

Annual Report 2022



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ABBREVIATIONS

| Abbreviation | Definition |
|----------------|--|
| AB | Advisory Board |
| AFA | Alternatives for Action |
| AoG | Articles of Governance |
| ASM | Artisanal and Small-Scale Mining |
| BGR | German Federal Institute for Geosciences and Natural Resources |
| CISTEMA | Commission Interministérielle Sur le Travail des Enfants dans le Mines Artisanales |
| CLR | Child Labour Remediation |
| CMDS | Cooperative for Social Development |
| CPF | Centre Professionnel des Femmes (to be confirmed) |
| CTC | Certified Trading Chains |
| FCA | Fair Cobalt Alliance |
| GIZ | Deutsche Gesellschaft für Internationale Zusammenarbeit |
| IGA | Income Generating Activities |
| ILO | International Labour Organisation |

| Abbreviation | Definition |
|----------------|--|
| KCC | Kamoto Copper Company |
| LME | London Metal Exchange |
| MTC | Musompo Trading Centre |
| OHS | Operational Health and Safety |
| PPE | Personal Protective Equipment |
| RCI | Responsible Cobalt Initiative |
| RMI | Responsible Minerals Initiative |
| SAEMAPE | Service d'Assistance et d'Encadrement de l'Exploitation Minière Artisanale et à Petite Échelle |
| SC | Steering Committee |
| TIF | The Impact Facility |
| TMB | Trust Merchant Bank |
| VSLAs | Voluntary Savings and Loans Associations |
| WiM UK | Women in Mining, United Kingdom |



FOREWORD

*By Angela Jorns, Chairwoman of the Steering Committee
and Assheton Stewart Carter, Executive Director of the Fair Cobalt Alliance*

2022 was an exceptional year for a myriad of reasons. After the Covid-induced lockdowns of the previous two years, the easing of those restrictions finally allowed the resumption of regular travel to the Democratic Republic of Congo. The global uptake in electric vehicles, a race towards renewable energy and associated energy storage systems present an unstoppable shift towards a greener economy. With this came a global awakening that the move into the green minerals age comes with its own challenges, given that minerals such as cobalt are produced in contexts where the implementation of international standards is challenging and requires engagement and investment to achieve compliance. As local and international media continue to draw attention to these challenges, national governments and all those involved across the supply chain must ensure that the exploitation of minerals benefits, rather than harms, local producers, communities and economies.

Accelerated push for a just energy transition

The push for a greener economy has already resulted in a geopolitical scramble for access to critical minerals to ensure a speedy transition and to meet climate targets. The war in Ukraine has strengthened the public's demand for an accelerated energy transition, while the subsequent record-high inflation, which has raised fears about a looming recession, has led to corporate budget cuts across the sector. Simultaneously, African governments

are increasingly calling for investment into the local economies to rightfully capture a larger percentage of their mineral wealth. These trends are also accompanied by ever-expanding requirements and legislation on due diligence and corporate responsibility in supply chains in a variety of jurisdictions, including the EU and the US.

To truly achieve a just transition, we need to go beyond a compliance approach and engage and invest in responsible and fair supply chains while respecting the rights of everyone along the supply chain, especially upstream mineral producers. The push towards an energy transition should not come at the expense of communities in the Global South, the producers of these critical minerals. A just energy transition requires international collaboration across the supply chain to ensure sustainability and replicability.

Market volatility does not change the sector's importance

Against this backdrop, market analysts predict a slight oversupply of cobalt compared to global market demand this year- as many industrial mine sites have brought up production capacity over the last year in response to seemingly insatiable market demand. Even with the resulting price reduction, which is undoubtedly set to have a detrimental impact on artisanal mining occurrence, we still anticipate a growth in the trend of companies trying to engineer

cobalt out of their products and find substitutes. However, cobalt will remain a key critical mineral as it helps to extend the number of times a battery can be charged. Plus with global demand set to rise over the coming decade, it is safe to say that artisanal and small-scale mining (ASM) is here to stay and will continue to provide an important share of the global market - and a crucially important livelihood for thousands of people in the DR Congo.

This is why our north star remains the creation of an artisanal cobalt sector consisting of safer mine sites with workers protected with the right personal protective equipment (PPE), limiting fatalities to zero, children working at mine sites taken up into a holistic remediation process run sustainably by local institutions & authorities, cobalt transparently traded, incomes improved - all while ensuring that the rights of mineral producers are upheld and respected. The Fair Cobalt Alliance is committed to the sector in the long term and engages where it is most needed: improving the livelihoods of artisanal miners and enabling responsible cobalt value chains that include, rather than exclude, small producers. To ensure the sustainability of our interventions, we are collaborating closely with Congolese stakeholders and ensuring long-term ownership in the design of programmes and projects on the ground.

2022 - A year that laid the foundations for progress

Launched in August 2020, the FCA remains committed to ensuring an equitable and inclusive development of the cobalt sector in DR Congo. As international stakeholders in the cobalt sector, we seek to support the local and national government and society to ensure their vision of value retention in the local communities. The DR Congo has a unique and significant role in the critical minerals space, holding many of key minerals needed for the energy transition, controlling over 70% of global cobalt production

and holding lithium, graphite and copper reserves, to name but a few.

As we enter 2023, we're excited about the progress we've made in the past year. Working in partnership with our local implementing partners and the Mining Cooperative for Social Development (CMDs), the FCA introduced several fruitful projects at our partner artisanal mine site in Kamilombe. These include the launch of "The Hub" - the holistic child labour remediation programme to provide a route away from mining for children working at mine sites. The FCA also launched a PPE provision programme, providing wading boots to women washers. In addition, the FCA facilitated the launch of a savings group project for the mining community surrounding Kamilombe - supporting the financial resilience and economic diversification of the local community. On top of this, the FCA conducted an investment study at Kamilombe, which identified the areas in the mine that need investment to improve and safeguard the overall health and safety of the miners.

Finally, the FCA strengthened its governance last year, starting with the launch of the 2021 annual impact and finance report, a demonstration of our commitment to transparently communicate our impact, challenges, lessons learnt and finances to ensure full accountability and trust from all stakeholders. Concurrently, the FCA Advisory board was launched, consisting of sector experts providing non-binding advice to our programming. The increased visibility of our work also led to six new companies joining the FCA, growing our membership to 24.

But we are just getting started. There is an immense opportunity to scale the ASM sector, which is already estimated to be worth almost \$1 billion as of 2021, but will need to grow considerably if we're to meet the ambitious climate change goals. At the same time,

we recognise that the challenges are big and many. To grasp the opportunity, we need to work jointly with the government and other local partners, and address these challenges in a way that is beneficial to the artisanal miners, their communities and the local economy at large.

Targeted investment is necessary to transform the ASM Cobalt status

To achieve our vision for a safer and fairer artisanal cobalt sector in the DR Congo, the FCA aims to drive further commercial investment into the sector and demand the entire cobalt supply chain takes collective responsibility for the plight of the upstream mineral producers. At the same time, we are working towards bringing responsibly produced ASM cobalt

into the formal market - including leveraging the RMI ASM Framework Pilots being launched this year. We ended the year with a successful delegation visit to the DR Congo, bringing together our members and relevant stakeholders from the government and across the supply chain, providing momentum to our work on the ground and issuing a louder rallying call to action for all those involved. With increased investments and by growing our membership further, our ambition is to scale and replicate successful interventions in other cooperatives. Ultimately, we will keep working towards our vision: to foster collaboration across the value chain, government and society, as well as other partners and initiatives, in order to realise a true transformation of the ASM cobalt sector in the DR Congo.



Taken during the launch of the PPE provision project, the FCA is dedicated to facilitating and supporting in the standardisation of safe mining practices in the artisanal cobalt sector.

2022 AT A GLANCE



7 SCHOOLS

provided with solar electricity, benefiting



5,788 PUPILS



2 CASE MANAGERS

trained at the start of a mine-specific Child Labour Remediation System (CLR) and

THE FIRST CASES OF CHILD LABOUR

are currently being remediated



14 SAVING GROUPS

comprised of



350 MINERS

saved a total of



USD 63,918

This enabled the provision of peer-to-peer loans to cover schools fees of **241** children



297 WASHERS

enjoy access to appropriate PPE through rental facility,

97 of whom bought their boots



+50 DELEGATES

hosted by the FCA in Kolwezi



50 MORE SAFETY CAPTAINS

trained bringing the total to **100**

weekly toolbox trainings conducted by the captains, reaching



20-50 MINERS PER WEEK



INVESTMENT NEEDS & ESG ASSESSMENT

a mine investment plan for Kamilombe has been developed



+30

INTERVIEWS, EVENTS & PRESENTATIONS



ANNUAL IMPACT & FINANCE REPORT

published



BOARD

Launch of the Advisory Board



+6

new members

24

members total



USD

1,316,354

spent in 2022



USD

1,850,000

raised for 2023

KEY DEVELOPMENTS FOR THE ASM COBALT SECTOR

To contextualise the work of the FCA, it is important to highlight a number of political and economic developments that have the potential to impact the ASM cobalt sector:

Government ambition for local battery manufacturing

The DR Congo government has stressed on several occasions its ambition of establishing the country as a global battery manufacturing hub. Furthermore, the World Bank and Bloomberg-NEF published a feasibility study that concluded that the DR Congo could be a cost-competitive manufacturing country. Since then, the Congolese government has signed a cooperation agreement with neighbouring Zambia to boost battery manufacturing in the region, which coincided with the launch of The Centre of Excellence for Advanced Battery Research at Lubumbashi University.

Later in the year, the government signed cooperation agreements with both Japan and the US, which should help facilitate the development of a value chain in the electric battery and clean energy sector.

Once the sector is formalised, responsibly produced, artisanally mined cobalt could be the perfect feedstock for cathode and subsequent battery production. As well as cobalt, the DR Congo has recently started to mine for lithium

and holds significant graphite deposits, both of which are important components in the latest battery technology.

Plans to formalise ASM mineral trade

In November 2022, the provincial Governor signed a decree about the role of the Musompo Trading Centre (MTC), which is expected to finish construction in the first half of 2023. The MTC is designed to control the trade of artisanally produced minerals, offering a regulated trading hub that brings sellers and traders together.

Once up and running, the MTC, operated by Congolese-owned Sud South on behalf of the provincial government of Lualaba, will ensure the professional determination of mineral contents and taxes for all minerals contained in the ore, stipulating a minimum purchasing price as per the guidance of CEEC, to ensure fair compensation of cooperatives. These objectives were endorsed by the President during his visit to Lualaba province in 2021.

The establishment of the MTC is a significant strategic step in the government's plan to ensure artisanal and small-scale mining meets international standards and is accepted in the formal cobalt supply chain.

International collaboration to agree on industry-wide standards for ASM cobalt

The Congolese government entered into a partnership with the Responsible Minerals Initiative (RMI) to review and pilot the ASM Cobalt Criteria that emerged from the multi-party collaboration between RMI, Responsible Cobalt Initiative (RCI) and FCA in previous years, informed by global consultation sponsored by the Global Battery Alliance.

The criteria, fully aligned with the legally binding requirements stipulated by the Certified Trading Chains (CTC) mineral certification sy-

stem, follow a progressive approach and have been designed to enable and inform investment into the professionalisation of ASM cobalt operations. As 2022 comes to an end, the RMI and Ministry of Mines are in the process of identifying pilot sites to test the application of the ASM Cobalt Criteria.

Having an internationally recognised framework in place would allow companies from across the cobalt supply chain to start sourcing ASM cobalt from participating sites, without risking non-compliance with international due diligence regulations.



Artisanal miner holding a piece of cobalt ore. Contributing an estimated 20% of the national cobalt production, the artisanal mining sector can help the DR Congo become a powerhouse in battery manufacturing in line with the governments ambitions.

DELEGATION VISIT TO KOLWEZI

In October, a delegation of FCA supporters, members and project partners travelled to Kolwezi in the Lualaba Province of the DR Congo, to get a holistic view of the ASM cobalt world and witness the FCA's work on the ground to support miners and their communities. The four-day visit was attended by 50 individuals, highlighting the growing momentum within the sector.

DAY 1

The trip was launched with official meetings held with local authorities such as the Minister of Education and Social Affairs, the Minister of Interior and the Chief of Staff of the Governor. Aligned with the FCA vision, those meetings reiterated the importance of involving all stakeholders to drive change for th-

se at the beginning of the cobalt value chain. Delegates then visited a school rehabilitation project financed by the London Metals Exchange (LME) - a partner project supported by The Impact Facility (as further highlighted in a case study on page 25).



The team of delegates after meeting with local authorities. Regular contact with provincial authorities is key to ensuring alignment with the government's vision for the sector.

DAY 2

With the help of local authorities, the delegation visited the Musompo Trading Centre. Once launched, this trading centre is supposed to provide a basis for transparent and fair buying practices of critical minerals, thereby protecting cooperatives from unfair compensation schemes at the depots. Furthermore, the trading centre would support community de-

velopment through fairer mineral trading practices and prices. The second half of the day was dedicated to a child labour remediation workshop delivered by The Center for Child Rights and Business and the International Labour Organisation (ILO), focusing specifically on long-term remediation strategies for children found on mine sites.



Aerial view of the Musompo Trade Centre.

DAY 3

The delegation visited the Kamilombe mine site where they were welcomed by hundreds of miners with whom they viewed a theatrical adaptation of health and safety measures. On the mine site itself, the delegates witnessed the work carried out by the FCA to constructively address safety and security issues through security signage, health and safety demonstrations and a PPE provision programme for washerwomen.

CMDS before meeting with the saving groups facilitated by the FCA. The 14 savings groups, consisting of 350 people, were set up in 2022 and play a central role in fostering access to economic alternatives in the artisanal mining communities. Delegates learned how savings groups function and how they can ultimately reduce the need for children's financial contribution to household incomes, thereby fostering access to education.

Outside the mine site, the group visited a community hospital currently under construction by the



The team of delegates at the Kamilombe mine site.

DAY 4

On the last day of the visit, the delegation visited an industrial mine site operating in the region and witnessed the difference in the sophistication of management practices and the high level of mechanisation compared to ASM sites.

The enthusiasm and attendance levels underlined the importance of field visits in bringing individuals closer to the ASM topic while allowing for more understanding and greater communication across the cobalt value chain.



During a visit to a local processing plant, the delegates were able to observe the industrial processing of the cobalt ore to cobalt hydroxide.



“The new era we are living in is calling for a change. Today’s generation of citizens are preoccupied with holistic and complex problems like climate change, social unrest and inequalities. Start-ups who do not wake up to these changes and embed sustainability into their strategy will stay behind and miss out on market opportunities. To grow exponentially and thrive, start-ups along the cobalt supply chain should consider joining the FCA and drive change for artisanal mine.”

Andy Weinzierl
 Founder and CEO, Sushi Bikes

ACHIEVING TANGIBLE IMPACT IN ARTISANAL COBALT MINING COMMUNITIES

As we look to increase our footprint to include more mines in the future, we've focussed our efforts on supporting miners at Kamilombe, working closely with CMDS to facilitate several interventions in partnership with local and international stakeholders.

The various activities undertaken by the FCA follow our wider multi-year strategy, separated out into five distinct workstreams:

-  Mine site expansion and legalisation support
-  Enabling safe and dignified working conditions
-  Child labour remediation
-  Raising workers' income
-  Achieving market acceptance and Fair ASM Cobalt



Artisanal mining pays more than activities such as farming in the region. The higher returns incentivise community members to expose themselves to increased physical danger to improve their livelihood. First aid training can be the difference between life and death.



1. MINE SITE EXPANSION AND LEGALISATION SUPPORT

The CMDS has been a partner of the FCA since 2020, when the FCA was established in the DR Congo. With the support of the cooperative, the FCA has since facilitated the piloting of several initiatives at Kamilombe with the ambition to scale to more sites in the future.

Given the legal challenges associated with the areas delineated for artisanal mining activity by the national government, the FCA is keen to support CMDS in achieving full legal compliance in line with local mining regulations as part of the FCA's broader mandate to drive investment finance into the community, for which full legal compliance is a prerequisite for downstream operators.

To this end, the CMDS and the FCA formalised their relationship by signing a Memorandum of Understanding in 2022, witnessed by the Service d'Assistance et d'Encadrement de l'Exploitation Minière Artisanale et à Petite Échelle (SAEMA-PE). The MoU states the joint agreement to work towards improved working conditions for artisanal miners at Kamilombe for three to four years.

Areas of collaboration include:

1. Engaging in the legalisation process of the artisanal mining operations at Kamilombe
2. Improving health and safety conditions for workers, including environmental risk management aspects

3. Increasing the productivity of the mine (and therefore the income of workers) through planning and investment in the mine site
4. Increasing artisanal income, market transparency and representation of artisanal workers in general
5. Cooperating on initiatives for the benefit of the surrounding Kapata community.

For the FCA, this MoU marks an essential step in forging meaningful relations with local businesses and mining communities. There is a transparent exchange of information and mutual support for bettering the ASM sector. In 2023, we will look to scale our operations to additional mine sites and replicate proven interventions to other mining communities.

“We recognise that legitimate cobalt mined by responsible ASM operations can play an important and sustainable role in the DRC’s economy, as well as in supporting a green and just energy transition. This is why the Cobalt Institute supports the Fair Cobalt Alliance’s efforts to strengthen and professionalise the artisanal cobalt sector, work towards child labour-free communities, and contribute to local socio-economic development.”

Susannah McLaren
Head of Responsible Sourcing & Sustainability,
Cobalt Institute



2. ENABLING SAFE AND DIGNIFIED WORKING CONDITIONS

Working in close partnership with CMDS, the FCA was able to facilitate several interventions, including:

1. Organising the first quarterly Occupational Health and Safety (OHS) awareness campaign in April, which approximately 600 people attended. The local theatre group SKM entertained those present with skits on various OHS topics, highlighting the importance of using PPE on the mine site.
2. Engaging the services of an ASM specialist and mining engineering professor from Johannesburg University, who, from a field study in June, developed a mine investment plan together with our team at Kamilombe. The plan is meant to serve as a basis for project-specific fundraising to enable partners, members, and other stakeholders to invest in specific projects to improve the mine's operational health and safety.
3. Facilitating the training and certification of 50 safety captains in Kamilombe, bringing the total number of captains trained to 100 since 2021. Fully trained, the safety captains train their fellow mine workers on first aid principles to provide primary care in an emergency, which sometimes can be the difference between life and death at artisanal mine sites. Trained on OHS topics as well as themes connected to environmental management, the captains lead in bi-weekly health and safety toolbox training, disseminating their attained knowledge to their colleague mine workers throughout Kamilombe.
4. Enabling the creation of an OHS training committee launched in August 2021 with staff from Kamoto Copper Company (KCC) serving as the committee chair, SAEMA-PE staff serving as the vice-chair, and the FCA the Secretariat. In addition to reviewing the recommendations from the mine investment plan, the committee reviewed safety incidents at the CMDS site, evaluated their causes, and developed management plans to mitigate their recurrence at Kamilombe and future onboarded mines.
5. Facilitating the registration of mine workers with CMDS and supporting the cooperative to identify and register 1,150 miners and washers. The target is to record all mine workers gradually. Over time the cooperative is looking to make photo IDs obligatory to enter the mine site.
6. Developing a strategy to improve the accuracy of purity and weight measurements conducted by traders at Kamilombe. Outlined suggestions will be tested in the

coming months and, if successful, scaled across the mine site.

7. The provision of PPE to the washerwomen of Kamilombe. Launched in April and in partnership with the Women Miners Associa-

tion and the CMDS at Kamilombe, wading boots are provided to the washerwomen through a daily-hire system to ensure their safety during ore washing. See the case study below.



“As a large industrial mining company, CMOC is committed to maintaining strict product control and custody procedures. Although ASM sits outside of our own cobalt supply chain, we recognize that ASM, and those communities reliant on it, should not be neglected. ASM is a very complex issue and affects a broad range of stakeholders. Disengagement will only create the risk that the ASM cobalt supply chain will become even more hidden, leaving the miners and their families worse-off. We need more constructive engagement, wider collaboration and collective actions along the supply chain to mitigate the ASM related risks and ensure the sustainability of the whole cobalt industry. That is one of the priorities for CMOC, we are working with government authorities, local communities, NGOs and industrial peers on this issue and we are proud of the progress which has been achieved by the FCA in recent years.”

Julie Wei Liang
ESG Director, CMOC



CASE STUDY

PROVIDING PERSONAL PROTECTIVE EQUIPMENT

BACKGROUND

In the artisanal cobalt sector, women are primarily responsible for washing the cobalt ore – an activity done to increase its purity and selling price. Locally known as lavages, the washerwomen identify and clean rocks that contain the most ore through visual judgement and thus increase the cobalt grade for each bag. Ore washing is one of the lower-paying tasks, with an average pay of \$2.50 per 25 kg bag, with one woman estimated to wash between 3 to 5 bags daily.

THE PROBLEM

Ore washing in water without personal protective equipment (PPE) subjects miners to various operational health risks, including skin rashes and infections from exposure to heavy metals in the dirty water. The health risks notably reduce when washers have the chance to wash in rivers where there is free-flowing water or when the water is replaced regularly. Unfortunately, washers usually stand directly in washing ponds using neither gloves nor boots – rinsing off any dirt in the ore by repeatedly lifting a metal net or a plastic bag lightly filled with ore using their bare feet. Women involved in this work have long complained about its related risks. An obvious solution is to use PPE, yet sourcing the equipment locally has proved challenging and

even where it is available, total upfront costs have proven too expensive for the women.

INTERVENTION

Launched in April 2022 by the FCA and CMDS and executed by the cooperative and the washerwomen's association at Kamilombe, the FCA funded and facilitated the purchase of over 600 wading boots after consulting on the preferred option with the women.

The FCA supported the development of a detailed procedure describing the management setup for the daily-hire of wading boots, trained the management team and helped with the preparation of the site where the washerwomen will be able to rent the boots.

A PPE steering committee (comprising one member of CMDS, one from the FCA, and one from the washerwomen committee) was created to review all procedures and processes involved in the rollout of the equipment, including the renting and replacement procedure, inventory checking, and the financial management of the project. Initially this has involved bi-weekly meetings with the ambition to later graduate into monthly sessions.

Starting with a hiring facility at a daily rate of 1500 Congolese francs (\$0.75), of which 500 francs (\$0.25) is subsidised by the mining co-

operative, washerwomen can now rent wading boots onsite. The project graduated to a rent-to-buy system towards the end of the year after an evaluation was carried out in July to gauge the impact of the project so far. This came about following concerns about hygiene due to the daily sharing of boots.

The new system has been designed to operate as follows:

- Wader boots are provided to washerwomen on a daily rental basis
- All boots are numbered
- Upon receipt of the daily fee, the women are provided with the same boots daily, as the boot number is keyed to their IDs. This has led to an uptake of the service.

An average of 200 boots are rented daily. The project has been designed to operate on a revolving fund basis. The daily rental fee is saved to either replace written-off boots, increase the stock of boots available, enable maintenance support of the renting store, or invest in alternative PPE like gloves. As the uptake in-

creases gradually over time, the cooperative plans to make the use of the boots obligatory in the future.

“This project is good for us women because sometimes we find pieces of bottles in the water and we get hurt very often and also catch a lot of infections. We are overjoyed because of this boot project that was brought to us today, and we will no longer be exposed to infections. May God bless those who have brought us this project.”

Our vision is to expand the provision to other mine sites, which is why the FCA insists on scalable, replicable interventions: economic models that ensure local ownership of these processes.



Washers work long hours in polluted water. Wader boots provide a barrier of protection against infections, enabling safer working conditions for the women.



3. CHILD LABOUR REMEDIATION

CLR HUB FOR THE DRC'S MINING SECTOR

The Child Labour Remediation Hub (CLR Hub) was initiated by Save the Children, Fair Cobalt Alliance (FCA) and The Centre for Child Rights and Business (The Centre) to help children who are found working in cobalt mines in the Kolwezi area in the Democratic Republic of Congo. The CLR Hub aims to provide long-term remediation which includes education integration, living stipends, and health and psycho-social support for the children who were found working in the artisanal and small-scale mines (ASM) in the area.

The CLR Hub will ensure that the children found in the ASM will be referred to case managers and will then receive financial support as well as other assistance in terms of safety, well-being and reintegration back to education. In 2022, a set of standardised child-rights-driven processes, guidelines and tools to manage the long-term remediation for children found in ASM have been developed.

In addition, remediation partners have been identified and trained on the developed tools. To date, two remediation partners, Maison Kwetu and Maison Mapendo have been engaged. They have been trained on child protection, financial management, case management and how to provide transparent reporting on all remediation activities and tracking on the children's situation in the program. A total of

10 persons from these two organisations have been trained in child labour remediation case management so far.

The Child Labour Remediation Programme was implemented on FCA's key project mines as well as the surrounding mines that serve as alternatives where children tend to go as Kamilombe is no longer accessible due to improved access control. In 2022, three children were identified to join the pilot programme during which the methodology was tested and refined. All three children integrated into the programme have begun to receive access to school, housing and continuous psycho-social support, including reconnecting them to their families. The successful pilot in 2022 will lead the way for the expansion of the programme involving a minimum of 20 children and one additional remediation partner.



CASE STUDY

Jean* (name changed to protect his identity) was born on Sept 21, 2008. After his mum passed away due to illness, his father left the family. His mother's family blamed Jean for the family's misfortune and he was forced to leave his home. He soon dropped out of school and started working in the mines in the Lubumbashi and Kolwezi areas. He worked both inside the mine shafts and also as a guard for a group of children to ensure that no one approached their artisanal mining sites while they were working. Jean recalled these times in horror as he was afraid of the mine shafts collapsing or being shot at by the police or the military who would use guns to chase the children away. Two of his friends were killed while working in the mines. His experience was so horrific that he felt the only way he could survive was to turn to drugs.

In 2020, Maison Kwetu found him on a street in Kolwezi in bad health and took him in. Due to a lack of financial resources at Maison Kwetu, they were not able to fully support Jean with proper medical treatment or attempt his reintegration back into school. In 2022, he was selected for the child labour remediation programme. With the financial support from the programme, Maison Kwetu staff created a tailor-made remediation plan for him that foresaw intensive medical treatment, enrolling him into Grade 6 in a local public school, as well as a step-by-step plan to reunite him with his father. Jean was reintegrated back into school and the medical treatment helped him significantly to deal with his drug use.

Nevertheless, help for Jean does not end here as he requires continued support to be properly integrated into school and to fully overcome his drug addiction. He was further traumatised when the man who we believed to be his father denied being related to the boy. The search for Jean's family continues and unfortunately has to be started from scratch. Despite the hurdles and difficulties, the Maison Kwetu staff are hopeful and determined to support the boy and help him find his way. They (and Jean himself) are immensely grateful for the support they have received through the remediation programme that has benefited Jean and improved his life.

“Witnessing the ongoing and profound suffering of children in the cobalt mining communities was a heart-breaking reality to accept. It is essential that we do not look away but instead find concrete ways to work with all partners from businesses, the government, and civil society to improve the lives of children in cobalt-sourcing communities. Right now, not enough is being done to support the children in the mining communities. The Child Labour Remediation Hub we are initiating with the support of FCA marks a small and humble, but hopefully crucial step towards building a better and stronger support system for children in the Kolwezi area.”

*Ines Kaempfer
CEO, The Centre for Child Rights and Business*



CASE STUDY LME SCHOOL IMPROVEMENT FUND

In June 2021, the London Metal Exchange (LME) donated approximately \$790,000 to The Impact Facility (TIF) as part of its efforts to support charitable projects that protect children’s rights in mineral supply chains. The funds were designated to improve school infrastructure in and around Kolwezi, aiming to create an environment for quality schooling, a known mitigator to keeping children out of mine sites – fully aligned with FCA’s wider Child Labour Remediation efforts in the region.

Nearing project completion, the funds made available by the LME enabled the complete renovation of three school buildings, housing five different schools and reaching a total of 1400 students benefitting from much-improved classrooms and sanitary facilities. The schools were selected in partnership with local authorities and are located in communities where 80-90% of inhabitants are directly connected to the artisanal mining sector as workers or with their family income dependent on the sector.

PHASES OF THE PROJECT

The Impact Facility’s team met with relevant local authorities to align on the ambition and implementation of the project as part of **Phase one** of the project. The officials consulted included the interim governor of Lualaba province at the time, the Provincial Ministers of Education and Mines, the Mayor of Kolwezi and the neighbourhood chief of Kapata to introduce the LME project.

Phase two of the project included selecting schools in Kapata to receive support. The eligibility criteria looked at a myriad of factors, most importantly, the legal and administrative status of the school, the school’s organisational structure and functioning, the social-economic aspects, the students’ drop-out risk, and the physical infrastructure and security of the school.

| | |
|-------------------------------------|---|
| Phase 1: Aug - Oct 2021 | Project setup: Eligibility criteria & alignment DRC authorities |
| Phase 2: Nov 2021 - May 2022 | School and Vendor selection |
| Phase 3: June - Jan 2023 | Implementation / overseeing construction |
| Phase 4: Nov 2022 - Dec 2023 | Ongoing Monitoring and Reporting |

Kabulungu Primary and Secondary School, Dima Primary School and Kapata Training Vocational Centre (CPF) were selected to undergo the first

BEFORE



phase of the construction. Two additional schools within the locality were also selected for a potential second investment round.

AFTER



With nine classrooms and over 970 pupils, Kabulungu primary and secondary school was overcrowded with children at the primary and secondary school level - in some cases having 128 pupils per classroom. The school's pupils needed support to decongest their classrooms in a country where the standards allow for a maximum of 50 students per classroom. In Dima, the ten classrooms in two buildings, built over 45 years ago, have deteriorated over time, leading to a lesser quality of education for the 380 pupils receiving education at the centre.

In addition to infrastructural rehabilitation, the vocational school - CPF - is set to receive an additional supply of training material and equipment to facilitate the centre's ambition of raising women's incomes in the community. The 53 women currently enrolled are trained to gain skills such as hairdressing, hospitality, knitting and tailoring - skills enabling the women to find a livelihood outside mining activities - in line with FCA's ambition of enabling access to alternative livelihoods for the local mining community. In the past, some women enroll but subsequently quit the school because of the state of the school and the lack of facilities.

School - specific infrastructural improvements

Once the schools were selected, The Impact Facility went through a tender process, securing the services of three vendor companies to implement the **third phase** of the project - the construction of new buildings and refurbishment of the current structures.

In Kabulungu, the refurbishment of the current building, the staff office and the old toilets is complete. Currently, construction is winding up

on a new building for additional classrooms and an office, two blocks of pit latrines and a fence to enclose the school. A water well will be built for the students this first quarter of 2023. In Dima, the renovation of the two buildings hosting the ten classrooms is almost done, and the priority in the coming weeks is the finalisation of the construction of the latrine block, fence and well. In the vocational school, the building construction is almost done - pending plumbing and installing a gutter to harvest water. A pit latrine has also been fully constructed.

The project is on course to be finalised by mid-January 2023. Upon the finalisation of construction, Approximately 1,400 students stand to benefit from the project. Additionally, the intervention is expected to increase school enrolment by 50% - with the pit latrine construction envisioned to particularly increase girls' enrolment into school given the improved sanitary conditions. The water wells - yet to be dug - are envisioned to enable the realisation of a stable supply of safe water for the children.

As part of a delegation visit organised by the FCA in November 2022, members of the LME team were able to see first-hand the progress of the ongoing construction - an opportunity to connect with the schools in person and view the potential for change the project has on the community. As the project comes to an end, The Impact Facility will monitor the project's impact until two years after the project. Local teachers expressed their gratitude for the infrastructural improvements, an opportunity for the beneficiaries to study in much more dignified environments. It is important to remember that besides improving infrastructure, there is a dire need for increased child protection to reduce the risk of

children ending up working at mine sites and increase household incomes and economic opportunities. The feedback from the staff of the schools has been really positive. The CPF Director remarked, "We are very impressed with your interventions. No one could believe that our buildings, which were in a state of total disrepair, could be given a new dress as they are today. We all wondered where this help could come from to meet our needs. We sincerely thank FCA for this charitable action which will now allow girls and adult women to study in very good conditions and in complete safety."

Your action is a response to the misery that the women and girls of Kapata have known for several years, today our centre is experiencing an increase in the number of learners. We also ask FCA to think of us by building a fence so that the

building and the goods that will be housed there are safe."

Teacher Tshibamba from Kabulungu School said

"We teachers, our students, parents and the whole community of Kapata sincerely thank the FCA organisation. No one could have expected that one day our school would benefit from a beautiful structure worthy of its name built with the support of FCA. This is a real response to the cries of the community who saw how their children were studying in very poor conditions, with some classrooms containing more than 120 children and yet the norms foresee 50 children per classroom."



Children in mining communities, just like their peers around the world, deserve access to a dignified and resourceful educational experience.



"I've been so impressed by the work of the FCA to address some of the challenges faced by those living in mining communities in the DRC. I was fortunate enough to visit some schools the LME has funded during a recent trip organised by the FCA – where I saw first-hand how improvements are encouraging higher attendance rates and reducing child labour in the community. The FCA plays a vital role in connecting organisations of all sizes from across the supply chain and overseeing their activities, in order to pinpoint issues and create targeted solutions. While it's great to see these improvements, there's still more to do to address child labour and health and safety for artisanal small-scale mining workers."

Nicole Hanson
Responsible Sourcing Manager, LME



4. RAISING WORKER INCOMES

The FCA has identified three strategic pathways for the realisation of this workstream: These include fair value retention, increased financial literacy and income diversification. The following progress has been made two of the pathways:

- **Fair value retention:** The FCA secretariat developed a fair training principles document to guide the development and adoption of fair trading practices across artisanal mine sites. We consider a fair price a
- **Increased financial literacy:** The FCA has facilitated the launch of 14 saving groups targeting women in the mining community as further elaborated on the case study on page 31.

price that results from accurate purity and weight determination and with a logical link to international cobalt (and copper) prices. The measures indicated in the document will be piloted and refined in 2023 with an initial focus on the Kamilombe mine site.



Members of one of the 14 saving groups during one of the regular group meetings to keep track of the money saved.



CASE STUDY STRENGTHENING FINANCIAL RESILIENCE

VSLAs: WHAT ARE THEY?

Voluntary Savings and Loans Associations.

REASON FOR CREATION

Despite the increased income of artisanal miners compared to their peers in sectors such as agriculture, they are still poverty-stricken due to the mismanagement of their resources and the lack of financial education. Voluntary Savings and Loan Associations (VSLAs) are designed to support communities, mine workers and disadvantaged people to save more efficiently and to help build solidarity among members while providing a safety net against predatory lending in the community.

HOW DO THEY WORK?

The FCA partnered with a local NGO, Alternatives for Action (AFA), to execute a programme aimed at raising the financial literacy and resilience of the local mining community as well as providing an opportunity for the members to venture into alternative livelihoods.

Launched at the start of 2022, the A.F.A set up 14 savings groups reaching as many as 350 mining community members in Kamilombe. The groups convene weekly for the financial management of their joint savings and the social emergency

fund and receive training on financial accounting and small-scale entrepreneurship.

The members pool their savings and pay according to their means. Keeping track of how much each individual has contributed, the resulting funds are used to provide micro-loans to interested members of the groups at a competitive interest rate, which has to be repaid within 4 weeks. All transactions are subject to oversight by a small committee of 5 people chosen amongst the members and governed by their internal regulations. Each saving cycle lasts 9 months, at the end of which all the funds and profits accrued are distributed to the members in proportion to how much they originally contributed.



The regular meetings structure introduced by the VSLAs will continue to exist beyond the duration of the project.

RESULTS

14 VSLAs FORMED WITH 350 MEMBERS

USD 63,918 SAVED AND DISTRIBUTED

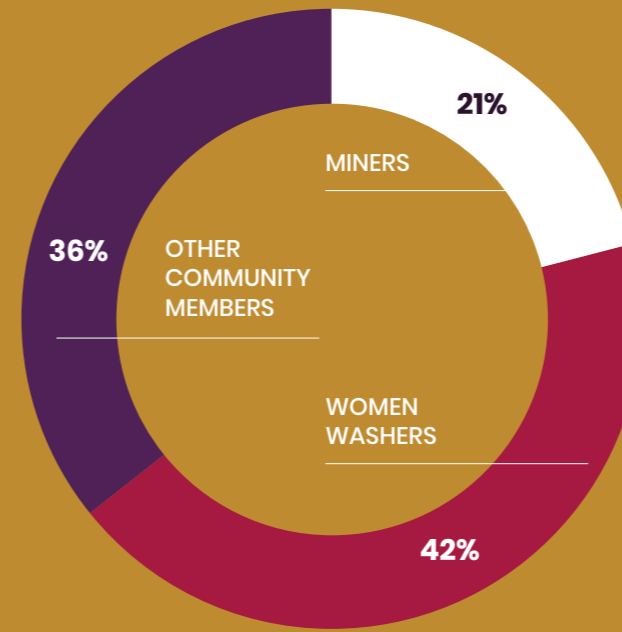
USD 30,313 LOANS ACCORDED

USD 2,010 SOLIDARITY FUNDS PROVIDED

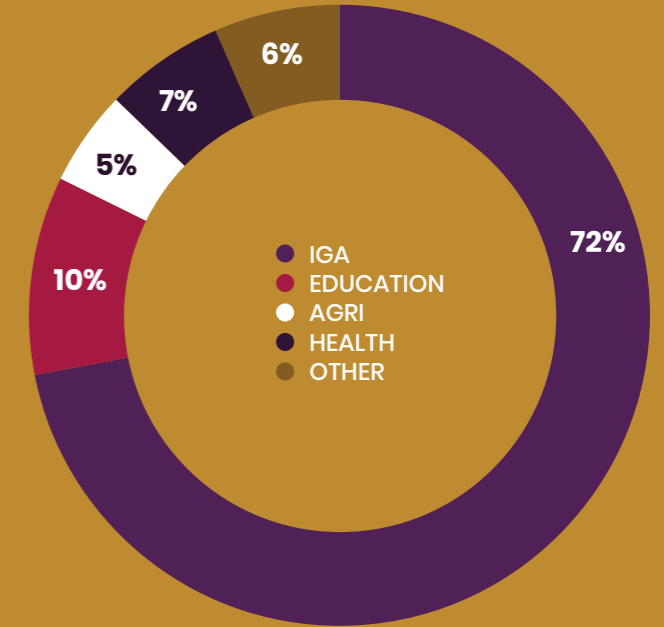
249 INCOME GENERATING ACTIVITIES (IGA) CREATED

241 CHILDREN'S EDUCATION SUPPORTED

MEMBER CATEGORIES



LOANS BY ACTIVITY TYPE



VSLAS BY THE NUMBERS AND TESTIMONIALS

| MEMBER CATEGORIES | M | F | TOTAL | % |
|-------------------------|-----|-----|-------|-----|
| MINERS | 74 | 0 | 74 | 21% |
| WOMEN WASHERS | 0 | 149 | 149 | 42% |
| OTHER COMMUNITY MEMBERS | 48 | 79 | 127 | 36% |
| TOTAL | 122 | 228 | 350 | |
| % | 35% | 65% | | |

At the end of the first cycle of the VSLAs, the overall feedback from the participants was extremely positive. Mama Angeline, a member of the Jerusalem savings group, said:

“I am married and a mother of ten children. Since this movement (savings group) arrived in Kapata, it has helped me a lot. Nothing worked in my house. I was suffering. But since I started saving money through this organisation, the suffering is gone. I am no longer in debt. My house has got back on its feet, and love has returned to my house. My children can study. I thank the initiators of these savings groups.”



To close off the year, a 2022 closing ceremony was held to celebrate the tremendous success of the first cycle of savings, distributing the funds and profits among members.

CREATING AN ENABLING ENVIRONMENT

To achieve a tangible impact on the ground, the FCA also has workstreams dedicated to creating the right environment to ensure the success and uptake of its programme.


These are:



Governance and member engagement



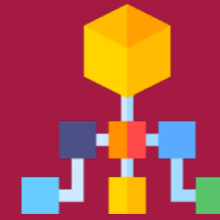
Forging strategic partnerships and government relations



Outreach, fundraising and recruitment



A washerwoman, locally known as a lavange, washing cobalt ore to increase the purity of the material in order to get a higher price.



1. GOVERNANCE AND MEMBER ENGAGEMENT

At the end of 2022, LG Energy Solution, a new member of the alliance, was elected and approved to join the FCA's Steering Committee, bringing the total to 6 members overseeing the work of the Secretariat. The election procedure, revised in the last quarter of the year, gives additional weight to society and Congolese corporate or society organisations wishing to join the SC to increase the diversity of the voices represented.

The committee comprises Glencore, Tesla, Save the Children, The Centre for Child Rights and Business and LG Energy Solution. The committee met at least once a month, weighing in on strategic decisions, approving work plans, budgets and financial reports and actively supporting FCA's recruitment efforts.

Beyond engagement with the SC, the FCA held quarterly membership meetings to inform its members about progress on the ground and relevant political developments in the DR Congo. The engagements culminated in a delegation visit to the country in early November to check on the progress of the work made possible by resources (see Chapter 5).

In the last quarter of 2022, the FCA welcomed Andrina Beaumont, a Senior Stakeholder Engagement & Programmes manager, to the team to act as the main point of contact with the

members of the alliance. This was followed by an update to the Articles of Governance (AoG), which made room for an honorary member section in the structure, in line with the ambition to be more inclusive and collaborative with the local and national government as we support the transformation of the artisanal cobalt sector. Our continuing priority for 2023 will be engaging with the local community and giving voice to their concerns.



FCA stakeholder manager Andrina Beaumont and Sushi Bikes Founder and CEO Andy Weinzierl during a visit to a local industrial mine during the delegation visit in November 2022.



2. FORGING STRATEGIC PARTNERSHIPS & GOVERNMENT RELATIONS

Throughout 2022, the FCA has established strong relations with DR Congo stakeholders at all levels – from government entities to societies and banks. At the government level, the FCA has been working with the Comité Technique de Coordination et Planification Minière (commonly referred to as CTCPM, part of the Ministry of Mines) and the Conseil Présidentiel de Veille Stratégique (CPVS), the strategic advisory council of the president, to ensure constant appraisal on the work carried out while supporting the national plan to formalise the Congolese ASM sector. At a local level, the FCA has continued working with the provincial ministry of mines and of education and SAEMAPE.

The FCA took part in the Commission Interministérielle Sur le Travail des Enfants dans le Mines Artisanales (CISTEMA) conference in collaboration with the ILO and have jointly established a child labour monitoring and remediation system, which will reinforce all of the FCA's initiatives on child labour. It will also help avoid duplication of work and build a database with records of all children that have been found on mine sites.

The FCA has built relations with commercial banks established in the DR Congo such as Equity BCDC and Trust Merchant Bank (TMB) to forge financial education and to start in the

near future the leasing of mining equipment to help increase incomes for the miners. As a whole, it is key for the FCA to work closely with the local community in order to support national initiatives and to understand societal needs.

The FCA continues to engage with other international stakeholders working in the DR Congo including USAID, ILO and most recently, the European Union, with whom we've committed to aligning on areas of collaboration rather than a duplication of efforts.



FCA's fundraising & partnerships lead, David Sturmes-Verbeek (left), on a panel discussion on DRC's Role in Green, Equitable and Just Energy Transition during the pre-COP27 event hosted by the Cobalt Institute on 6th Oct 2022 in Kinshasa, DRC.



3. OUTREACH, FUNDRAISING AND RECRUITMENT

To recruit new members and secure additional financing to advance and replicate our work, the FCA is actively participating in relevant sector events, including contributions to interviews on relevant media agencies and publications, most notably the bi-monthly Mining & Business Magazine in the DR Congo.

Additionally, the FCA participated for the second year running in DR Congo Mining Week, the biggest Congolese mining event, which offered the chance for in person meetings after the previous year's event was disrupted by Covid

restrictions. Other key events included participating in the Zurich Cobalt Institute conference and Africa's biggest mining conference, the annual Mining Indaba held in Cape Town.

A notable development for FCA communications was the launch of a task force in February to rally the support of members via a monthly meeting to raise awareness of the FCA and refine its messaging for broader stakeholder engagement and member recruitment. This inspired the creation of the blog section for opinion pieces from members and other stakeholders.



Artisanal miners in Kamilombe arriving at the OHS campaign event hosted by the FCA in collaboration with partner cooperative CMDS, where SKM, a local theatre group, made performances to raise awareness on the importance of operational health and safety.

OUR MEMBERSHIP

Since the launch of the FCA in August 2020, our membership has grown significantly to now tally 24 members. All members of the FCA are signatories to our Call to Action, committing to:

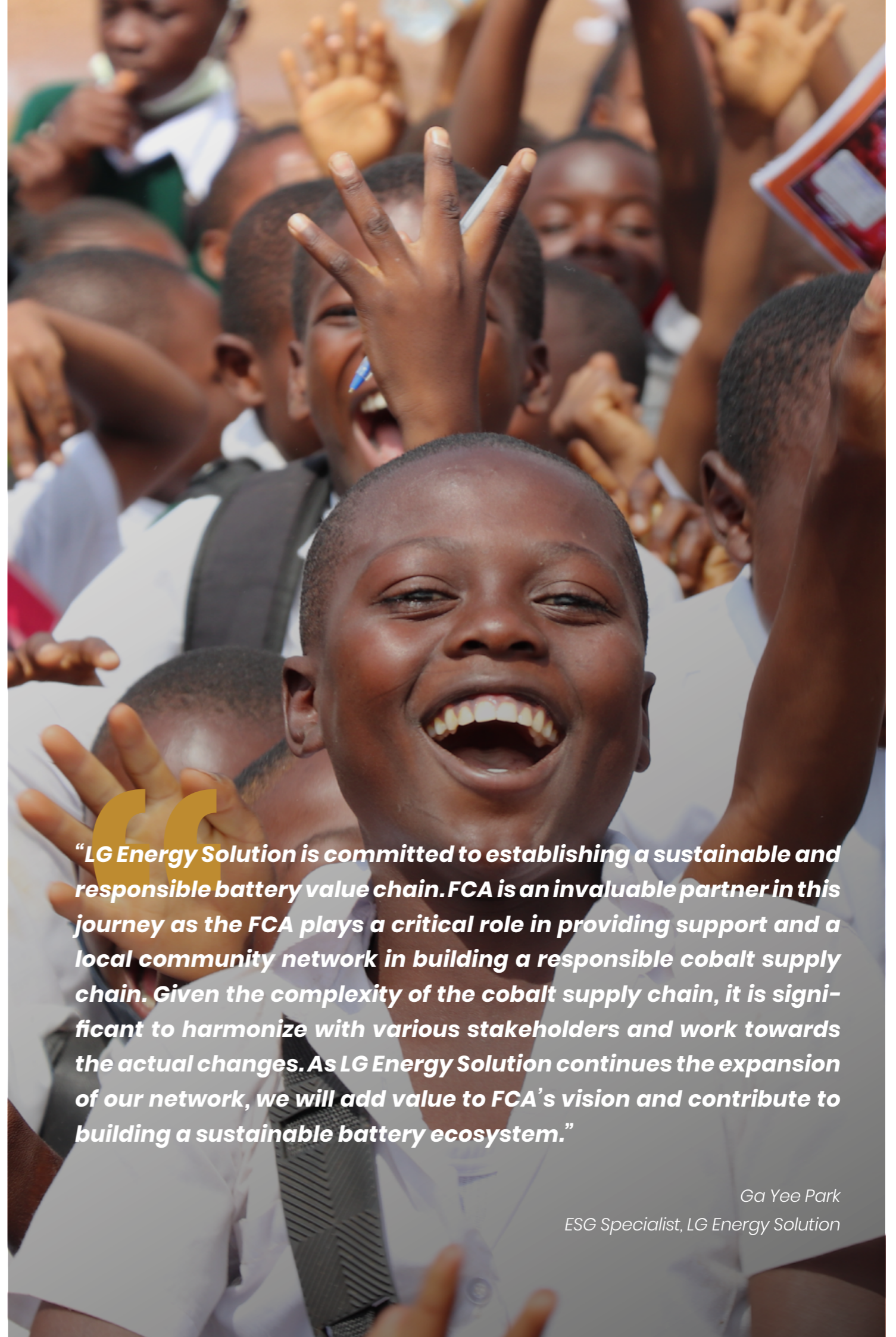
- Recognising the legitimacy of cobalt from responsible ASM operations
- Contributing resources to the development of responsible ASM cobalt
- Promoting the goals of the FCA

By joining the FCA, members endorse our Principles of Collaboration:

1. Avoiding duplication of efforts through transparent communication and planning
2. Maximising impact through proactive sharing of monitoring data, research and management tools
3. Working through local organisations and building local capacity whenever possible
4. Crediting relevant individuals/organisations in joint-effort achievements
5. Reporting impacts transparently and publicly and sharing lessons learned as widely as possible

FCA MEMBERS IN 2022

| | | | |
|---|---|--|---|
|  |  |  |  |
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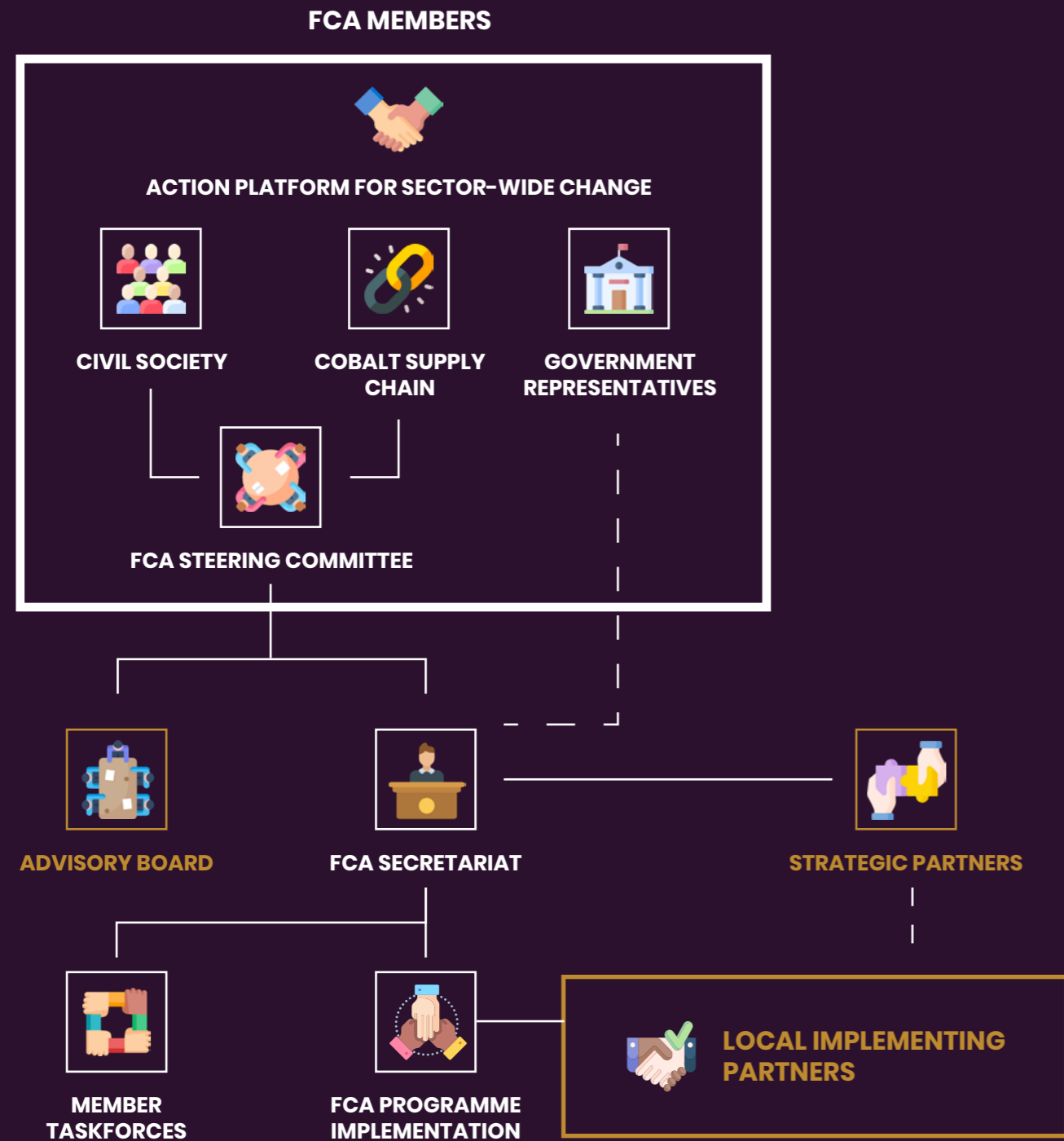
“LG Energy Solution is committed to establishing a sustainable and responsible battery value chain. FCA is an invaluable partner in this journey as the FCA plays a critical role in providing support and a local community network in building a responsible cobalt supply chain. Given the complexity of the cobalt supply chain, it is significant to harmonize with various stakeholders and work towards the actual changes. As LG Energy Solution continues the expansion of our network, we will add value to FCA’s vision and contribute to building a sustainable battery ecosystem.”

Ga Yee Park
ESG Specialist, LG Energy Solution

ORGANISATIONAL GOVERNANCE

The FCA made an update to the Articles of Governance (AoG), which made room for an honorary member section in the structure, in line with the ambition to be more inclusive and collabo-

rative with the local and national government as we support the transformation of the artisanal cobalt sector.



OUR TEAM

The FCA is managed by The Impact Facility, who acts as the permanent Secretariat of the alliance. Supporting and coordinating the work of other FCA members, local implementing partners and a growing partner network, we maintain a permanent presence in Kolwezi, the capital of Lualaba Province. We also have a presence in Kinshasa to ensure frequent and

meaningful engagement with relevant government authorities and other key stakeholders at a national level. An international team augments the capacity of our colleagues in Kolwezi with our Congolese team supported by an international team based in East Africa and Europe and headed by Executive Director Assheton Carter.



Assheton Carter
Executive Director



Andrina Beaumont
Stakeholder & Programme Manager



Alexandra A Lukamba
Government & Public Relations



Candice Jumwa
Fundraising & Outreach



David Sturmes-Verbeek
Fundraising & Partnerships



Freddy Mwamba
Health & Safety



Guillaume Monga
Community Relations & Development



Laura Gerritsen
Operations



Steve Brewster
DRC Country Director



Yves Kasongo
ASM Engagement

LAUNCH OF THE FCA ADVISORY BOARD

In April 2022, the Secretariat facilitated the inaugural meeting of the FCA Advisory Board (AB). The board comprises 12 third-party advisors with relevant experience in the sector selected by the Secretariat in consultation with the Steering Committee (SC), the AB's role is to provide non-binding advice to the Secretariat and the SC.

The board met twice after the inaugural meeting and was presided over by an elected Chair, Dr Stacy Hope, whose term lasts one year. Part of the role of the AB is to provide input and perspective to the shaping of the FCA's strategic direction. We thank the members of the board for their active participation in shaping a more

concise approach to our work and extend a special vote of thanks to Dr. Stacy Hope, for taking the helm in the first year. The Secretariat has committed to publicly reflect on the feedback provided by the members of the AB on our website, as per our articles of governance.

We are grateful for the insights and support of the AB members:

| | |
|--------------------------------|--|
| Stacy Hope, PhD (Chair) | Women in Mining UK (WiMUK) |
| Auguste Mutombo | Alternatives Plus |
| Holger Grundel | Levin Sources |
| Hugh Brown | ASM Photographer |
| Jared Connors | Assent |
| Jose Diemel, PhD | Levin Sources |
| Nicole Hanson | London Metal Exchange (LME) |
| Nikolaus Mclachlan | Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) |
| Olivier Delafoy | Mining and Business Magazine |
| Paul Mabolia | Comité Technique de Coordination et Planification Minière (CTCPM) |
| Robert Robinson | RMAC Global |
| Sebastian Vetter | German Federal Institute for Geosciences and Natural Resources (BGR) |

© Robin Knuth, Sushi Bikes

“With the increased demand for battery minerals to support the energy transition, challenges in the supply chain threaten to negate efforts to manage consumer expectations and drive responsible and compliant flows. At the same time, the limited availability of these raw materials requires that what is available is sourced responsibly and fairly. Hence, when opening a discussion around cobalt, the DR Congo and the country’s large concentration of reserves are often the subject of heated debate.

For companies reliant on the cobalt supply chain, it is important to support the improvement of the situation of artisanal mineral producers as opposed to a complete ban on their operations, a situation that has historically proved difficult to effect. As the FCA welcomes more members and scales its operations towards legitimising the ASM sector, the membership organisation will need more sector-wide input to foster additional improvements, hence the creation of the Advisory Board.

It was a pleasure to serve as the first Chair of the Board. The importance of robust governance, especially in a rather complex environment, is key to ensuring the efficient design and replication of artisanal mining interventions for the just benefit of local mining communities.”

*Dr Stacy Hope
2022 Chair of FCA Advisory Board*

FINANCIAL REPORT 2022

To contextualise the impact we create on the ground, the FCA publishes an annual financial report, as per the below. The annual budget and quarterly reports are subject to approval by the FCA's Steering Committee. The Impact Facility manages all finances as the

FCA Secretariat. The financial accounts for The Impact Facility have undergone an independent audit in 2022 and have been filed with the Charity Commission of England and Wales in line with UK-charitable regulations.

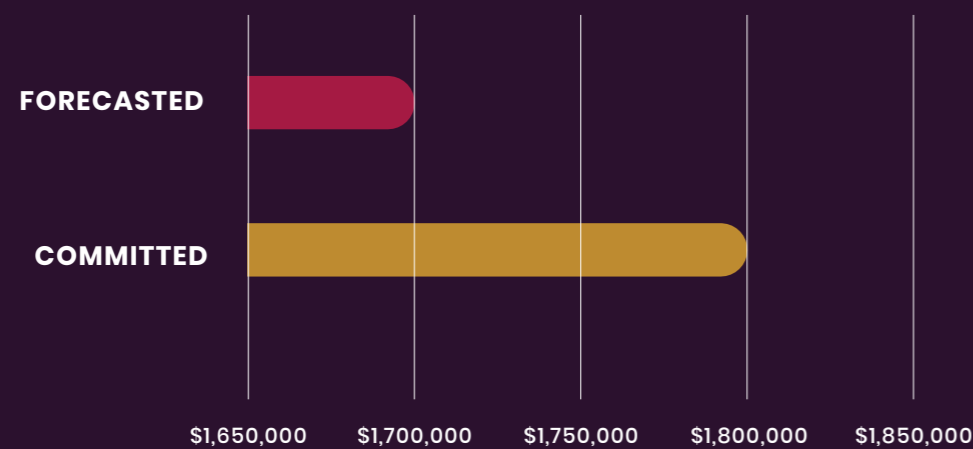
INCOMING FUNDING IN 2022

The FCA's programme implementation is financed through annual membership contributions, grants from (institutional) donors and public subsidies towards specific projects. All unrestricted funds are pooled and cannot be attributed to specific activities.

cruitment efforts materializing, especially in Q3 and Q4, committed funds from membership contributions and donor financing exceeded the forecasted amount, reaching a total amount of \$ 1.816.196. This includes in-kind commitments of around \$130.000. It is worth noting that part of the funding committed in 2022 will only result in cash flow in 2023, allowing us to continue operations seamlessly.

By the end of 2022, due to active fundraising and re-

COMMITTED FUNDING

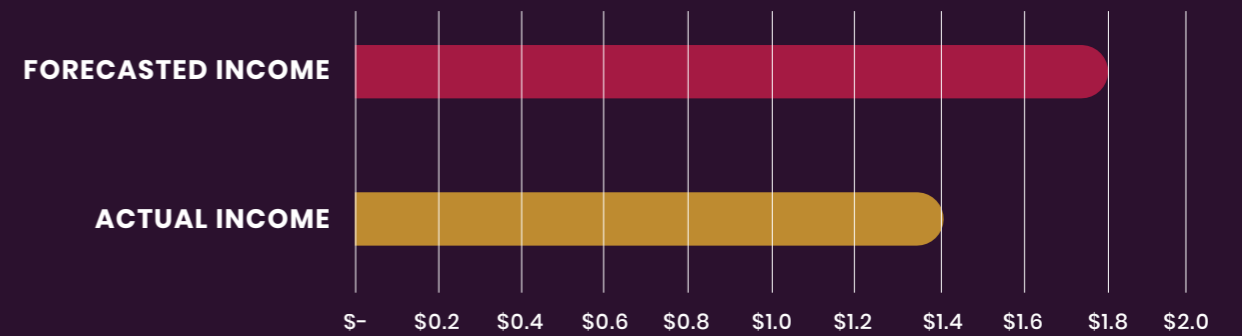


FCA INCOME AND EXPENDITURE IN 2022

The below provides an overview of budgeted as well as actual expenditure in 2022, followed by a more detailed explanation of what kinds of costs are included in each of the four cost categories:

- **Measurable Impact including**
 - Dignified working conditions
 - Child labour remediation
 - Enhanced financial resilience
 - Impact measurement
 - Programme management
 - Travel
 - **Impact vehicles (governance, outreach and advocacy, partnerships and fundraising)**
 - Communication
 - Partnerships
 - Staff
 - Travel
 - **FCA administration**
 - Office costs
 - Staff
 - Other direct costs (legal, audit)
 - **General administrative charges and overhead costs**
- Cost items that might have contributed to multiple categories have been attributed to the categories most appropriate.

FORECASTED VS ACTUAL INCOME (IN MILLIONS)*



*income includes in-kind contributions.

FCA EXPENDITURE IN 2022

Following the adjusted forecast of committed funding, the budget for the FCA for 2022 was set at \$1.816.200 to be spent over the different categories as indicated above. The budget was monitored on an ongoing basis to be spent in line with the actual incoming funds received (refer to income). The total expenditure in 2022 was \$ 1.316.354, spent according to the breakdown below.



- **\$120K – 9%** INTERNATIONAL OVERHEAD
- **\$219K – 17%** IMPACT VEHICLES
- **\$120K – 9%** LOCAL OPERATIONS AND REPORTING
- **\$857K – 65%** MEASURABLE IMPACT

Measurable impact

The core objective of the Fair Cobalt Alliance is to achieve tangible impact in artisanal cobalt mining communities. Therefore, the majority of the budget and expenditures were allocated to this category. Expenditure in this category comprises any costs related to the FCA’s work on the legalisation of the mine site, enabling safe and dignified working conditions, remediating child labour and raising worker incomes through our programme, both on the mine sites and in the surrounding mining communities, and impact measurement. This includes third-party programme implementation costs (mostly through local partner NGOs), DRC staffing, and local travel expenditures.

Expenditures in this category turned out slightly lower than forecasted. Certain large budget expenditures were put on hold as the formalisation of some partnerships was delayed, in line with delayed income. The expenditures that were delayed are included in next year’s budget and ambitions. As described in the above sections, significant progress was made on the FCAs key ambitions and targets with regards to enhanced financial resilience, rolling out health and safety training and measures to improve working conditions and child labour remediation, on which we overspend slightly to reserve sufficient funds for children to complete the full remediation process. On a positive note, we managed to operate more cost-effectively than anticipated, saving for example on DR Congo office and payroll costs.

Impact vehicles: Fundraising, recruitment and partnerships

Being a young multi-stakeholder initiative, a significant part of the budget was allocated and spent on FCA member recruitment, general fundraising as well as building strong partnerships, both locally and internationally, to strengthen the FCA in its reach, drive

consolidation of efforts across the sector and mitigate duplication of efforts on the ground. Also key to the work of the Fair Cobalt Alliance is to communicate and shed light on the artisanal cobalt mining sector, promote engagement and market acceptance of ASM cobalt, by showcasing the various ways companies and investors can contribute and share the responsibility of setting up responsible ASM cobalt production. Communication & marketing costs included in this category enabled greater visibility of the FCA and its work through participation in ASM-related working groups and conferences.

The aforementioned activities implemented under this category have resulted in a growing organisation with 24 current members, resulting in an increased income 2023, as the increase in partnerships coincides with declining donor contributions as programme timelines come to an end. Some expenditures in the category were higher than expected, especially travel due to the organisation of a successful delegation visit. This was balanced by some savings on communications and marketing, as additional communications and marketing support was hired later in the year and a larger fundraising campaign was delayed.

FCA administration

Part of creating an enabling environment for the effective implementation of the FCA’s mission is strengthening the FCA as a whole. This category includes costs for the general management and administration of the FCA, the supervision of the work on the ground, as well as (financial) reporting to the FCA Steering Committee, FCA members and donor relations.

Expenditures in this category were largely in line with the budget. In this year, a first audit was successfully passed, and additional efforts have been made to increase the operational efficiency of the FCA.

FINANCE FORECAST FOR 2022

COMMITTED FUNDING FOR 2022

In 2022, our efforts largely focussed on expanding our activities to achieve tangible impact on the ground, capitalising on the partnerships and relations established in the previous year. With the membership growth, additional resources were provided to the FCA. At the same time, efforts were geared to increase the operational efficiency of the FCA by hiring additional staff, as well as continued internal and external communication efforts.

The expected income for 2023 is USD 1.850.000, based on the remaining funding at the end of 2022 and committed financing for 2023.

The FCA will continue to fundraise throughout 2023 and adjust the programme and budget to expand our activities on the ground if and when additional financing has been secured.

BUDGET FOR 2023

The budget approved by the FCA Steering Committee based on committed financing for 2023 is just shy of USD 1.8 million. With this, the FCA intends to spend an increased proportion of its annual budget on creating an impact in and around Congolese artisanal mine sites.

The below graphic visualises the split of the budget for 2023 across different categories, applying a new, updated structure to the budget, differentiating between:

- Measurable impact on the ground - related to

legalisation, dignified working conditions, child labour, financial resilience and fair trading practices

- Enabling governance, outreach and advocacy activities, as well as fundraising and partnership efforts. The budget increased slightly versus last year as additional outreach and fundraising efforts have been planned.
- FCA Administration - including financial and legal (management) costs.
- Overhead contribution to the FCA Secretariat, which is operating all activities at cost.



NOTEWORTHY MEDIA COVERAGE

The FCA is committed to enabling constructive news coverage of the sector, facilitating on-the-ground access to our projects where possible, and upon agreement by local stakeholders such as cooperatives and concession holders, and investing time and effort responding to interview requests from journalists, academics and rights groups. In 2022, the FCA got featured in over 30 articles, podcasts and/or interviews, including:

- Africa Report, January 27, 2022, “**DRC: Ethically produced batteries need industry-wide collaboration**”, <https://www.theafricareport.com/170678/drc-ethically-produced-batteries-needs-industry-wide-collaboration/>
- Regen – Transforming Energy [podcast], January 25, 2022, “**Storage & Sustainability**”, <https://open.spotify.com/episode/4onEI8s0lclKPLzJ90NUVN?si=35ea4c591a7344e8&nd=1>
- Mining and Business, March 3, 2022, “**The fatal toll of artisanal cobalt mining continues. Is responsible ASM even possible?**”, <https://miningandbusiness.com/2022/03/03/the-fatal-toll-of-artisanal-cobalt-mining-continues-is-responsible-asm-even-possible/#:~:text=ASM%20even%20possible%3F-The%20fatal%20toll%20of%20artisanal%20cobalt%20mining%20continues.%20Is%20responsible%20ASM%20even%20possible%3F-il%20y%20a>
- S&P Global, May 30, 2022, “**On responsible cobalt from DRC, industry needs to ‘put its money where its mouth is’**”, <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/energy-transition/053022-interview-on-responsible-cobalt-from-drc-industry-needs-to-put-its-money-where-its-mouth-is#:~:text=%22Our%20ambition%20is%20to%20raise.at%20least%20partially%20investment%20capital>
- Mining Review Africa, June 22, 2022, “**Fair Cobalt Alliance – improving the image of cobalt’s ASM**”, <https://www.miningreview.com/base-metals/fair-cobalt-alliance-improving-the-image-of-the-drcs-cobalt-asm/>
- The Economist, July 5, 2022, “**How the world depends on small cobalt miners**”, <https://www.economist.com/middle-east-and-africa/2022/07/05/how-the-world-depends-on-small-cobalt-miners>
- Assent, August 03, 2023, “**Cobalt: Uncovering and Fixing Your Supply Chain’s Hidden Risks**”, <https://www.assent.com/blog/cobalt-uncovering-and-fixing-your-supply-chains-hidden-risk/>

Learn more about the FCA on our website:

www.FairCobaltAlliance.org

Follow us on social media:

<https://www.linkedin.com/company/fair-cobalt-alliance>

Contact us at:

Secretariat@FairCobaltAlliance.org

The Fair Cobalt Alliance is an initiative managed by The Impact Facility, a UK-registered charity and founding member of FCA that serves as its permanent Secretariat.

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Fair Cobalt Alliance
L'Alliance du Cobalt Equitable