

COBALT MINING AND MODERN SLAVERY

POSITION STATEMENT

Overview

We are committed to human and labour rights and the global eradication of modern slavery in all its forms. This Statement outlines our approach to procurement of goods containing cobalt, specifically batteries.

We apply the *Commonwealth Modern Slavery Act 2018* definition of modern slavery, which includes forced labour and the worst forms of child labour.

Our net zero ambition is dependent on the utilisation of large-scale lithium-ion (Li-ion) batteries. Li-ion batteries can have different chemistries, some of which use cobalt.

Cobalt extraction and processing can have significant social and environmental impacts. Specifically inadequate waste and water management, and adverse impacts from inadequate worker safety, human rights abuses (such as child labour) and corruption.

Ausgrid's battery strategy is not dependant on cobalt-based batteries.

Cobalt Mining and Slavery

Cobalt mining modern slavery risks have been present and known for many years. Most of the global cobalt supply comes from the Democratic Republic of Congo (DRC). The DRC is a developing country with an elevated human rights risk profile due to extreme poverty combined with widespread corruption, greed, and low government controls.

The remoteness of mining sites and the distance in the supply chain from end purchasers makes detection, mitigation, and remediation difficult.

There are currently few alternative cobalt sources, and it is unlikely new mining locations will become available soon.

Energy Transition

Global demand for Li-ion batteries is increasing, driven largely by the imperative to reduce climate change through electrification of mobility and the broader energy transition. The demand for cobalt is expected to grow significantly as global energy systems transform to low-carbon.

Concerns in Ausgrid's Supply Chain

The adverse impacts of cobalt mining are an issue of concern to us. We use Li-ion batteries in technology (portable electronic equipment), fleet (electric vehicles) and the network (community and pole mounted batteries).

We commit to developing our capability to identify and mitigate against the risks of cobalt mining in our supply chain and remediate against the adverse impacts of this practice to the extent that doing so is within our control and influence.

Our Actions

We publish an annual Modern Slavery Statement that sets out our values, risk areas, actions undertaken, and how we measure effectiveness in identifying and mitigating modern slavery risks (including forced labour and the worst forms of child labour) in connection with our business and supply chain.

Our Approach

To tackle these issues our approach is to target actions across the following areas:

- Policies and procedures: that put obligations on us and our suppliers such as our Code of Conduct; Sustainable Procurement Policy; External Partner Code of Conduct; Modern Slavery Statement and Human Rights Policy
- Substitution: monitor battery technology development for cobalt free options. The ongoing development of Ausgrid's battery programs will be based on cobalt free chemistries.
- Improved technical performance or extension of life: where possible to safely and reliably reuse, repurpose or extend the useful life of the batteries we use.
- Recycling or disassembly: where possible we recycle our batteries (e.g. 100% of our Li-ion battery powered portable electronic equipment is recycled). For our larger scale equipment recycling or disassembly facilities in Australia are limited. Our larger scale Li-ion batteries used in community and pole battery projects have 15-year plus life spans. It is expected that by the time they reach end-of-life recycling options will have matured and we are committed to using these options as they become available.

Our Commitments

We are committed to:

- Continuing to learn and assess new cobalt free battery technologies and battery recycling opportunities. Where possible adopt these new technologies to reduce or mitigate Ausgrid's use of cobalt.
- Maximising the useful life of batteries already in use within our network, where it is safe and reliable to do so.
- Assigning appropriate governance to oversee this Statement and its implementation.
- Monitor the development of legislation or relevant standards to mitigate against adverse impacts of cobalt mining.