non-Executive Directors do not receive retirement benefits, other than statutory superannuation entitlements.

Further details on the structure of Executive Directors', Non-Executive Directors' and Senior Executives remuneration are set out in the Remuneration Report in the Directors' Report section of the 2018 Annual Report.

Personnel of the Company are not permitted to enter into transactions which limit the economic risk of any unvested entitlements awarded under any equity-based remuneration scheme, or otherwise awarded, or which will be offered by the Company in the future.

BOARD AND EXECUTIVE PERFORMANCE

Evaluating Performance

The Board has in place a performance appraisal and remuneration system for the Executive Chairman and Senior Executives designed to enhance performance. Management performance is formally reviewed twice per year.

The criterion for the evaluation of the Executive Chairman and Senior Executives is their performance against agreed key performance indicators. The outcomes of the Senior Executives' annual performance review are discussed with the Board. The performance of the Executive Chairman is also monitored and assessed by the members of the Nomination and Remuneration Committee, as input to determine future remuneration.

The Board periodically reviews its own performance and that of the individual Directors with the most recent review having been conducted by Mr Johnstone, Lead Independent Director, in the 2017 financial year. The process involved each Director completing a questionnaire which included:

- A self-evaluation component
- An individual feedback component
- The composition of the Board and the Committees
- The effectiveness of the performance of the Board, the Committees and individual Directors

The results of the review were circulated to all Board members and discussed at a subsequent workshop.

Board performance for 2018 will be reviewed in an externally facilitated workshop.

ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

The Board has adopted a Board Code of Conduct that deals with:

- Obligations under legislation
- Personal behaviour
- Conflicts of interest
- Remuneration, expenses and other benefits
- Access to information and records
- Trading in Company securities

One of the Board's key aims is to avoid conflicts of interest (both real and apparent) and to ensure that all Board issues receive proper consideration, unfettered by outside or personal influences. If a conflict does exist, there are various courses of action available, depending upon the significance of the conflict.

A copy of the Board Code of Conduct Policy is available on the Company's corporate governance page on the Company's website or can be accessed [here](#).

In addition, as part of its commitment to recognising its legal obligations, the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in the Company's integrity, the Company has established a Code of Conduct that applies to all Directors, employees and contractors.

The code aims to provide guidance on the standards of personal and corporate behaviour and the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices. The code contains practices necessary to maintain external stakeholders' confidence in the Company's integrity, the practices necessary to take into account their legal obligations and the responsibilities of individuals for reporting and investigating reports of unethical practices.

SHAREHOLDER ENGAGEMENT AND MARKET COMMUNICATIONS

Continuous Disclosure

The Board has designated the Executive Chairman, Company Secretary and the Vice President, Investor Relations as the individuals responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

The Board has established a written policy for ensuring compliance with ASX listing rule disclosure requirements and accountability at Senior Executive level for that compliance. A copy of the Continuous Disclosure Policy is available on the Company's corporate governance page on the Company's website and can be accessed [here](#).

In accordance with this policy, Senior Executives that become aware of potentially price sensitive information must immediately report this to the individuals noted above.

The policy is periodically reviewed by the Board to ensure that it is effective and remains consistent and current with relevant laws and ASX requirements.

The Board provides shareholders with timely, factual and clear information by applying this policy. The policy includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website and issuing media releases to enable investors to assess the impact of the information when making investment decisions.

The Board respects the rights of its shareholders by promoting effective communication with shareholders and encourages shareholder participation at General Meetings. To facilitate this, the Company has established a Shareholder Communication Policy which is available on the Company's corporate governance page on the Company's website or can be accessed [here](#).

The Board encourages full participation of shareholders at the general meetings, to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The Company also invites its external auditor to attend the Annual General Meeting and to be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company conducts conference calls following the release of its Quarterly, Half Year and Full Year results. These calls may also be conducted following the release of material, price sensitive information, such as a major acquisition or discovery. The details of the conference call are lodged with the ASX and published on its website. The conference calls are hosted by the Executive Chairman and members of the Senior Executive team and are open for analysts and the media to attend via telephone. Sufficient time is allowed for questions and answers. Shareholders are able to listen to a live audio stream of the conference call which is subsequently uploaded to the Company's website at the conclusion of each conference call and can be accessed at any time. The contact details of the Investor Relations General Manager is also provided in each announcement which gives shareholders an additional opportunity to communicate directly with the Company.

From time to time, briefings are arranged to give analysts and others who advise shareholders an understanding of the Company's activities. In conducting briefings, the Company takes care to ensure that any price sensitive information released is made available to all shareholders (institutional and private) and the market at the same time.

These announcements are lodged with the ASX and then posted on the Company's website.

Shareholders have the option of electing to receive communications from the Company and its share registry electronically.

AUDIT

Attestations by Executive Chairman and Chief Financial Officer

In accordance with recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations, the Executive Chairman and Chief Financial Officer are required to state in writing to the Board that, in their opinion:

- The financial records of the entity have been properly maintained, and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position of the entity in accordance with Section 295A of the Corporations Act
- That an opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively

External Auditor

The Company's external auditor is PricewaterhouseCoopers (PwC). All Audit Committee and Board papers are available to the external auditor and they are invited to attend all Audit Committee meetings and are available to Audit Committee members at any time. The external auditor also attends the Annual General Meeting to answer any questions from shareholders relevant to the audit and the preparation and content of the auditors' report. In the 2018 financial year, PwC attended all four Audit Committee meetings.

DIVERSITY AND INCLUSION

Diversity Policy

Evolution is dedicated to growing a rich culture, diverse workforce and providing a work environment in which every employee is treated fairly, respected and has the opportunity to contribute to business success, while being given the opportunities to realise their full potential. The Board is committed to having appropriate diversity within the Company.

A copy of the Diversity Policy is available on the Company's corporate governance page on the Company's website and can be accessed [here](#).

The Company's Diversity Policy recommends an inclusive workplace culture that supports diversity and includes the following key objectives:

- Attract and retain a skilled and diverse workforce that best represents the talent available in the communities in which our assets are located and our employees reside
- Promote and maintain a work environment that values and utilises the contributions of employees with diverse backgrounds, experience and perspectives through improved awareness of the benefits of workplace diversity, human resources policies, systems and processes and successful management of diversity
- Set measurable objectives for gender diversity which will be monitored and reviewed against this policy and associated procedures

- Ensure that succession and talent management processes provide the necessary learning and development opportunities to develop the skills and experience required for employees to be considered for advancement to more senior roles, including the executive team and the Board
- Ensure appropriate selection criteria based on diverse skills, experience and perspectives is used when hiring new staff, including Board members
- Ensure that applicants and employees of all backgrounds are encouraged to apply for and have fair opportunity to be considered for all available roles
- Comply with equal opportunity and anti-discrimination legislation

The Nomination and Remuneration Committee is responsible for reviewing and reporting on the relative proportion of males and females in the workforce. The relative proportion of males and females at Board and Senior Management level and across the Company. At the end of the financial year 30 June 2018 the relative proportion of males and females at Board and Senior Management level is detailed below.

	Male	Female
Board	88.9%	11.1%
Senior Management ¹	85.5%	14.5%
Group	86.2%	13.8%

The Board recognises that mining is a heavily male dominated industry and continually looks at ways to improve the representation of women in its workforce. In support of this objective, we have increased the number of flexible working arrangements available to employees, for example, adjusted start and finish times, compressed work weeks and altered rosters. We have focussed on attracting more female applicants through targeted advertising and increasing female participation in our pipeline programs. 40% of our current graduates (2017 intake) are female and 50% of our planned 2019 intake are female, exceeding our target of 30%. 29% of our 2018 vacation students were female. In addition to this, a pilot return to work program has recently been implemented at our Mungari Operation for men and women who have been out of the workforce for more than two years.

The Company builds strong relationships with its Aboriginal and Torres Strait Islander communities (ATSI) and have targeted training and employment programs in place to encourage greater ATSI participation in the Company's workforce. This diversity is reflected in 4.4% of the Company's direct employees identifying as Aboriginal or Torres Strait Islander.

¹ We have defined 'Senior Management' as Group/Site Managers and above

RISK AND SUSTAINABILITY

The Board receives regular updates from Management on whether the Company's material business risks are being managed effectively. The General Manager for Health, Safety, Environment and Risk has overall responsibility for the management, identification, monitoring, reporting and mitigation of environmental, health and safety risks. The management and reporting of risks is communicated by management to the Executive Chairman and is included in the material discussed and presented at Board and Risk and Sustainability Committee meetings.

The Board assumes ultimate responsibility for the oversight and management of material business risks and satisfies itself annually, or more frequently as required, that Management has developed and implemented a sound system of risk management and internal control to manage the Company's material business risks. The Board delegates the detailed work of this task to the Risk and Sustainability Committee and the Board periodically reviews this work. A key element in the risk management framework is the reporting by Management on the Company's key risks. The Risk and Sustainability Committee oversees the adequacy and content of risk reporting from Management. Based on reports compiled throughout the year, Management prepares an annual summary report to indicate the effectiveness of the Company's management of its material business risks. This report is prepared for the Risk and Sustainability Committee but will ultimately be provided to the Board for its review.

The Company manages the risks listed above, and other day-to-day risks through an established management framework which conforms to Australian and international standards and guidelines. The Company's risk reporting and control mechanisms are designed to ensure strategic, operational, legal, reputational and other risks are identified, assessed and appropriately managed. These are reviewed by the Risk and Sustainability Committee throughout the year. The financial reporting and control mechanisms are reviewed during the year by Management, the Audit Committee and the internal and external auditors. The Group has policies in place to manage risk in the areas of Health and Safety, Environment, Community and Equal Employment Opportunity.

The Leadership Team, the Risk and Sustainability Committee and the Board regularly review the risk portfolio of the business and the effectiveness of the Company's management of those risks.

The Company has an internal audit function that assists the Board by undertaking an objective evaluation of the Company's internal control framework. The internal audit role is currently filled by the Group Manager - Tax and Internal Audit who reports through to the Chief Financial Officer. The Group Manager - Tax and Internal Audit attends the Audit Committee Meetings to present internal audit activities, findings and recommendations. The Company has engaged Protiviti, a global consulting firm that helps companies in governance, risk and internal audit matters, to assess the framework and the related internal controls, express an opinion as to their adequacy and identify any weaknesses inherent therein, and to make recommendations as regards ongoing testing and review.

Protiviti also regularly attend the Audit Committee meetings to provide an update to the Committee on their activities. Protiviti communicate regularly with the Company's external auditor, independent of Management.

The Audit Committee is responsible for overseeing the internal audit function and its key roles in this regard are:

- Reviewing the performance of the internal auditor and the approval of the annual internal audit plan
- Reviewing significant internal audit findings and action taken by Management to address these
- Facilitating a direct line of communication from the internal auditor which is independent of Management

When requested by the Board, the Audit Committee also reviews the processes and internal controls that Management have put in place to ensure compliance with laws, regulations and internal codes of conduct.

The Company has an established community relations function, operating both at a group level and at each of its operations. The Company has developed a community engagement framework, including a set of principles, policies and procedures designed to provide a structured and consistent approach to community activities across the Company.

The Company recognises that a failure to appropriately manage or meet local community stakeholder expectations may lead to dissatisfaction which has the potential to disrupt or prevent production and exploration activities. As such, the community relations policy is designed to support the Company's objectives of working with its community stakeholders to achieve their future aspirations and ensuring that, as a member of these communities, the Company strives to make a positive difference and to earn the trust of its community stakeholders. Ultimately, the Company seeks an outcome where its communities are better off overall for the Company having been there. The following set of community principles guides the Company's approach to all stakeholder engagements:

- Everyone plays a role in building positive community relations
- We consider our community impact with each decision that we make
- We want every interaction with our community stakeholders to be positive and aligned with our values
- We listen and communicate regularly with our stakeholders about the things that matter to them, in an honest, timely and transparent way
- We work closely with our stakeholders, we share ideas and we look for opportunities to collaborate
- We value our stakeholders, respect their beliefs, backgrounds and aspirations and we strive to achieve outcomes of mutual benefit
- We strive to always leave a positive legacy so our communities are better off overall for Evolution having been there

CORPORATE GOVERNANCE STATEMENT

The Company's community relations policies, procedures and guidelines cover various areas including complaints and grievances handling and community investment activities such as sponsorships and donations. The Company further ensures that every person covered by the community relations policy recognises, understands and accepts their responsibility to:

- Comply with all applicable laws, internal policies and other commitments to the Company's stakeholders to which it subscribes, including commitments relating to safety, environment, cultural heritage, Native Title, land access, Indigenous land use and use of community facilities
- Avoid any behaviour that could harm the Company's reputation or relationship with its local communities
- Respect the Indigenous cultural heritage of the communities in which the Company operates and attend cultural heritage training where required
- Support the Company's aim of sharing the economic benefit with its local communities by, where possible, maximising local procurement

The Company is committed to identifying opportunities to form partnerships to deliver sustainable community development projects that create shared value, both for the Company and for its community stakeholders. This is a key initiative aimed at providing long-term, sustainable outcomes for the community that last beyond the life of the mine through local economic development, education and training outcomes, environmental outcomes or sustainable health outcomes.

Examples of the Company's Shared Value Projects are included on pages 21 to 23 of the 2018 Annual Report.

The Company has an established Health, Safety and Environment (HSE) function, and has developed an HSE management system and framework which outlines the Company's approach to managing the risk associated with HSE aspects. The management system includes the need for the operations to implement HSE policy, Principle Hazard control plans, risk registers, standard operating procedures, risk assessments, environmental aspects and impacts registers, establish incident and hazard reporting programs, internal audit programs, risk monitoring programs and appropriate educational packages.

In relation to the management of environmental risk, a key component of the HSE management system is the need for the Company's operations to comply with the Company's environmental protocols which cover core risk areas including waste rock management, tailings management, chemical management, water management and energy efficiency. The Company employs the services of an environmental scientist to assist in the management of environmental aspects and impacts across the Company's operations.

All of the operations are subject to functional HSE risk control audits each year, these focus on compliance with Health and Safety requirements, environmental protection and risk management. The findings of these audits are communicated to the Leadership Team and the Risk and Sustainability Committee and action items are tracked within the Company's HSE data management system. Matters relating to HSE are recorded in a database and communicated widely across the organisation on a monthly, quarterly and annual basis and the Company's HSE performance is monitored and reviewed by the Risk and Sustainability Committee at each meeting.

The mining operations across the Company are required to maintain and monitor a site risk register which outlines all key operational risks, including HSE and the appropriate control measures in place to mitigate those risks. The site risk register rolls up to the Company risk register which is reviewed at regular intervals by the Risk and Sustainability Committee.

Examples of the Company's management of material, economic, environmental and social responsibility risks and the systems it has in place to manage these risks is included in the Sustainability Report on pages 5 to 32 of the 2018 Annual Report.

While the Company has implemented extensive HSE and community policies, protocols and initiatives at its sites to ensure the health and safety of its employees, contractors and members of the community affected by its operations as described herein and in the Annual Report, there is no guarantee that such measures will eliminate the occurrence of accidents or other incidents which may impact the community or result in personal injuries, damage to property or interruption to its production or exploration activities, and in certain instances such occurrences could give rise to regulatory fines and/or civil liability.



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