



**CLOSING
THE LOOP**

CHILD LABOUR POLICY

Version 1.0
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1 THE POLICY

Closing the Loop has a zero-tolerance policy against child labour as prohibited by several internationally recognised standards. The company is committed not to put children at risk or deprived of an education or childhood. This policy document functions as a guidance and precaution measure. Even though Closing the Loop has chosen to work in regions with a known risk of child labour the company has until now not experienced child labour in the direct and extended supply chain. It is however our responsibility to provide measures for the occurrence of child labour in the supply chain.

Closing the Loop addresses child labour by mitigating risks and by putting measures in place to remediate child labour cases. The policy is developed in consultation with Hivos, a Dutch development agency, and the coalition under Hivos¹ called *stop child labour*². The reader can find the policy statement, definitions, and the policy scope in the first part of this document. Risk mitigation strategies and a remediation plan can be found in the second part of this document.

This policy is in reference and adheres to several internationally recognised human rights standards:

- International Bill of Human Rights
- International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
 - Convention No. 138 on the minimum age for admission to employment and work
 - Convention No. 182 on the worst forms of child labour
- United Nations Guiding Principles on Business and Human Rights (UNGP)
- United Nations Convention on the Right of the Child, article 32

Partners in the supply chain observe this principle when they do not employ directly or indirectly, children below the minimum age of completion of compulsory schooling as defined by law, which shall not be less than 15 years.

1.1 SCOPE OF THE POLICY

Under the UN Convention and the ILO Conventions, a child is defined as someone under the age of 18. Closing the Loop does not allow children under the age of 15 years in its entire supply chain in compliance with the ILO Convention 138 on minimum age and under the Responsible Business

¹ <http://www.hivos.org>

² <http://www.stopkinderarbeid.nl>

Alliance (RBA) definition “The term child refers to any person under the age of 15, or under the age of completing compulsory education, or under the minimum age of employment in the country ...”.

Young Workers or Youth of 15 to 18 years are allowed to perform light work under supervision of an adult as of the ILO Convention 182 and under restrictions on overtime and hazardous work.

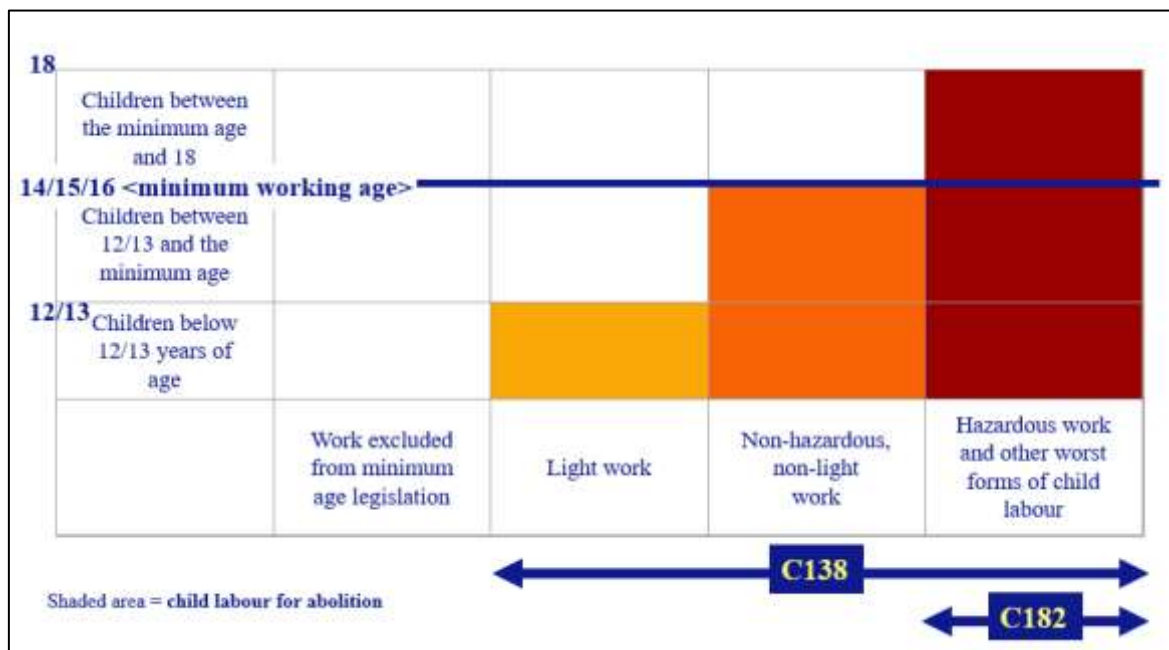


Figure 1 - Scope of policy, defining child labour age. Source: International Labour Organisation, ilo.org/ipecc

CTL’s child labour policy applies to all ways in which a company can be involved in child labour under the UNGP and as cited by ILO:

- CTL does not cause child labour impact through its own actions or decisions
- CTL does not contribute to child labour impact through a business relationship (suppliers, customer, government)
- CTL does not create an impact that is linked to its operations, products or services (caused by an entity with which the company has a business relationship).

CTL’s policies and procedures are expected to have a positive impact on the risk of child labour, due to the strict procedures in place for suppliers. CTL’s procedures and policies do not require processes that are known to be hazardous, especially for children, and that increase the risk of child labour. The hazardous and child-labour-prone processes are commonly used in the illegal (and unlicensed) recycling sector, which is not a part of CTL’s supply chain. This positions CTL as a role model for mitigating the risk for child labour in the sector.

CTL follows the RBA Code and even though the RBA, on which the company’s Code of Conduct is based, scopes “stages of manufacturing” for its code, for CTL any part of the supply chain is taken as the context for this policy and code.

1.2 CTL'S SUPPLY CHAIN

Throughout this policy, it is relevant to understand CTL's supply chain and the actors that are identified. As CTL does not directly employ persons in the risk areas, 'employment' in this document refers to the employees of its first and second tier suppliers. CTL considers the Local Partner first-tier and the Agents second-tier suppliers. The collection points are lower-tier suppliers.

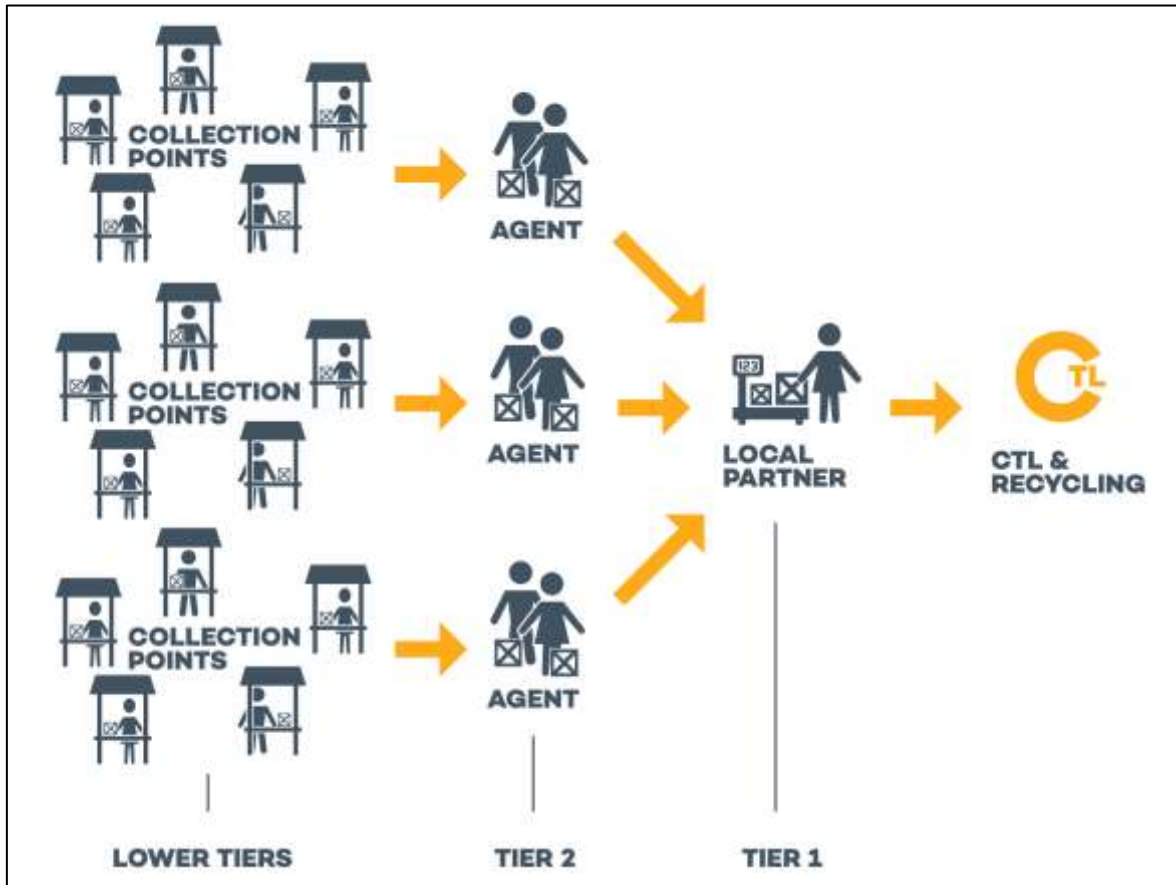


Figure 2 - Closing the Loop's supply chain structure

Closing the Loop knows all first- and second-tier supplier in person and is in touch with LSPs on a weekly basis. The E-waste is collected from collection points (mostly phone repair shops or second-hand shops). Sometimes phones are collected on a donation basis in churches. If a phone cannot be repaired by these shops, it is collected as an end-of-life device by our Agents.

2 MEASURES AGAINST CHILD LABOUR

In line with the guidelines CTL implements several elements in its Management System to prevent child labour and to address negative impacts related to child labour impacts:

- CTL has a very trusted relationship with its supply chain. The collaboration approach allows the company to know every first- and second-tier supplier. CTL has long-term relationships with Local Service Providers (LSPs) and talks to them multiple times a week. During these regular contact hours, the topic child labour prevention is discussed.
- LSPs create their own e-waste collection network and hire Agents. Both LSPs and Agents must provide an official and age-certifying ID, incorporation certificate and sign a contractual agreement that highlights the child labour policy.
 - When signing the contractual agreement, the Code of Conduct and the child labour policy is discussed. The LSP is informed about the prevention measures and the remediation steps when children are engaged in work.
- There are conversations about child labour mitigation between Agents and the collection points and trainings in form of workshops. Even though not communicated by CTL as the company rather uses sensitisation and an open dialogue, the Agents are aware of the fact that they can be fined under the local law (in many African countries) if a child occurs in the network.
- CTL's Supply Chain Director (a member of senior management) travels to the partnering country once a year to visit the LSPs and Agents, and to spot-check random collection points. These visits can be unannounced.
- All employees, including the collection points, are informed about the grievance mechanisms and are urged to report any suspicion. CTL refers to the grievance mechanism on a regular basis.
- CTL embeds this policy in all its processes and Management System and effectively communicates the Child Labour Policy in all collaborations and partnerships. Closing the Loop's employees, supply chain partners and stakeholders must commit to the policy.
- A Risk/Impact Assessment that can be found later in this document is annually assessed and updated.
- The company appointed a responsible person to monitor the Child Labour Policy to ensure compliance with international and local laws and regulations.
- There is a remediation plan (later in this document) to provide a remedy if a child is found in the supply chain.

2.1 RISK IMPACT ASSESSMENT AND MITIGATION

As CTL is in personal contact with all its LSPs and knows who is operating for the LSPs, the risk for child labour is present in the collection phase of e-waste before entering CTL's supervised packing and storing. Table 1 shows the identified risks and the mitigation activities by CTL. Refer to Figure 2 for a visual elaboration of CTL's supply chain.

Impact	Description	Risk	Mitigation	Monitor progress
Agent purchases products from children	Even though CTL knows all its partners, it is less transparent where the scrap phones were purchased before they arrive at our partner's facility. Therefore there is a potential risk that our second-tier suppliers collaborate with children	Medium	We aim to always know the origin of the waste. Partners provide information where their Agents purchase products from (e.g. in second-hand shops, on markets). We then keep track of all purchased products which are only purchased from Agents that have signed a contract and have provided an age certifying document. We do not collect from landfills.	Regularly - in person
Agent purchases from areas with high risk of child labour	There is a risk that Agents buy scrap from landfills, dump-sites or informal recycling 'yards'.	Medium	Typically, the children in these areas are used in the dismantling of devices, as well as scavenging for low-grade items. As phones are high-grade, and CTL's policies create incentives for not dismantling products, this risk is severely mitigated.	Regularly, in person and online interviews
Falsification of age certifying documents - hiring a child	Potential collection partners might provide unofficial or falsified documents to obtain the right to be hired	Low	CTL always requires an official identification certificate. It must be stamped and show a photo of the partner. In addition, CTL annually meets all the Agents in the supply chain and is able to judge whether they are considered children. During the site visit the employees are asked to provide the same identification document that was provided to CTL before.	Regularly
Certification does not match the person - hiring a child	There is the risk that partners provide another person's ID to be eligible to be hired	Low	CTL has an ID control system. If there is a suspicion the company does a cross-checking of identity papers, requires an additional photo of the employee or sets up a video call in which specific age related questions are asked (First about family; where do you live, where is your family from, do you have siblings, what is the age difference between you and your siblings, what is your birthday by day, month and year, in what year did you finish school?)	Regularly

Table 1 - Risks and Mitigating Actions

2.2 REMEDIATION PLAN

CTL has remediation processes in place to provide a remedy if the company has contributed to a negative impact related to child labour.

In case child labour is identified in the extended supply chain or in the facility of partners, CTL will start the remediation procedure below to ensure the child is taken back to the family and can be enrolled in an educational programme. Suppliers and facilities are expected to collaborate and find a solution in the best interest of the child. If the partner does not collaborate to combat the child labour or the child is found hired in the supply chain again, CTL will cancel and terminate the business relationship.

2.2.1 Step 1 – Immediate action

- Collaboration with the concerned partner is paused until further steps are agreed on
- The collection site is contacted and the child removed from the site immediately
- It is ensured to provide a safe environment for the child, food and shelter until further steps have been agreed on
- It is ensured the child returns to its hometown and is reunited with its family
- Detailed information about the child must be provided: name, date and place of birth, family situation, school history, start working date, total working hours, salary
- CTL founder and the operations department is informed
- The incident must be reported through the grievance system through the local partner
- Parents or a responsible contact person are contacted, as well as a local NGO that focuses on the rights of children

2.2.2 Step 2 – Follow-up actions

- A conversation with the hiring person (the LSP or Agent) and CTL is scheduled to discuss further steps
- If required and in the best interest of the child, a remediation team is set up which consists of a CTL employee, the LSP and a third party. The third-party should be a party relevant to the remediation to the case such as a union, (local) law government or a recognised NGO that deals with the welfare of children. The team will work together in finding a solution, ensuring the child can travel home safely
- The remediation team will support the business partner to set up measures to ensure no new child worker is hired
- The team agrees on regular monitoring meeting
- It is ensured the child will travel back to its parents or responsible household and is supported to enrol in a school, the child will be compensated for the missing payment
- If the child was exposed to hazardous work, it will be arranged for the child to visit a doctor

2.2.3 Step 3 – Ongoing support and monitoring

- After one year, CTL will either consult a third-party organisation or self-conduct an unannounced follow-up audit to check the suppliers where the child labour violation was found. If a child is present during the follow-up check, CTL will terminate the business relationship
- After one year, and if the child is still in compulsory school age, a third party or CTL itself will check whether the child is still in school