

Annual Report 2021



Fair Cobalt Alliance
L'Alliance du Cobalt Equitable

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FOREWORD

By Tirza Voss, Chairwoman of the Steering Committee and Assheton Stewart Carter, Executive Director of the Fair Cobalt Alliance

As the demand for cobalt rises and our reliance on it becomes more evident, the need to ensure markets have access to reliable and responsible sources strengthens. The goal of the FCA is for the Democratic Republic of the Congo to be known as one such responsible source. For that to happen, for consumers, companies, and civil society to have confidence that their participation in the supply chain is a force for good, benefits from extracting this versatile material need to demonstrably flow to the communities where it came from; no community is more in need of support than those involved in artisanal and small-scale mining.

Unearthing cobalt ore using rudimentary equipment in the southern provinces of the DRC is not a passing phenomenon, but an activity deeply entrenched in the development path of the region. Its potential as a driver of community development is astounding. To grasp this promise, the mining operations need to be professionalised; children tempted or driven to work in the pits and piles at the mining sites supported to enter back into education and vocational training, and choices of alternative livelihoods expanded. This is what the FCA has set out to do.

Like many across our global economy, this last year has been besieged with unforeseen setbacks that have been difficult to prepare for and respond to quickly. In the DRC, the spread of COVID 19, changes in national and provincial governments, and lack of

clarity about policies and regulations affecting the small-mining sector have challenged some of the plans and hoped-for progress of our nascent Alliance, first launched in August 2020. We have adapted, however, and made firm advances, nonetheless.

In 2021, strong roots for the FCA were planted in Lubalaba and Kinshasa. From our offices we have been able to build further and maintain relations with national and provincial governments. Trusted partnerships have been created with international and local development and technical assistance organisations. Building partnerships takes time, care and thoughtfulness, but now established, we are confident that our foundations will enable us to roll out FCA programmes fully in the coming year.

And many of these projects have launched in 2021, despite the drawbacks. One such example is our programme for supporting legal recognition of operations, emergency and health and safety training at mines, with preparation for continuous improvement plans to comply with international expectations. Here we're developing a child-labour case management system to remediate cases of child labour identified on site. We also launched our partnership with the Signify Foundation to install solar panels and lighting at schools and give children the opportunity to study in 'solar libraries'.

The real potential of ASM cobalt to be a driver for de-

velopment is with the recognition of its critical role in the global supply of such an essential material. Market acceptance of cobalt from artisanal and small mines in the DRC is critical to complete a responsible sourcing system, and the FCA has driven the creation of a best operating practice framework for mines, in close collaboration with the Responsible Minerals Initiative and the Responsible Cobalt Initiative and the support of the Global Battery Alliance's Cobalt Action Partnership. This work will continue into 2022, extending closer consultation with stakeholders in the DRC and updating our joint site at www.asm-cobalt.org.

This has all been made possible through the FCA's strengthened organisation. The FCA was established as a multi-stakeholder organisation, acknowledging that to enable improvements for the greater benefit of many, the course of the initiative must be shaped by the voices of those who may be affected by its actions. In 2021, the FCA has grown its membership to 18 organisations representing not-for-profit social mission groups internationally as well as with boots on the ground, and companies representing the breadth

of the cobalt value chain. We believe that cross-sector and pre-competitive collaboration is the only way to tackle common problems that no one company, charity, government agency, or even an entire sector, can address alone. In 2022, we hope to grow further by welcoming new members, and are looking forward to the launch of the FCA's advisory committee.

2021 began slowly but has ended strongly and optimistically. We have put down firm roots in the communities which we are committed to support and launched programmes to advance our pragmatic development goals. We begin 2022 guided by a strategic plan for the three years ahead, approved by the FCA Steering Committee. We know that we will likely encounter hurdles, but are assured that we have the local strength, resilient partnerships, and membership support to leap them. We hope you enjoy reading the following pages describing our activities and accomplishments in a challenging year, and that you will continue to follow and join us in our work to build a responsible artisanal and small-scale cobalt mining sector in the Democratic Republic of the Congo.

2021 AT A GLANCE



1ST
year in operation



18
members



50
SAFETY CAPTAINS
trained on first aid



7 SCHOOLS
engaged for solar electrification



8
staff



6
steering committee members



200
MINE WORKERS
made aware of OHS risks through theatre campaign



30+ MEDIA
articles referencing FCA



1
FCA website

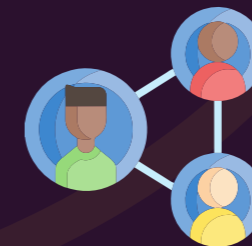


3
member meetings

1
FRAMEWORK
co-developed for responsible engagement with ASM, after reaching



co-developed for responsible engagement with ASM, after reaching



150+
STAKEHOLDERS
to provide their input through international consultation

3 LOCAL PARTNER
organisations supported through capacity building



USD 599.000
spent in 2021



USD 1.700.000
raised for 2022

FCA MEMBERSHIP

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

- Recognise the legitimacy of cobalt from responsible ASM operations.
- Contribute resources to the development of responsible ASM cobalt.
- Promote the goals of the Fair Cobalt Alliance.

By joining the FCA, our 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 whomever credit deserves for joint-effort achievements.
5. Reporting impacts transparently and publicly and sharing lessons learned as widely as possible.

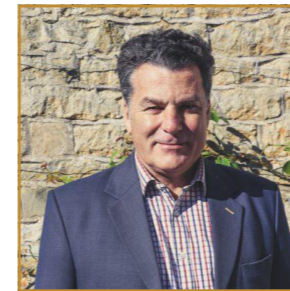
FCA MEMBERS IN 2021



MEET THE FCA TEAM

Establishing a permanent presence on the ground, the FCA has been able to recruit a multi-disciplinary team, with the FCA's main office located in Kolwezi, Lualaba. In addition to our office, we also established representation in Kinshasa for engagement with re-

levant government authorities and other key stakeholders at a national level. Our Congolese team is supported by an international team, headed by Executive Director Assheton Carter.



Assheton Carter
Executive Director



Jose Diemel
DRC Operations Manager



David Sturmes
Corporate Engagement and Strategic Partnerships



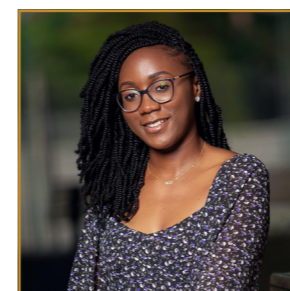
Freddy Mwamba
Lead for Health and Safety



Yves Kasongo
Lead for ASM Engagement



Guillaume Monga
Lead for Community Relations and Development



Alexandra A Lukamba
Lead for Government and Public Relations

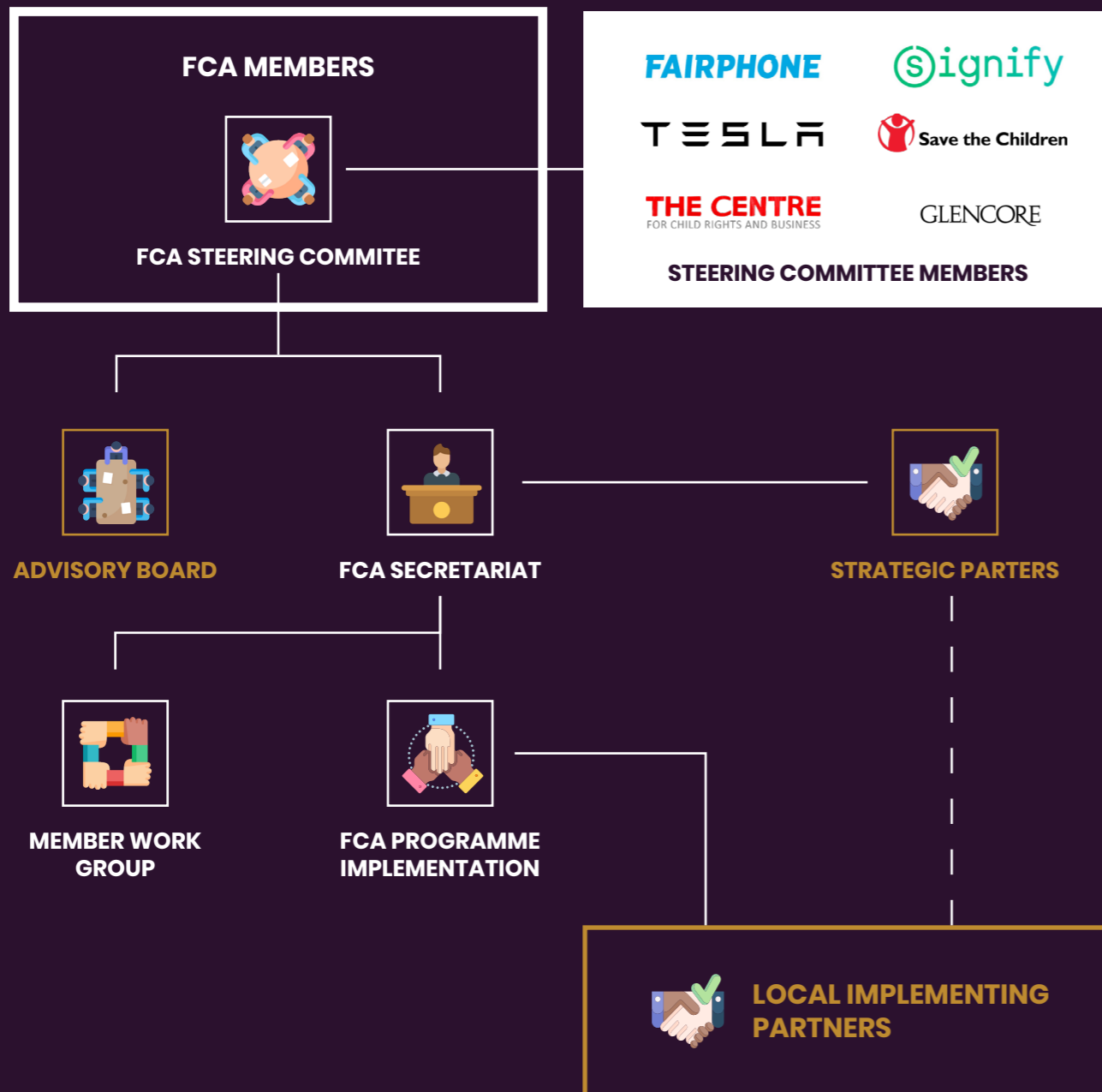


Valentijn Eschauzier
Programme Support

ORGANISATIONAL GOVERNANCE

The FCA set up its formal governance structure during the first half of 2021. We received assistance from a leading international law firm Paul Hastings LLP, who provided their pro bono support for the development of a governance structure that fits the FCA's purpose and ambition.

The FCA is now set up as a multi-stakeholder initiative and both the Articles of Governance and the Terms of Reference have been reviewed and approved by the Steering Committee, translated into French and Mandarin and distributed to FCA members.



DEVELOPMENTS IN THE DR CONGO'S ASM COBALT SECTOR

Congo's artisanal cobalt mining sector is situated for the overtly larger part in the Lualaba and Haut-Katanga provinces. Already for decades, the region known as the copperbelt, is familiar with artisanal copper and cobalt exploitation. Whereas during the 1960's, small groups of artisanal miners started the exploitation of shallow mineral deposits mainly on industrial concessions around Kolwezi, it is since 2011 that, required by national regulation, cooperatives started to emerge, grouping individual miners together into more organised structures and centralising mineral trade with predominantly Chinese, Indian and Lebanese middlemen.

Over these past 10 years, the Congolese mining authorities slowly extended their role, increasing their oversight over the artisanal mining sector, through the installation of state agency SAEMAPE at most ASM mine site to assist cooperatives and miner workers on the ground, to tax mineral production and trace mineral trade from mine site to export depots in provincial cities like Kolwezi and Lubumbashi.

A rather stable situation that hasn't changed much over the past years except for some regular movement of artisanal miners between copper and cobalt mines, depending on world mineral prices, with a more intense focus on cobalt since in 2015 the demand for cobalt boomed at international markets due to its in-

creasing use in batteries in the electric vehicles and electronics industry.

It is against this mining sector background that the FCA developed its programme and launched its implementation in 2020. Yet, since this launch the political and economic landscape of the DRC cobalt sector has been fast evolving, undergoing various important changes that required the FCA to adapt to.

In late 2019, the government of DR Congo announced the establishment of two new Congolese entities to regulate and further formalise the production and trade of artisanally mined cobalt:

1. Falling under the jurisdiction of the Ministry of Mines, ARECOMS (the Strategic Mineral Substances Market Regulation and Control Authority) was created to formalise artisanal mining activities, determine appropriate standards and issue certificates of conformity with such responsible mining standards.
2. Secondly, Entreprise Générale du Cobalt (EGC), a private company majority owned by state-controlled commodity trading and mining company Gecamines, was established, to control the offtake of artisanally produced cobalt in an effort to ensure acceptable production practises

on the ground and increase (tax) revenue generated from cobalt trade. By ministerial decree EGC was granted monopoly rights to the purchase and sale of the DRC's artisanally mined cobalt, and in 2020 EGC entered into an USD 60 million agreement with Trafigura, a Swiss-Commodity Trader, exchanging future off-take of ASM cobalt in return for investment in the operationalization of the new parastatal.

Simultaneously, DR Congo has witnessed various changes in government, both at the national and provincial level since mid-2021 when a new national government was formed, including the appointment of a new Minister of Mines, her Excellency Antoinette N'Samba Kalambayi, as well as the replacement of the former Governor of Lualaba by her excellency Governor Fifi Masuka Saini.

Lastly, GECAMINES' top management level was replaced in its entirety by December 2021.

The FCA lauded the establishment of both EGC and ARECOMS, and welcomed the appointment of Congo's new national government, GECAMINES new administration as well as Lualaba's new governor leading as significant and positive steps towards the formalisation of the ASM sector and the integration of ASM material into global supply chains, in line with FCA's objectives.

Yet, although the changes in government have provided important opportunities to position FCA once more and highlight our shared interest, they also caused uncertainties and an interruption regarding the implementation of FCA's programme. The same accounts for EGC and ARECOMS. Even though neither has beco-

me fully operational to date, their creation and preparations for operation have led to extended ambiguity regarding FCA's access to mine sites for programme implementation.

FCA managed to adapt to those developments in two ways. Firstly, we continued our engagement with local and national (government) stakeholders including EGC, to identify synergies with the (new) provincial and national strategy for the ASM cobalt sector and how to best operate in accordance with the DRC laws and regulations. Secondly, we redesigned our plans for mine site improvements towards less capital intensive projects focussing on awareness raising and training of mine workers at Kamilombe; forged partnerships with key implementing parties; while setting up projects in surrounding mining communities aimed to preventing child labour and increasing mine workers financial capacity and resilience.

The FCA will continue to maintain close relationships with both national and provincial authorities as well as other relevant sector stakeholders to ensure broad alignment with the vision of DR Congo's government for the professionalisation of the ASM cobalt sector and to avoid a duplication of efforts on the ground, seeking synergetic collaboration and a consolidation of efforts whenever possible.

The remainder of this report provides an elaborate account of how FCA has become established in the DRC and more specifically in the Lualaba province; of the relationships we build; the projects we manage to implement despite the changing circumstances and; of how the FCA grew into the multi-stakeholder initiative it currently is today.

ACHIEVING TANGIBLE IMPACT IN ARTISANAL COBALT MINING COMMUNITIES

The Fair Cobalt Alliance's strategic approach to achieving tangible impact on the ground has been structured through four distinct workstreams:

- 
Enabling safe and dignified working conditions
- 
Remediating child labour and supporting children of artisanal miners in school enrollment
- 
Raising worker incomes and strengthening financial resilience, as well as,
- 
Achieving market acceptance of Fair ASM Cobalt

In 2021, implementation focussed on the mine site of Kamilombe and its surrounding community, located near Kapata in the Lualaba province of the DRC. In the beginning of the year, the FCA was intending to also operate at the mine site of Kasulu in the heart of Kolwezi. Due to EGC's declared interest in working at Kasulu, FCA decided to shift its focus away from Kasulu to avoid a duplication of efforts, exclusively working at Kamilombe in close collaboration with local cooperative Co-opérative Minière pour le Développement et le Social (CMDS).



1. ENABLING SAFE AND DIGNIFIED WORKING CONDITIONS

In 2021, FCA's Kolwezi-based team focused on building strong relations with local artisanal mining cooperative CMDS, as well as SAEMAPE, the government agency designated to support and enforce responsible ASM. Together with both CMDS and SAEMAPE, our team assessed current working conditions, identified key risks, and jointly set priorities for the implementation of continuous improvement activities. Regular engagements with CMDS have led to the joint organisation of:

- a) certified first aid and mine-site safety training of 50 selected safety captains by a certified first aid trainer in July 2021. The training was jointly organised with CMDS, to increase health and safety capabilities on-site, and train safety captains on how to transfer their knowledge to a larger group of their mine worker colleagues across the Kamilombe mine site.
- b) as part of FCA's Occupational Health and Safety (OHS) Awareness Raising Campaign,



Accidents are a frequent reality on artisanal mining sites. Knowing how to provide first aid could mean the difference between fatality and injury. FCA has trained fifty safety captains regarding the basic principles of first aid.

the FCA team hosted a theatre performance by local theatre group SKM in August 2021, drawing attention to the need for safer working practices. The theatre play included sketches and songs presented in Swahili. The songs and sketches focussed on the use of PPE; the need for mine planning; the hazards associated with extreme tunnel depth and the importance of working safely for the miners themselves, their

families and the environment. The theatre event was attended by approximately 200 miners from the Kamilombe mine, the entire CMDS management team, a representative from the Provincial General Commissioner for Social Affairs as well as a representative of the Mayor of Kolwezi. The FCA will continue the collaboration with CMDS and SKM to host additional performances throughout 2022.



In collaboration with local cooperative CMDS, FCA engaged local theatre group SKM to host a series of performance events targeting mine workers and community members.



2. CHILD LABOUR REMEDIATION

The FCA has a two-fold approach to remediate child labour, including:

- a) reactive response to child labour identified on artisanal mine sites through a Child Labour Case Management System, co-developed by Save the Children and the Centre for Children's Rights and Business; and
- b) proactive prevention of child labour through school enrolment-enhancing projects with FCA partners, such as the Signify Foundation.

a) FCA's child labour case management system

In collaboration with Save the Children and the Centre for Children's Rights and Business, the FCA commenced the development of a child labour case management system, that is structured along three steps:

1. identifying children working on artisanal mine site
2. referring cases of child labour to accredited case managers
3. developing a personalised remediation plan for each of the children identified, potentially re-enrolling children into an educational programme or vocational training institution, re-integrating children into their family - where possible - or providing them with alternative care where necessary.

FCA selected a local civil society organisation Maison Kwetu to serve as the first designated case manager. With more than three decades of experience in supporting street children in and around Kolwezi, the organisation enjoys a great reputation among local authorities. Throughout 2021, Save the Children has initiated

the collaboration with the NGO's management team to strengthen their capacity to professionally implement the child labour remediation on behalf of FCA.

To test the Child Case Management System, a 3-month pilot project will be conducted in 2022 (made possible by Dutch Government subsidies under the FBK funding programme), with the objective to test and refine the relevant remediation guidelines and standardise processes and tools.

FCA has been in regular contact with the ILO to ensure alignment and complementarity with current efforts of implementing DRC's national strategy for government lead child labour remediation.

The geographic scope of the project will focus on the Kamilombe mine site and neighbouring Kapata ncommunity targeting children involved in a child labour situation, expected to be in the age range of 12-17 years old. FCA commits to supporting the children identified through this system until they turn 18 years old.

b) Signify Foundation – School Electrification Project

In 2021, the FCA initiated a project with the Signify Foundation to support schools in the region with the ultimate goal of preventing child labour. The project has the objective:

1. electrifying school classrooms at 7 different schools in Kolwezi neighbourhoods of Kasulu and Kamilombe, providing 5000 pupils with improved schooling facilities as well as the distribution of 428 solar-chargable portable lamps for the children to take home after school.
2. place lighting poles at Kasulu's marketplace as well as in one football field in the same community.

After putting significant effort into discussing with local authorities, gathering information, and sorting through applications, we have selected 10 schools in collaboration with the provincial minister of Energy, the Mayor of Kolwezi and the Division of Education. The project was kicked-off already late 2020, yet due to significant manufacturing interruptions related to COVID-19, the project experienced a delay. Installation of the first solar panels is scheduled for early 2022.



The team of Save the Children and local FCA staff engaged with Maison Kwetu's management through a series of trainings and workshops to co-develop a scalable child labour case management system.



Signify and the FCA collaborate to increase the green electrification of the Kapata and Kasulu neighbourhoods in Kolwezi. Electrifying communal areas increases the project aims to increase safety and extend playing time for children.



3. RAISING WORKER INCOMES

In August 2021, the FCA partnered with Luaba-based NGO Association for Action (A.F.A.) to set-up and implement saving groups and financial literacy programmes focussed on workers at Kamilombe.

A.F.A. was founded in 2013 and has a proven track record, achieving success through collaboration with communities, working with international NGOs and industrial mining companies. A.F.A. has a proven approach of establishing saving groups working towards greater financial literacy and socio-economic development of involved participants.

By the end of the year, the FCA project was fully

developed, anticipating launch of activities on the ground in early 2022. The project goal is to create savings groups for the benefit of diggers in Kamilombe, organising 350 mine workers in 14 saving and credit groups, with a strong focus on female mineral washers. The saving groups convene on a weekly basis for financial management of their joint savings, establishing a social emergency fund, but also to receive training on financial accounting and entrepreneurship at large.

It is planned to target participants in these saving groups for future microfinance and impact loans, during a subsequent stage of FCA's programme, currently still undergoing development.



Savings and loan groups have proven effective to increase financial resilience and household incomes. Our local partner organisation A.F.A. will launch and support 300+ miners through saving groups in 2022.



4. ACHIEVING MARKET ACCEPTANCE OF FAIR ASM COBALT

Back in 2019, during the research underlying the Digging for Change report¹, The Impact Facility first developed a framework to describe the improvements needed to establish responsible mining practises at Kasulu and Kamilombe. This ESG framework was developed in collaboration with the local cooperatives and with input from SAEMAPE. It's purpose was to inform and structure future investments into infrastructure and training of local cooperatives and mine workers at these mine sites.

In 2020, the Responsible Cobalt Initiative (RCI) sponsored The Impact Facility (TIF) to further develop this first version into a widely recognised framework for the engagement with and investment in responsible ASM cobalt, fully aligned with Congolese legal requirements as stipulated by the Certified Trading Chains (CTC) standard. Subsequently, a first updated version was shared with the Fair Cobalt Alliance (FCA), the Responsible Minerals Initiative (RMI) and the GBA's Cobalt Action Partnership (CAP) partners for their feedback, to serve as a starting point for the development of a com-

mon set of global expectations for responsibly-produced cobalt across the supply chain.

The RCI, the RMI and the FCA then formed a technical committee to further develop the draft framework based on the feedback of a wide range of stakeholders. Working through RCI and the GBA CAP, public consultations were conducted both internationally and in the DRC. The consultation was partially executed by independent NGOs Resolve and Impact on behalf of GBA CAP, and facilitated an open discussion around the framework. The summary reports available on our joint website www.asm-cobalt.org are the result of a series of online consultations as well as four in-person consultation workshops in the DRC and dozens of individual outreach conversations with key stakeholders.

FCA will continue working with the Technical Committee to launch a beta-version of the ASM Cobalt Framework in 2022. Having an internationally recognised framework, compatible with relevant refiner standards, will allow international companies to source responsible ASM cobalt.

¹ <https://www.faircobaltalliance.org/wp-content/uploads/2021/09/Digging-for-Change-Towards-a-Responsible-Cobalt-Supply-Chain-V1.0.pdf>

CREATING ENABLING ENVIRONMENTS

Next to the workstreams achieving tangible impact on the ground, the FCA also has workstreams dedicated to creating an enabling environment for our programme. These comprise:

1. **governance and member engagement;**
2. **forging strategic partnership and government relations; as well as,**
3. **outreach, fundraising and recruitment.**

1. GOVERNANCE AND MEMBER ENGAGEMENT

In 2021, FCA fully established its internal governance structure, as further explained in the above section titled "Governance". As per our governance structure, the work of the FCA Secretariat is overseen by its Steering Committee. Throughout 2021, Steering Committee members have met at least monthly (initially every three weeks), weighing in on strategic decisions, approving work plans, budgets and financial reports and actively supporting FCA's recruitment efforts. In September 2021, the FCA held its first Steering Committee elections, adding Save the Children and The Centre for Child Rights and Business to the inaugural Steering Committee, comprising Fairphone, Signify, Glencore and Tesla.

developed and finalised various policies with assistance from legal departments of FCA member organisations, including: Human Rights, Antitrust, Risk Management, Grievance Mechanism, Anti-Corruption, Procurement, Whistleblowing, Data Protection, Accommodation and Travel, Conflict of Interest, KYC Process for DRC Counterparts, and Data Retention.

Beyond engagement with the Steering Committee, the FCA held quarterly membership meetings, to inform its members about progress on the ground and relevant (political) developments in the DR Congo.

Towards the end of the year, the Advisory Board of the FCA has been operationalised, with the inaugural meeting to take place in Q1 of 2022.

Besides its Articles of Governance, the FCA has de-

2. FORGING STRATEGIC PARTNERSHIPS & GOVERNMENT RELATIONS

a) Congolese Stakeholders

Over the past year, the FCA positioned itself well within the DRC. Good relationships were established with both provincial and national level governments

in the DRC during various trips of the FCA secretariat to both Kinshasa and Kolwezi throughout the year. In DRC's capital they met with key national authorities including the Minister of Mines, EGC, as well as mi-

ning agencies SAEMAPE and CTCPM. In Kolwezi, the FCA participated at the annual CISTEMA conference on Child Labour where we met with the former National Minister of Mines Kitobo, and met with newly appointed governor Madame Fifi later the same year to allow for a continuation of good government relations despite changes in government positions. Outreach to the new Minister of Mines and Governor ad interim of Lualaba Province was organised in May after their inauguration, and met with the Governor of Lualaba and the Provincial minister of mines to discuss options for the FCA to gain access to viable and legal artisanal mine sites for the programme to assist in the professionalisation of mining activities and provide investment accordingly.

The DRC based FCA team additionally participated actively in civil society platform conferences such as those organised by IDAK, and engaged with international initiatives of UNICEF and ILO to avoid duplication of efforts and to strengthen our approaches through alignment.

In general, during this first year we have continued our engagement with local and national (government) stakeholders but also with important provincial civil society platforms such as IDAK and donor coordinating group PTF based in Kinshasa to identify syner-

gies with the (new) provincial and national strategy for the ASM cobalt sector and how to best operate in accordance with the DRC laws and regulations. The recruitment of the FCA's Government relations and PR officer in Kinshasa, also assisted in increasing visibility, creating a permanent presence and building stronger relations with Congolese authorities.

b) International stakeholders

In an international context, FCA has served as a partner to the GBA's Cobalt Action Partnership, leading the workstream on developing the ASM Cobalt Framework as well as contributing to the GBA CAP sponsored third-party consultation sessions referenced under workstream 4. of the previous section. This engagement included participation in regular partner alignment meetings including other GBA CAP partners.

Joining forces with RCI and RMI by forming a joint Technical Committee to lead the development of the ASM Cobalt Framework has been key to ensure alignment with two leading actors in the responsible sourcing space, given their joint ownership of the CCCMC and RMI RMAP standard for cobalt refiners. Beyond the work on the ASM Framework, FCA has engaged in periodic exchanges with other initiatives operating on the ground to ensure broad alignment and work towards a consolidation of efforts between actors.

3. OUTREACH, FUNDRAISING AND RECRUITMENT

In an effort to recruit new members and secure financing for FCA's programme for the years to come, the FCA has focussed on growing its reach and presence across relevant media and through participation in relevant events.

www.faircobaltalliance.org.

One of the key events of 2021 was FCA's session during the DRC Mining Week, which was hosted as an online event due to pandemic-related travel restrictions.

An important milestone of FCA's communications work in 2021 was the launch of its bilingual website

By the end of 2021, the FCA counted 10 new members, growing to 18 members in total.

NOTEWORTHY MEDIA COVERAGE

The FCA is committed to enabling constructive news coverage of the sector, facilitating on the ground access to our own 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 2021 FCA was featured in over 30 articles, podcasts and / or interviews, including:

- swissinfo, September 15, 2021, "Commodity giants race to clean up mineral supply chains amid green energy boom", <https://www.swissinfo.ch/eng/commodity-giants-race-to-clean-up-mineral-supply-chains-amid-green-energy-boom/46944260>
- Mining Review Africa, Dec 2021, "Save the Children joins Fair Cobalt Alliance to strengthen child rights", <https://www.miningreview.com/battery-metals/save-the-children-joins-fair-cobalt-alliance-to-strengthen-child-rights/>
- Mining Magazine, Nov 2021, "Freyr Battery joins FCA to boost DRC mining", <https://www.miningmagazine.com/underground-mining/news/1422059/freyr-battery-joins-fca-to-boost-drc-mining>
- Storage Magazine, Dec 2021, Fair Cobalt Alliance: 'Banning Congolese cobalt from batteries is not the solution [Dutch]', <https://solarmagazine.nl/smart-storage/i26062/fair-cobalt-alliance-congolees-kobalt-uit-batterijen-verbannen-is-niet-de-oplossing>
- Mining and Business, Sep 2021, The Fair Cobalt Alliance, [French], <https://miningandbusiness.com/2021/09/06/lalliance-du-cobalt-equitable/>
- Reuters, Dec 2021, "Fairphone finds market for responsibly sourced mobiles", <https://www.reuters.com/markets/commodities/fairphone-finds-market-responsibly-sourced-mobiles-2021-12-03/>

FINANCIAL REPORT 2021

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. All finances are managed by The Impact Fa-

cility as the FCA Secretariat. The financial accounts for The Impact Facility have undergone an independent review in 2021 and have been filed with the Charity Commission of England and Wales in line with UK-charitable regulations.

INCOMING FUNDING IN 2021

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.

By the end of 2021, due to active fundraising and recruitment efforts materialising especially in Q3 and Q4, committed funds from membership contributions and donor financing exceeded the forecasted amount, reaching a total amount of \$ 1.156.623. It is worth noting that part of the funding committed in 2021 will only result in cash flow in 2022, allowing us to continue operations seamlessly.



EXPENDITURE IN 2021

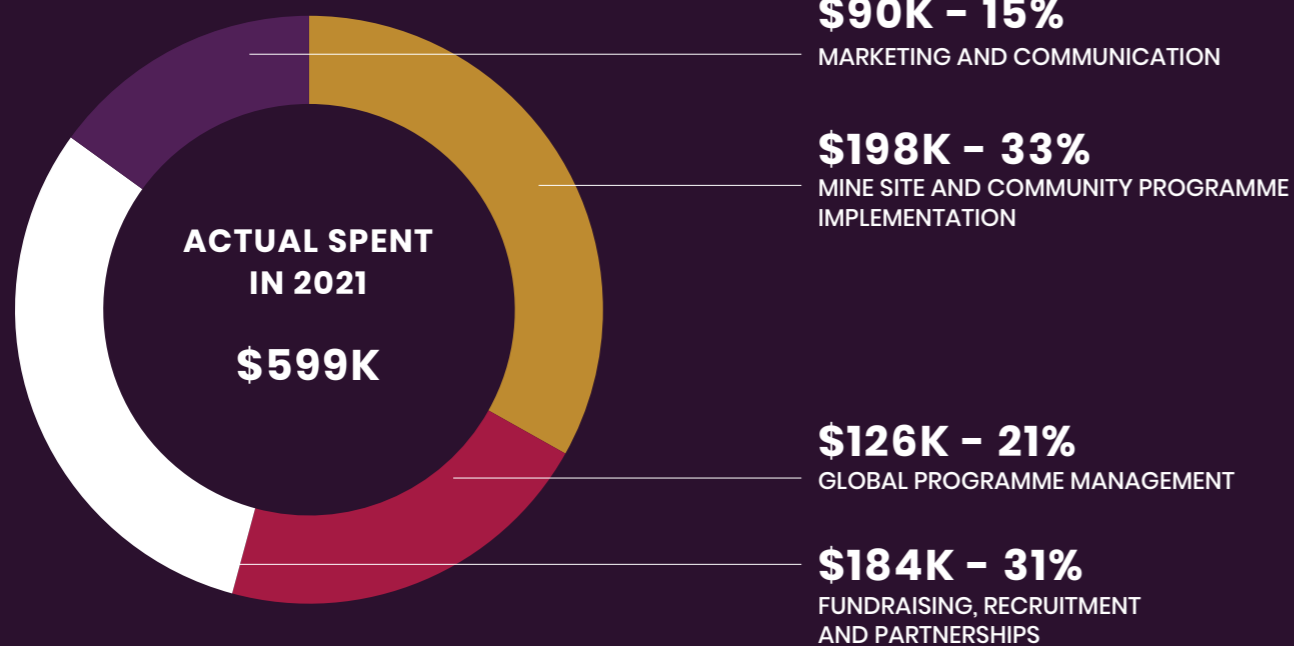
The below provides an overview of budgeted as well as actual expenditure in 2021, followed by a more detailed explanation of what kinds of costs are included in each of the four cost categories:

- Mine site and community programme implementation

- Global programme management
- Fundraising, recruitment and partnerships
- Marketing and communication

Cost items that might have contributed to multiple categories have been attributed to the categories most appropriate.

FCA EXPENDITURE IN 2021



The total expenditure in 2021 was USD 599,255, spent according to the breakdown below.

● Mine site and community programme implementation

The core objective of the Fair Cobalt Alliance is to achieve tangible impact in artisanal cobalt mining communities. Expenditure in this category comprises any costs related to the FCA's work on 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. This includes third-party programme implementation costs (mostly through local partner NGOs), DRC staffing costs, and local travel expenditure.

Expenditures in this category turned out lower than forecasted for two reasons. Unfortunately, under-spend is largely owed to external factors leading to delays in programme implementation due to: covid-related delays in deliveries of lighting equi-

ment; political and commercial developments in the DRC leading to extended ambiguity regarding access to mine sites for programme implementation; as well as a tragic accident in late 2021, pushing part of the programme implementation into 2022. On a positive note, we managed to operate more cost-effectively than anticipated, saving for example on DRC office and payroll costs.

● Global programme management

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.

The continuing covid pandemic reduced the possibility to travel, to the DRC as well as for outreach purposes at conferences in the EU, USA and China.

● 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.

The aforementioned activities implemented under this category have resulted in a growing organisation with 18 current members, and a significant increase in expected income for 2022.

● Marketing & Communication

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, conferences as well as the newly built FCA website to provide detailed and transparent information about our work and partners.

Marketing and communication expenditures turned out lower than anticipated, due to delays in launching a larger communications campaign, expected to be rolled out in the first half of 2022.

FINANCE FORECAST FOR 2022

COMMITTED FUNDING FOR 2022

In 2021, our efforts have for the larger part been focussed on firmly establishing the FCA on the ground, building relationships with DRC government authorities as well as with implementing partners; laying the foundation for rolling out increased impact acti-

vities in 2022; while additionally growing the FCA in terms of membership and visibility. Because of fundraising and outreach efforts, the membership base of the FCA rose steadily, thereby adding significantly to FCA resources.

As a result, the expected income for 2022 has grown to a total of USD 1,753,427, based on the remaining funding at the end of 2021 and committed financing for 2022.

The FCA will continue to fundraise throughout 2022 and will adjust the programme and budget if and when additional financing has been secured.

BUDGET FOR 2022

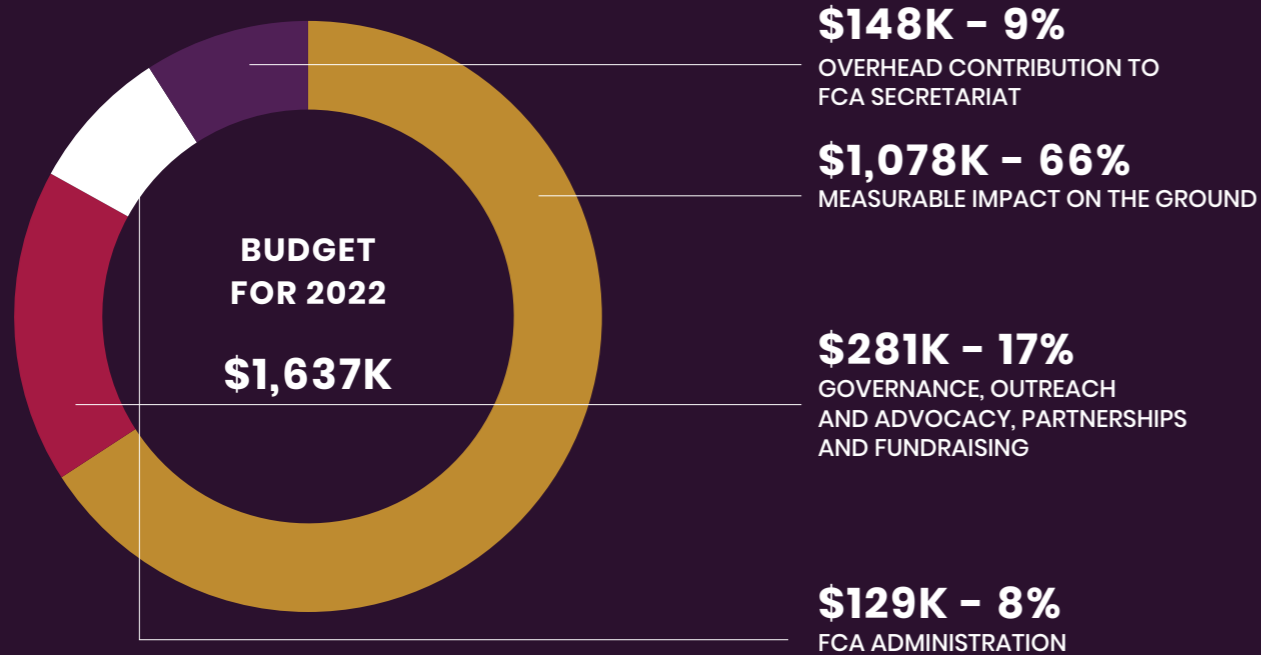
The budget approved by the FCA Steering Committee based on committed financing for 2022 is USD 1,691,137. With this, the FCA intends to spend an increased proportion of its annual budget on creating impact in and around Congolese artisanal mine sites.

The below graphic visualises the split of the budget for 2022 across different categories, applying a new, updated structure to the budget, differentiating between:

- Measurable impact on the ground - regrouping together the two budget categories referred to

as Mine site and community programme implementation + Global programme management in 2021

- Enabling activities related to Governance, outreach and advocacy as well as fundraising and partnerships - regrouping together the two budget categories referred to as Fundraising, recruitment and partnerships + Marketing and communication in 2021 ;
- FCA Administration
- Overhead contribution to the FCA Secretariat, which is operating all activities at cost.



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.

The Impact Facility, UK Charity Registration Number: 1181077, Registered office: Avening Park, West End, Tetbury, GL8 8NE
Learn more about The Impact Facility at: www.theimpactfacility.com



Fair Cobalt Alliance

L'Alliance du Cobalt Equitable