

# SOMO

## Strategy 2021- 2025

Transforming the economic  
system by restraining corporate  
power and building social justice.





# Content

<b>The cost of doing business</b> .....	<b>3</b>
<b>Our strategy in a nutshell</b> .....	<b>5</b>
<b>Challenging dominant narratives</b> .....	<b>6</b>
<b>Dismantling structural enablers of corporate power</b> .....	<b>7</b>
<b>Addressing social and environmental impacts of business</b> .....	<b>12</b>
<b>Our theory of change</b> .....	<b>15</b>

# The cost of doing business

**T**oday's world faces huge and interconnected challenges. The climate crisis, ignored for far too long, is the most pressing of these. Inequality, both within and between countries, persists. The Coronavirus pandemic exposed deep inequities, and we saw the most vulnerable people around the world facing the most severe consequences. The impacts of biodiversity loss – considered by many as the next big crisis – have yet to be adequately recognised. Our reliance on technology has continued to increase and, while the growing power of Big Tech has been recognised, this issue remains largely unaddressed.

Many of these critical and far-reaching problems stem from an economic system that has privileged the interests of a relatively small number of people and organisations. Within this system, multinational corporations play a key role. They have increasingly developed as vehicles for the accumulation of wealth, rather than producing goods and services. These companies – and the economic system that has been built for and often by them – are not the sole drivers of the global challenges we face. But they play a larger part than many realise, exercising their power not just economically but also politically around the globe.

The human impacts of unbridled corporate power are well documented: polluted water, air and soil; extreme weather conditions due to climate change; health damage to communities and workers; lost livelihoods; the abuse of workers in global supply chains. These harms go far beyond affecting individuals, groups or specific ecosystems. Corporations impact the global commons by making society pay for the negative impacts of their activities. An extractivist mentality pervades the global economy – extraction of both wealth and resources has led to a steady and almost undisputed movement of wealth from some parts of the world to others.

To borrow a well-worn corporate metaphor: the “playing field is not level”. Over time, corporate power has been solidified through the building of a massive edifice of laws, policies, narratives, and myths. Lobbying quietly and effectively behind the scenes, corporations have worked with governments to develop a robust system in which they further their own interests and those of their shareholders. Multinationals frequently leverage the power of their home states to advance their agenda. Even when new economic powers such as India and China enter the arena, this modus operandi – state-corporate alliances enabling access to and control over resources – is sadly all too evident.



©Ezz Az Zanoon / Activestills

**SOMO's mission**

We envision a global economic, political, and legal system that is equitable, democratic, transparent, and environmentally sustainable.

The outsized and harmful power of multinational companies and the structures that enable them stand in the way. A shift in power balance is urgently needed.

To address this, SOMO investigates multinationals: we expose their impact, their structures, and the systems they operate in. We also develop alternatives and carry out advocacy work.

We do that as part of a civil society movement in deep collaborations and alliances with partners all over the world, always seeing our role as part of an ecosystem of stakeholders. We deliver the knowledge that fuels far-reaching change.

The problem is a systemic one. Corporate logic is accepted around the world as almost sacrosanct. Although the public's attention has been captured by high-profile scandals over the past few years, the corporate capture of the state also includes a much more invidious acceptance of a narrative claiming that "what is good for business is good for people".

However, the evidence shows that this narrative is dangerously false and that the model is deeply flawed.

### Building alliances to promote alternatives

Fundamental change is urgently needed and it is possible to achieve. The current economic model is not fixed or inevitable; it has been built by people over the last few decades. We can rebuild the system so that it is equitable, democratic, transparent, and environmentally sustainable over the decades to come.

The motivation and need to develop a new economic paradigm is already growing. Alliances that want to further this goal are gaining in strength. Every day, people around the planet are challenging unjust corporate power and the economic structures that enable it. Communities are fighting for the right to live their lives on their own terms; workers are organising to demand fair wages; tax justice activists are working tirelessly to expose abuses; and activists everywhere have taken on the combined weight of corporate and state power.

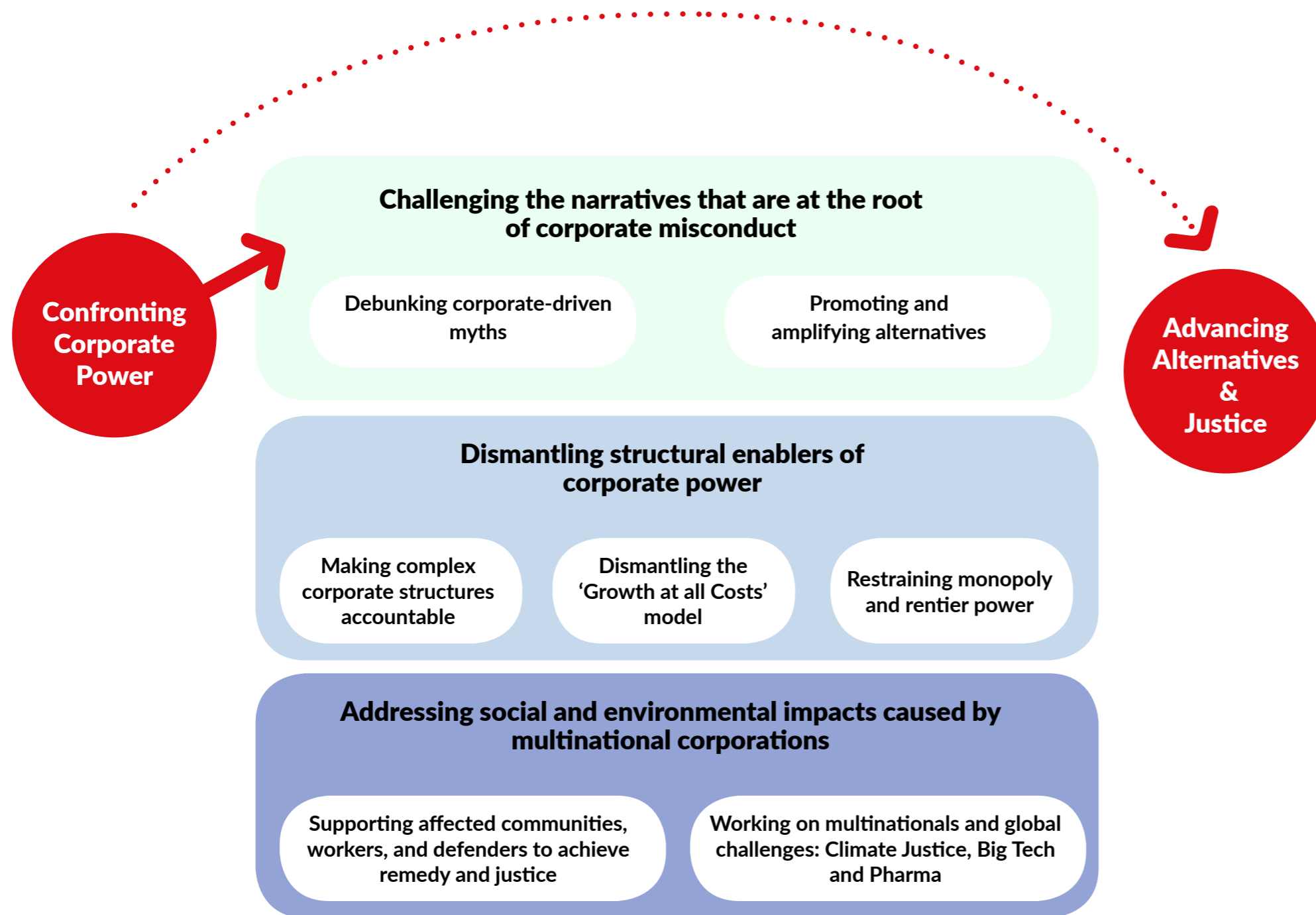
The escalating climate crisis and the Coronavirus pandemic have re-energised calls for change. Civil society groups now have the opportunity to bring about lasting, meaningful, and deep economic transformation. If we join forces, we can reach a tipping point that will allow us to reset the global economy together.

Working together in alliances and partnerships will advance an agenda for fundamental change. Playing our role within an international ecosystem of like-minded stakeholders who share a transformative and justice-focused agenda is therefore central to our strategy and core values.



©Renato Pita, Federation Opikafpe

# Our strategy in a nutshell



## Deep and sustained collaborations for change

SOMO never works alone. Partnerships and alliance building are in our DNA. The multinational corporate problem cannot, by definition, be solved by any single organisation in a particular country. It is a problem that demands cross-jurisdictional cooperation. With our allies we will continue to advance norms and standards and support those seeking remedy and accountability.

International networks and alliances not only confront corporate-driven injustices, but have the power to imagine and build an alternative future, one where the economy serves people and not the other way around. If we continue to join forces and build our collective strength, we can reach a tipping point and reset the global economy together. This hope and belief animates SOMO's work and underpins our 2021-2025 strategy.

## What we do





## Challenging dominant narratives

Dominant narratives reflect the prevailing interpretation of how the world works. Societal ideas about who holds power and how that power is used are embedded in and supported by these narratives. A clear example of this is the idea that countries should be investor-friendly by providing corporations with all kinds of tax breaks, as this will supposedly benefit its citizens. However, there is substantial evidence to show that tax breaks are not necessary to attract investment and often result in a deeply unequal deal for the country. Changing these dominant narratives is critical when it comes to shifting the balance of power.<sup>1</sup>

Narratives and myths that keep the doors closed to alternatives lie at the heart of the current economic system. Governments have been captured by multinational business and shareholder logic, and policymakers have internalised corporate views about what will or will not work for the economy and society. These dynamics are evident across a wide range of issues. For example, patents are defended as vital for the development of new medicines, while the fact that much of this research is publicly funded is played down.

As a core element of our strategy, SOMO will work in alliances to shift these narratives, to debunk myths, and to unlock new alternatives.

### Debunking the 'ESG' narrative

The Environment, Social and Governance (ESG) industry is huge, profitable and frequently deals in fig leaves, promoting illusions about sustainable investment. It is one of the focus areas for SOMO's work on challenging myths and narratives driven by business. The ESG sector designs tools to help companies meet regulations and satisfy a demand for investment that is – in theory – sustainable. However, ESG tools (often risks assessments and rankings) do little to contribute to the meaningful protection of people's rights or the environment. Often the risks they measure are risks to the investors' money *from* the social, environmental or governance problems, not the risks to or impact of investments on people and planet.

We know that research alone does not change narratives. In the future, we will invest in the creation of more powerful storytelling. We will focus substantially on investigating solutions and alternatives – a critical shift in our way of working. SOMO cannot do this alone, but we believe that we can make a useful contribution in partnership with others. We will participate in – and actively catalyse – alliances that foster credible alternatives, and we will step out of some of the 'business-as-usual' policy spaces in which the potential for transformation is demarcated by those who want as little change as possible.

1. See: [Narrative Change: A Working Definition \(and Some Related Terms\) - Narrative Initiative](#)

## Dismantling structural enablers

The structural sources of unjust and harmful corporate power have been built over time, particularly over the last three decades. As these structures are propped up by narratives, challenging the narrative and challenging the structures are mutually reinforcing elements of our strategy. SOMO will focus our efforts on a limited few structural enablers of corporate power, based on our added value and complementarity with the work of others:

- **Making complex corporate structures accountable.**
- **Dismantling the model of 'growth at all costs'.**
- **Restraining monopoly and rentier power.**

### Making complex corporate structures accountable

The legal forms and increasingly complex structures of multinational companies have become the mechanisms that simultaneously allow the accumulation of wealth and the denial of accountability for negative impacts on people and the planet. These mechanisms range from companies using complex structures to avoid taxes to the garment sector outsourcing production in order to maximise gain and minimise responsibility. The challenges of complex corporate structures include the legal principles of separate legal personality and limited liability, as well as other attempts to dilute corporate responsibility including the use of complex supply chains, outsourcing, and subcontracting.

**The way forward** Our goal is to ensure that the ultimate corporate beneficiaries<sup>2</sup> can be held legally liable for the negative impacts that occur across the value chain. This will involve a combination of research (on cases) and advocacy. Our work will focus on supply chains, particularly in the areas of garments, agriculture, electronics, and renewable energy, as well as on cases where remedy and accountability are hampered by complex structures, particularly in relation to natural resource extraction. We will also focus on how digital economy structures intersect with the corporate forms to create new levels of complexity and additional loopholes.

All of our efforts will operate on two levels: addressing the immediate problems in line with the agenda of those affected, and – with their consent – leveraging these cases to argue for the necessary wider changes.

At the international level, our policy agenda will focus on promoting 'hard law' standards that break down complex structures (such as **mandatory due diligence** and **strict liability** for certain human rights and environmental impacts). We will selectively support strong 'soft law' standards that can pave the way for legally binding rules. Additionally, we will continue to play a substantial role within the **global tax justice movement** to promote tax justice and close loopholes.

SOMO will increase its support for **strategic litigation** that can advance the liability of parent companies and make them responsible for supply chains and subcontractors.

2. This could be the parent or controlling company in a corporate group, beneficial owners, or those at top of the supply chain: in short, those who ultimately benefit and can make decisions. That there is not one clear way to describe these actors is part of the problem of the evermore complex structures designed to enable deniability.



### Strategic litigation: using the law to challenge abuses in the supply chain

In 2020, more than 80 Kenyans filed a lawsuit against the British agro-multinational Camellia, parent company of Kakuzi. This Kenyan avocado grower has been accused of systematic human rights violations against workers and villagers on and around its plantations, including rapes and killings. SOMO has been investigating the company since 2016, and helped bring the lawsuit to the UK. The case ended in a settlement for a sum of £4.6 million, including payments to the claimants and a contribution to their legal fees, an independent human rights impact assessment, and investments in community projects.

[Read more](#)

## The Shell climate verdict: a major win for mandatory due diligence and corporate accountability

The May 2021 verdict in the climate case against Shell has rightly been called historic: the oil major must drastically reduce its CO2 emissions regardless of the actions or policies of the Dutch government. But the ruling is important for other reasons too: the court based its verdict to a large extent on two soft law standards – the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD Guidelines).

SOMO works to strengthen key soft law standards and to turn these standards into hard rules for business. In the coming years there are important opportunities to make human rights and environmental due diligence, enshrined in the UNGPs, into hard law in the EU and the Netherlands. As a member of the European Coalition for Corporate Justice, SOMO will contribute actively to securing a strong EU law. As host of the Dutch NGO platform on responsible business conduct (MVO), we will play a leading role on promoting robust Dutch legislation on due diligence. And as we build our strategic litigation portfolio, we will work with others to build on the Shell case, to embed due diligence, the UNGPs and OECD Guidelines through court made rules.

[Read more](#)

## Dismantling the model of 'growth at all costs'

For over 50 years, a specific and narrow view of the purpose and role of a company has prevailed. Commonly associated with the economist Milton Friedman, it holds that the main purpose of a corporation is to maximise value for its shareholders and that it is the fiduciary duty of the directors to make sure this happens. Put simply, this means that a company's main reason for existence is to make money for its shareholders. This view has been strongly promoted by shareholders such as hedge funds and asset managers.

This growth-at-all-costs ideology drives both the behaviour of multinational companies and government policy globally. Yet it is antithetical to sustainability and drives inexorably towards deeper inequality, within and between countries.

At the level of corporate behaviour, it has prompted a range of questionable strategies by companies aimed at attracting investors, from share buybacks and excessive dividend payments, often funded by debt, to aggressive tax planning.

Maximising shareholder value or earnings per share is always about cutting costs and driving growth. Corporate tax avoidance shifts the tax burden to workers, consumers and small companies, contributing to global inequality.

The focus on growth, profits and shareholder value has fed into and fed from government policies that prioritise 'economic growth' above all else. Driven by a neo-liberal economic logic, and encouraged by corporate lobbying, governments have pursued self-interested trade policies and highly unequal international tax and investment agreements. These international economic laws, which benefit business and undermine the economies of other nations, come with enforcement mechanisms that are almost completely absent in international agreements on human rights, environment and climate. For example, investor-state dispute resolution (ISDS) built into treaties such as the Energy Charter Treaty (ECT) give fossil fuel and energy companies a powerful legal tool to shift the risks and costs of the energy transition to governments and taxpayers, as companies use these processes to claim compensation for the impact on their profits of policies that are necessary to realise the Paris Agreement.

In pursuit of economic growth, governments promote rapid extraction of resources, and high levels of consumerism. Because this growth model is fundamentally competitive, and leverages the power of nations over each other, it has consistently exploited pre-existing inequalities and reinforced the economic advantages gained by colonialism.

The flaws in the 'growth at all costs' paradigm are increasingly under scrutiny, particularly in the context of climate change. The global focus on growing wealth inequality also offers opportunities for SOMO and others to challenge the growth-at-all-costs dogma and to promote fundamental changes to trade and investment frameworks.

3. [A Friedman doctrine -- The Social Responsibility of Business Is to Increase Its Profits - The New York Times \(nytimes.com\)](#).



©Gerard Stolk





### The financialisation of the pharmaceutical industry and its potentially deadly costs

Research by SOMO into the world's 27 largest pharmaceutical companies shows that the sector has radically shifted its focus over the past 20 years from medicine production to investment. Much more money has been invested in financial activities and takeovers, and less and less resources have been invested into means of production. Despite the apparent profitability of this strategy of financialisation, Big Pharma has actually fallen deeply into debt. Borrowed money has not been invested back into the research and development of new drugs or production capacity. Instead, funds have mainly been paid out to shareholders and spent on share buybacks.

[Read more](#)

## Breaking the market power of Big Tech monopolies

SOMO's research on the business models of Alphabet (Google), Apple, Amazon, Meta (Facebook), Microsoft, Alibaba and Tencent shows how these Big Tech corporations stand out compared to other sectors. They have more financial assets at their disposal and follow a business model that relies more strongly on intangible assets such as patents and goodwill. The increasing value of goodwill on the balance sheet of Big Tech firms points to the accumulated premiums paid for companies acquired in the race to the economic heights of monopoly power.

Big Tech's combined financial assets stood at a staggering US\$740 billion in 2020, on top of a combined total debt of US\$295 billion. These financial resources (assets and debt) are primarily used to acquire other technology firms and enter other sectors. In October 2020, Apple, Microsoft, Amazon and Alphabet had each crossed the threshold of US\$1 trillion market capitalisation.

The underlying economic principles suggest a 'winner-takes-all' logic. In this scenario, a corporation that owns an exclusive asset, such as a platform, can command rental income from ownership and operations rather than production. This rent income, a result of a monopolised platform, is in turn further augmented or leveraged through financialised techniques.

SOMO's research has underpinned our, and our partners, advocacy for better regulation of the market power of the Big Tech sector in Europe. Ultimately, however, we recognise that regulation will only ever be a partial solution to address the harms caused by Big Tech's monopoly power. In the longterm, we want to see greater investment by governments to foster digital infrastructure in the public interest and alternatives to the Big Tech platforms.

[Read more](#)

**The way forward** It is clear that the necessary changes in the areas of climate, human rights, and social justice will never come about if share value, dividend payments, and earnings per share remain the key metrics for how investors view companies, nor if the current view of "economic growth" continues to hold sway.

SOMO's work will focus on:

**Reform of investment treaties:** challenging unequal treaties, we will focus on fundamental reform of investor-state dispute settlement (ISDS). We will focus particularly on ISDS as it relates to climate change, including in the Energy Charter Treaty (ECT). We will work with partners to promote exit from, and prevent expansion of, the ECT.

**Tax Justice:** SOMO will continue to push governments to improve anti-tax avoidance policies and their implementation. We will advocate for strong anti-tax avoidance policies by national governments and multilateral institutions, including effective implementation and strengthening of the OECD's Base Erosion and Profit Shifting (BEPS) action agenda. We will also investigate and expose new tax avoidance strategies used by multinational corporations in response to BEPS and other policy measures being taken by governments to combat tax avoidance.

**Regulation of corporate and investor behaviour:** we will promote more robust regulation to combat corporate financialization and the harmful practices of asset managers. In the longer term, our agenda calls for more radical change. This includes shifting the conception of a multinational corporation from a complex entity set up almost exclusively to generate shareholder value to a vehicle with a wider purpose.

In addition to working for fundamental changes in policy and behaviour, SOMO will work with allies globally to **challenge the narratives and myths that underpin the growth at all costs agenda**, and to build robust arguments for alternatives that place the health and wellbeing of people and the planet as the central objective of an economy. The economy must be the servant of a larger goal, not the end in itself.

## Challenging monopoly power and rentier structures

Decades of financial globalisation and neoliberal policies have created a favourable environment for monopolies and rent extraction. The market power of the world's largest corporations has been visibly increasing in terms of revenue, market capitalisation, and ownership of assets. For example, the top four companies in any given sector now hold a larger market share than a decade ago. A company that has created a monopoly will naturally reinforce its position in order to increase its advantage. If left unchecked, companies with monopoly power negatively affect labour rights and increase inequality in wage shares.

Meanwhile, 'monopsonies' (one, or very few, firms) have placed small enterprises and suppliers, and the livelihoods of millions, in a situation in which they have almost no power relative to major buyers. The major brands and supermarkets are examples of this: because of their dominant position, big buyers can set tough conditions and requirements for smaller sellers and farmers, encouraging exploitative working conditions. The resulting value is appropriated and disproportionately shifted to the top holding of the corporate structure, which in turn can distribute a growing share to its shareholders.

Rentier power refers to the generation of income through the ownership or control of a scarce good. For example, both governments and extractive companies generate rents from their ownership and control over oil and minerals. Another recent and challenging example is the extraction of rents by Big Tech companies through their ownership of platforms.



### Should I stay or should I go? The role of companies in conflict and crisis

When multinationals are involved in conflict-affected countries, their actions can have grave consequences, and responsible conduct is vital. A critical question is whether the company should stay or leave. The decision requires careful consideration and meaningful engagement with stakeholders. Whichever decision is made, how it is implemented is critical. Irresponsible disengagement by companies – walking away from problematic situations in ways that only exacerbate the difficulties faced by others – is an issue that is receiving greater attention.

The case of Norwegian telecom giant Telenor's exit from Myanmar is a cautionary tale. As Telenor, which is majority-owned by the Norwegian government, rushed to exit Myanmar following the coup in February 2021, it put at severe risk the security, privacy and human rights of its 18.2 million mobile subscribers, including many human rights defenders and pro-democracy activists in Myanmar, when it sold its Myanmar operations to a company linked to the brutal military junta.

In 2021 SOMO supported 474 Myanmar-based civil society organisations in filing a complaint against Telenor with the Norwegian NCP. NCP-facilitated mediation is ongoing, and SOMO continues to support and advocate for the Myanmar-based complainants. In addition to the NCP complaint, SOMO also supported a Myanmar human rights defender and pro-democracy activist in filing a request for temporary injunction on the sale in a Norwegian civil court and a complaint with the Norwegian data protection authorities in relation to the violation of privacy under Europe's General Data Protection Regulation (GDPR). The latter represented the first time the GDPR was invoked in relation to a European company's role in the violation of the right to privacy of an individual based outside Europe. It is through cases such as these, as well as our advocacy in national, regional and international policy arenas, that SOMO is working with communities, partners, and networks around the world to challenge irresponsible disengagement, establish clear rules for responsible exit, drive change in company and government behaviour, and hold those who violate the rules accountable.

**The way forward** SOMO will focus on dismantling some of the main enablers of monopoly power and rentier structures. We will work on issues where our expertise on multinationals can provide added value, and we will also connect with others working on different dimensions of the challenge. Our focus areas will be:

- **Tax policies:** Since tax policies often support and encourage monopoly and rentier strategies, SOMO will focus on expanding the priorities in the tax justice landscape to address monopoly power and rentier structures, including by promoting taxes on dividends, profit tax and capital gains tax.
- **Strengthening fair competition legislation and enforcement:** SOMO will join and support efforts to strengthen European competition legislation. We will focus particularly on Big Tech, as monopolistic behaviour is widespread in this sector.
- **Dismantling key enablers of rentier power at the international level:** From Big Pharma to Big Tech, intellectual property (IP) facilitates rentier power through the ownership of scarce assets. SOMO will focus on dismantling mechanisms, such as IP, that specifically enable rentier behaviour.

## Addressing social and environmental impacts

Our work on the economic paradigm matters precisely because of the impact it has on people and the environment. Our work on structural enablers will therefore also incorporate the social and environmental consequences of corporate activities. We will highlight the winners and losers in the value chain that result from the above-mentioned strategies, which are intended to maximise shareholder value and diminish liability through complex corporate structures.

As noted earlier, the model for our work is **to consistently connect impacts to root causes and to address both levels simultaneously**. This entails the following:

- ➔ **Working with communities, workers, and defenders to achieve remedy and justice.**
- ➔ **Supporting our partners within civil society organisations around the world.**
- ➔ **Addressing the role of multinationals in major global challenges (flagship initiatives).**

### Working with communities, workers, and defenders to achieve remedy and justice

SOMO will continue to work with civil society organisations, workers in supply chains, communities, and individuals affected by the negative impacts of corporate power in order to secure remedy.

We will build on the **Mind the Gap** framework. Jointly developed by 11 civil society organisations from ten countries, this framework identifies corporate strategies that aim to evade remedy, and develops counter strategies that can be deployed by activists, lawyers, and affected people; and to crowdsource ideas around the globe.

We will work at two levels: the immediate cases and the bigger structural problems that allow the abuse to happen. We will also provide our partners with long-term support to push for the changes they want to see domestically so that our work is mutually reinforcing.

## The Counter: a new initiative to help civil society to challenge corporate power

Over the past decade, we have witnessed growing efforts of civil society organisations from all over the world to challenge outsized corporate power, whether it is seeking compensation for pollution caused by the oil and gas industry or demanding better working conditions in the global garment sector. The progress that has been made in ensuring powerful companies cannot cause harm with impunity has been impressive. However, significant gaps remain: most CSOs focus on the damaging impacts of multinational activity, but struggle to challenge how companies operate structurally and financially. Yet the complex structures of multinationals, their use of opaque supply chains, shell companies, and special purpose vehicles, combined with complex financial arrangements, are at the heart of some of the most damaging business impacts.

SOMO has filled the gap to a limited extent, providing civil society partners with specialist data and advice on corporate structures and finances. Our small team analyses financial reports, investigates structures, and uses industry databases to give partners critical information for their work. Most of this work is done 'on demand'. With demand growing annually, we believe the time is ripe to expand this work and set up a dedicated support service for civil society. Over this strategy period we propose to establish and maintain a pro bono, tailor-made corporate accountability advice desk for CSOs and public interest journalists. We expect this initiative to have a significant multiplier effect around the globe, supporting hundreds of civil society campaigns and public interest news stories, and thereby pushing the corporate accountability agenda forward internationally.



© Eliseo Hualinga, Federation Feconacor

## Building stronger networks and alliances

Much of SOMO's work is carried out as part of long-term partnerships, either through joint research projects or through our own research supporting the activism and campaigns of our partner civil society organisations. We play an active role in numerous networks, as well as hosting several national and international networks. Over the coming years we will strengthen the networks we host, including OECD Watch, GoodElectronics, MVO Platform and Tax Justice Netherlands. We will also catalyse new alliances to work on emerging challenges and opportunities, and put our considerable experience in network building and effective collaborations at the service of others. We will continue to promote mutual capacity building as a framework for partnership, and reflect more deeply on how language and structures reinforce (or dismantle) power dynamics within civil society and how they contribute to change. Based on feedback from partners globally, we will also seek to expand our capacity to provide specialist pro-bono advice on technical corporate issues.

## Addressing the role of multinational companies in major global challenges

The enablers of corporate and shareholder power are also the root causes of many of the most urgent and serious problems that the world faces today. SOMO will therefore focus its work on the structural sources of corporate power on a limited set of global challenges. The flagship initiatives we have chosen for 2021-2025 are the following:

- ➔ **Climate Justice**
- ➔ **Curbing the market power of Big Tech**
- ➔ **Public health over pharma profits**

### For equality...

Inequality – between people, between countries - remains a dominant feature of our world. Multinationals and the systems within which they operate frequently drive and deepen inequality. SOMO's work confronts corporate-driven inequalities. For example, in our work on supply chains and labour rights, we cooperate with unions and workers' groups internationally to promote fair wages and push back on a system that sees huge sums diverted to shareholders even while workers struggle to make ends meet.

In our 2021 – 2025 strategy, SOMO also seeks to identify how we can contribute to achieving gender and racial equality and combat all forms of discrimination. We do this through our research and analysis, what we advocate for, how we work with others, and how we challenge ourselves.

## A just energy transition: fossil fuel extraction must end, but not without just solutions for communities and workers

Mining and energy companies must stop extracting and burning fossil fuel if disastrous climate change is to be avoided. But what will this transition mean for communities and workers that depend on extractive industries for their livelihoods? And what will the departure of mining and energy companies mean for the victims of human rights abuses and environmental damage that occurred around extraction sites and remain without remediation to this day?

In 2021, zooming in on the bloody history of coal mining in Colombia, SOMO highlighted the responsibilities companies have towards communities and workers when they leave. SOMO analysed the situation through the lens of the OECD Guidelines on Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Questions on (irresponsible) disengagement regularly arise in our work and are likely to become even more important in relation to the energy transition. SOMO is developing this work with affected communities and partners internationally, pushing for companies and governments to recognise the need for disengagement to be done responsibly and reflected in corporate human rights and environmental due diligence frameworks.

[Read more](#)



©PAX



©Calma Cine

### **Electric batteries: promoting a better business model**

The increasing adoption of electric vehicles is widely seen as a key element of the energy transition. But soaring demand for the batteries needed for these vehicles comes with devastating social and environmental impacts. The rising demand for the minerals required to produce these batteries – lithium, cobalt, nickel, graphite, and manganese – will lead to a surge in mining activity in some countries in the years to come. Without urgent and substantial policy reforms, including on trade and corporate accountability, this mining boom will extract a high social and environmental cost.

Communities around the globe are already experiencing the consequences of this global scramble for resources, ranging from severe pollution and water scarcity to dangerous working conditions, child labour, and land conflicts. In addition to the problems associated with the sourcing of minerals, the battery value chain is also flawed at the other end of the spectrum. Lithium-ion batteries are currently not being designed to optimise recycling.

Over the coming years SOMO will focus on battery supply chains seeking structural change now, before significant damage is entrenched. Case work will focus on workers' rights in the supply chain. SOMO will also promote alternatives to reduce emissions from road transport. To relieve the pressure on the planet, we must prioritise reducing demand for cars, and batteries, thereby reducing mineral and energy use in absolute terms.

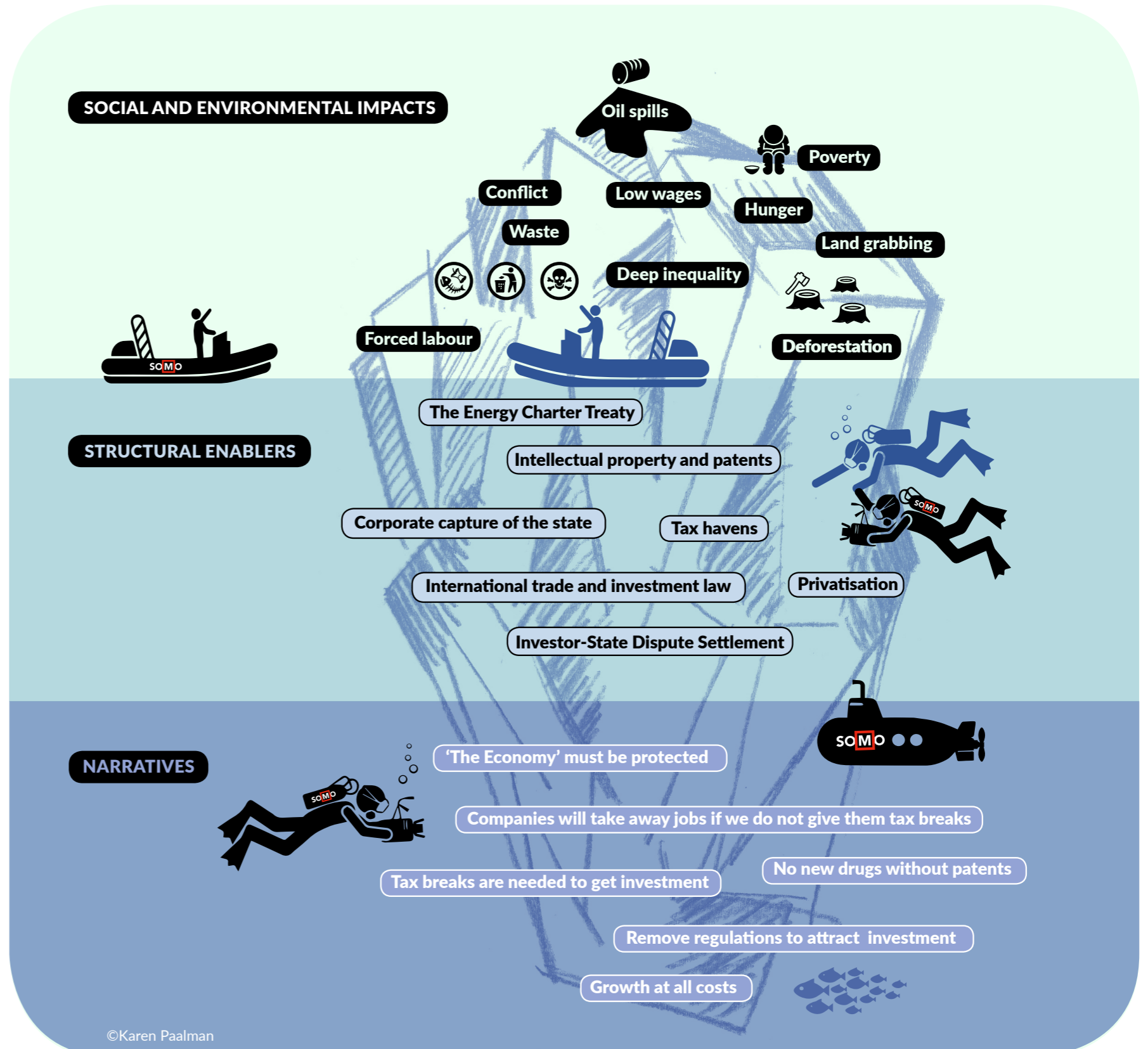
[Read more](#)

# Our theory of change

**S**OMO is a knowledge and research institution, and we are committed to working in alliances and supporting a wider social agenda. Our role makes sense within an ecosystem of like-minded actors where our contribution is based on decades of knowledge and expertise on multinationals and the economic system that enables them. The multinational corporate problem cannot, by definition, be solved by any single NGO in a particular country. It is a problem that demands cross-jurisdictional cooperation. We work with long-established partnerships in five continents, and we play a pivotal role in connecting those working on the symptoms with the forums that are addressing structural causes. Although our advocacy work often focuses on the EU as a host jurisdiction for multinational corporations, we liaise with partners in other regions so that our work is mutually reinforcing.

Our Theory of Change is reflected in the structure of our strategy: **changing the narrative**; meticulously **dismantling the structural enablers** (which requires a deep understanding of how they work); supporting action to address the negative impacts; leveraging this work to shift the narrative; and supporting work to transform the structures.

Over this five-year strategy period, there will be critical opportunities to create fundamental change to the economic systems that are not working for the majority. We are determined not to repeat the mistakes made in the aftermath of the 2008 economic crisis by failing to seize the momentum. If we work together, we can reach a tipping point that will allow us to reset our economy to prioritise human rights and ecological sustainability ahead of profits.



©Karen Paalman