



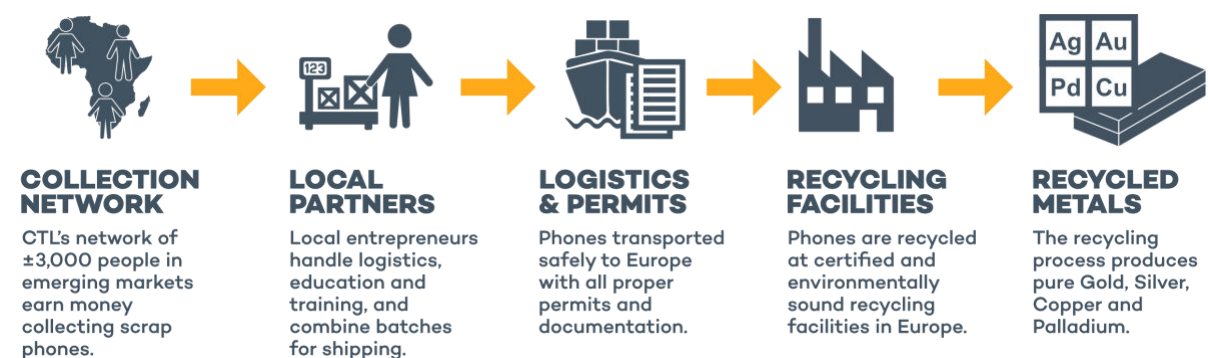
# CTL Due Diligence Summary (January 2017 - August 2018)

## CTL Due Diligence Strategy & Supply Chain

Closing the Loop's (CTL) mission is to eliminate the waste created by mobile phones, specifically in Africa. Our main activity to achieve this is the collection of scrap mobile phones from Africa, as a service for organisations in Europe.

In order to ensure the maximum positive impact of our activities, CTL demands the highest standards and regulations from actors within its supply chain. As such CTL has agreed these standards and regulations with its partners in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance).

As CTL collects mobile phones, this strategy applies not only to the Conflict Minerals, but to all parts of a mobile phone, including the batteries, the devices themselves, and the accessories that they come with. Below is a description of the supply chain of Closing the Loop.



## Formalisation of Due Diligence Standards

As a start-up company, CTL is still in the process of formalising many internal activities and standards. All its partners have contracts or MOUs, but many of the due diligence agreements have simply been made through written correspondence or in personal meetings with suppliers.

As part of the scale-up process, CTL is also improving all the due diligence procedures and agreements. This includes new contracts with all suppliers that specifically mention the OECD Due Diligence Guidance and the need for these suppliers to comply with them.

All suppliers have already been notified of these new contracts and of the fact that they are already expected to comply with these principles as outlined in Annex II of the OECD Due Diligence Guidance.



## Current Standards

Although not all due diligence standards have been formalised in contracts, CTL has already taken an inventory of issues and risks in its supply chain.

During this inventory, made between January and August of 2018, it was established that the supply chain practices of CTL already comply with the OECD Due Diligence Guidance to the best of CTL's knowledge. This applies to the value chain both upstream from CTL's activities as well as downstream. As an example, CTL only uses WEEELABEX and LBMA-certified recycling companies to process the mobile phones, and CTL undertakes a lot of KYC (Know Your Customer) processes with its suppliers.

Based on this analysis, Closing the Loop can declare the following figures for the period of January 2017 – August 2018:

- 100% of the refiners & recyclers involved in the supply chain of Closing the Loop are both WEEELABEX and LBMA certified.
- 100% of Closing the Loop's staff and direct suppliers (Local Partners in the above diagram) comply fully with the OECD Due Diligence Guidance, and are aware of their requirement to do so.
- An estimated minimum of 80% of secondary suppliers (those that supply our Local Partners) also comply with the OECD Due Diligence Guidance.
- An estimated 10% of these secondary suppliers are aware of their requirements to comply with the OCED Due Diligence Guidance.
- CTL has no figures on the compliance of 3<sup>rd</sup> level (and further) suppliers with the OECD Due Diligence Guidance.

We are aware that this does not mean that all risks are mitigated, or that there are no issues in the supply chain that need to be addressed, which is why a further investigation of CTL's due diligence will be done in the coming months, as described below.

## 2018 Due Diligence Analysis

Starting in October/November 2018, an external consultancy will work on a due diligence project for CTL, as an audit of our own analysis. This project will look specifically at the OECD Due Diligence Guidance, as well as CTL's own KPIs in order to determine how responsible the supply chain of Closing the Loop is.