

The image shows the cover of the SOMO Annual Report 2017. It features a prominent red square background. In the center of this square is a white rectangular area. The text 'SOMO' is written in a large, bold, black sans-serif font at the top of the white area. Below it, the words 'Annual Report' are written in a smaller, black sans-serif font, and '2017' is written in the same font size as 'Annual Report' on the line below. The overall design is minimalist and high-contrast.

SOMO
Annual Report
2017

Colophon



Stichting Onderzoek Multinationale Ondernemingen
Centre for Research on Multinational Corporations

Annual Report 2017

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About SOMO

The Centre for Research on Multinational Corporations (SOMO) is a critical, independent, not for-profit knowledge centre on multinationals. Since 1973 we have investigated multinational corporations and the impact of their activities on people and the environment. We provide custom-made services (research, consulting and training) to non-profit organisations and the public sector. We strengthen collaboration between civil society organisations through our worldwide network. In these three ways, we contribute to social, environmental and economic sustainability.

OUR MISSION

SOMO's mission is to support and empower civil society movements in promoting social and environmental interests and in defending human rights. We do this through action-oriented research, critical analysis and by strengthening cooperation among civil society groups. Our focus lies on the nature and impact of corporations and the social, economic, legal and political context in which they operate.

OUR VISION

SOMO envisions a global economic system that is equitable, democratic, transparent, and environmentally sustainable. In this vision, civil society has the power to hold multinational corporations and governments to account for destructive and unfair business practices and the violation of human rights; and has the ability to realise economic alternatives, locally and globally. We regard these as essential conditions for the elimination of the structural causes of poverty, inequality, and the exploitation of people and natural resources by multinational corporations worldwide.

ANALYSES

SOMO PROVIDES ANALYSES, EVIDENCE AND SERVES AS WATCHDOG

CAPACITY BUILDING

SOMO PROVIDES CAPACITY BUILDING

NETWORK

SOMO HOSTS AND PARTICIPATES IN NETWORKS

LOBBYING & ADVOCATING

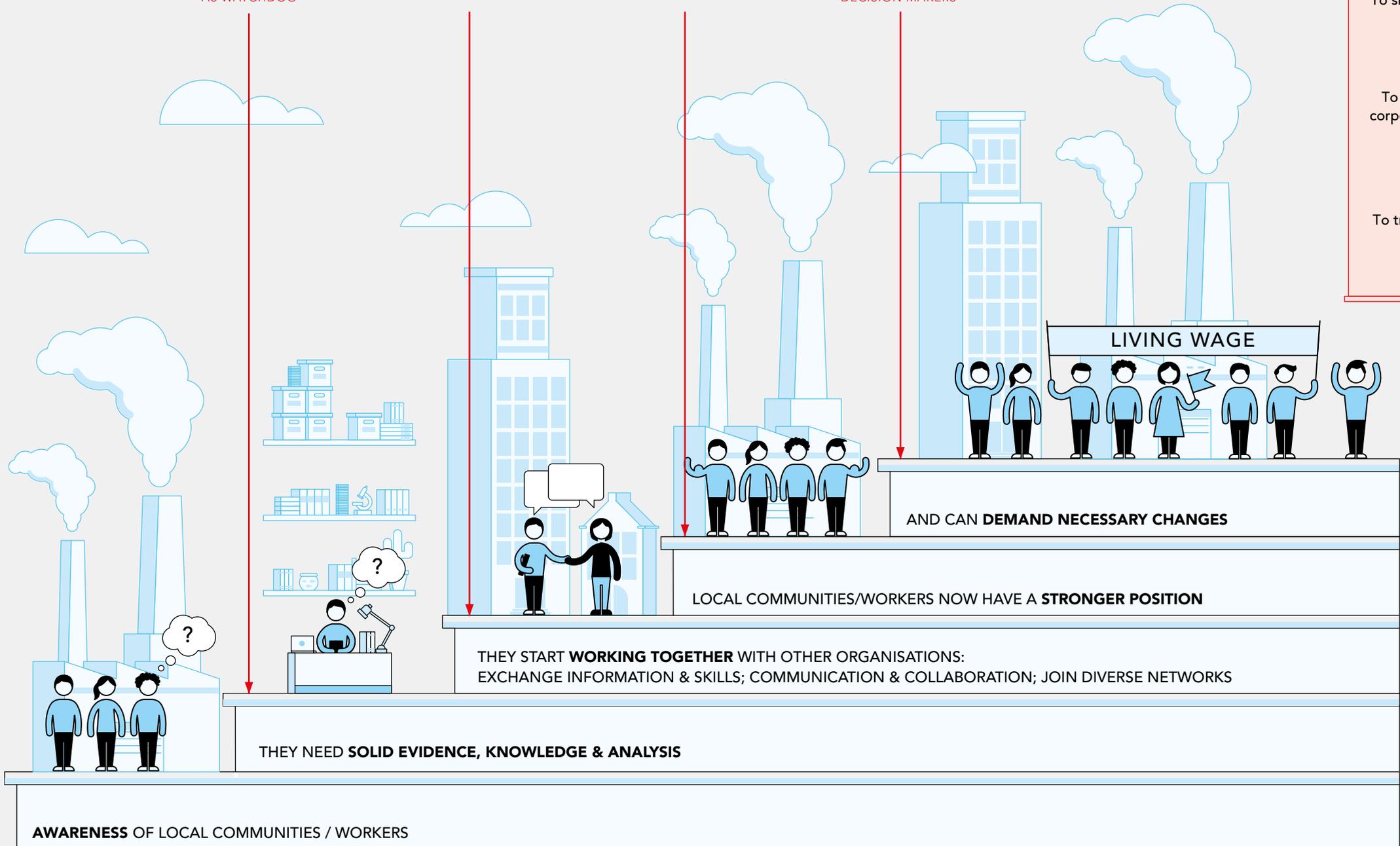
SOMO LOBBIES AND ADVOCATES TOWARDS DECISION MAKERS

& OUTREACH

SOMO CONDUCTS OUTREACH

SOMO WANTS:

- 1 To shape public discourse and opinion
- 2 To redefine the role of corporations through laws and regulations
- 3 To try alternative policies and practices





Director's Report

INTRODUCTION

'Myanmar garment workers' rights abuse critical, says report.' 'How high street clothes were made by children in Myanmar for 13p an hour.' These were just two of the headlines based on our influential 2017 report, *The Myanmar Dilemma*, co-authored with Myanmar organisations Action Labor Rights (ALR) and Labour Rights Defenders and Promoters (LRDP). The report was among the first to examine working conditions in the country's exploding garment sector and to trace European clothing companies to Myanmar suppliers.

What we found was deeply troubling, albeit familiar. Many workers do not know about trade union and collective bargaining rights. The legal minimum wage is not enough to ensure a decent living, yet often workers receive even less. The sector's growth is also putting farmers' access to land under pressure.

Mutual capacity development was extremely effective

The impact of the report was significant. Not only did it have the intended result of rousing brands and retailers into action (see page 26), it gave voice to more than 400 workers from 12 factories. The research included in-depth interviews conducted by ALR and LRDP, which helped plant the seed for further organising. The collaborative process behind *The Myanmar Dilemma* – an approach we call 'mutual capacity development' – was extremely effective. SOMO staff spent several months working with ALR and LRDP in Myanmar, helping ensure a rich exchange of knowledge and skills that has strengthened all three organisations.

The Myanmar groups have benefited from adding a new global, supply chain perspective in their work, while SOMO has gained in-depth understanding about the specific Myanmar context.

Ensure a rich exchange of knowledge and skills

SOMO stays alert to changing business contexts and corporations' strategic responses to them. Our work in Myanmar is but one example of how we chart new territory, bring problems in supply chains to light, spur action and connect (labour) organisation working in the global South and in Europe. In our work with allies around the world, this is one of our most crucial contributions: putting new issues on the agenda and proposing the first steps down a long path to change.

For many years we've focused on how civil society organisations can bridge global governance gaps, and hold corporations accountable. In 2017 we shifted the paradigm: our new 'Mind the Gap' programme instead starts with the systematic identification and analysis of strategies that corporations are employing – like the threat of lawsuits to censor critics, or the use of shell companies to avoid taxes or escape prosecution – to create, maintain and exploit gaps in the current human rights framework. SOMO was delighted to be awarded a four-year grant from the Human Rights Fund of the Dutch Ministry of Foreign Affairs to implement this highly innovative programme. We look forward to working with allies, including partners in Brazil, Indonesia, the Democratic Republic of Congo and the Occupied Palestinian Territories, on the programme.

We were also pleased to participate in, and be selected to host, two important networks in 2017. In January we launched the new Lobbywatch Nederland (see 44) network, which is pushing for greater transparency in policymaking in the Netherlands. And, from January 2018, we will begin hosting Tax Justice NL, which is making great strides in raising awareness and building pressure on the Dutch government to tackle corporate tax avoidance. We are pleased that the partnerorganisation recognises SOMO's ability to effectively manage and coordinate these programmes.

Chart new territory, bring problems in supply chains to light

SOMO continues to experiment with new methods and styles of communication so that our research and expertise is appropriately conveyed to the intended audience. Large reports will always be important. But this year we published more blogs, opinion pieces, and articles, and shared our expertise in person via panel discussions and the like. The strategy was effective: a relatively short article analysing the repeal of the Dutch dividend tax, for example, became the main focus of the public and political debate on the issue (see page 30).

In our current strategic plan, *Evidence for Accountability and Empowerment (2016-2020)*, we committed to being agile and responsive to emerging issues and current events. In the spirit of that pledge, we have already begun to think ahead to the next strategic plan period. We organised strategy days and discussions throughout the year to consider our 'blind spots', examine current trends and brainstorm ideas to pursue going forward. The 'Mind the Gap' programme is one result of these lively conversations. Another is an exciting new collaboration with academics and allies to research and expose the adverse social and human rights impacts of corporate law, especially the limited liability of companies and directors, which enables key decision-makers to evade responsibility.

Both projects will no doubt lead to further insights and new opportunities that will inform our future strategic plan and our work toward a more democratic, transparent, and environmentally sustainable global economic system.

I invite you to read more about the positive changes that SOMO, along with our colleagues worldwide, helped bring about in 2017.

Ronald Gijsbertsen
Managing Director

Highlights

Critical awareness raised

- Co-authored by SOMO, Action Labor Rights and Labour Rights Defenders and Promoters, *The Myanmar Dilemma: Can the garment industry deliver decent jobs for workers in Myanmar?* was among the first reports to document problems in the country's burgeoning garment industry and to link Myanmar factories to Western brands and retailers.
- *Social justice at bay: The Dutch role in Jakarta's coastal defence and land reclamation*, a joint report with Both ENDS, Transnational Institute (TNI) and Indonesian partners, raised awareness about major problems with the Masterplan for National Capital Integrated Coastal Development (NCICD), including threats to the coastal environment and the livelihoods of local fishing communities.
- The case study, *Beneath troubled waters: Noble Energy's exploitation of natural gas in the Eastern Mediterranean Sea*, shed new light on the energy sector, corporate accountability and due diligence in the context of border disputes between Lebanon, Israel and Palestine.
- In collaboration with key allies, SOMO commissioned the pioneering legal analysis, *Removing Barriers to Justice: How a treaty on business and human rights could improve access to remedy for victims*, which examined whether and how an international treaty could complement the UN's Guiding Principles on Business and Human Rights.
- Along with the Tax Justice NL network, SOMO organised 'Make Tax Fair Again!', a lively pre-election debate in the Netherlands involving candidates from five prominent political parties. Attended by nearly 100 people, the debate illustrated the widespread public support for legislative action on corporate tax avoidance.
- In collaboration with Indonesian partner Inkrispena and the University of Nottingham's International Law and Security Centre, SOMO published cutting-edge research on corporate responsibility in relation to security services, *The two hats of public security actors in Indonesia: Protecting human rights or preserving business interests?*
- SOMO co-hosted the annual Eurodad conference, *Alternative policies for a sustainable world: Better ways of financing global development and strengthening global economic regulation and governance*, attended by nearly 200 people from Europe and around the world.

Agenda setting

- SOMO played an instrumental role in substantiating criticism of the Dutch government's planned dividend tax repeal by calculating who would benefit and how much. SOMO's analysis was the focus of parliamentary debate on the topic.
- SOMO's work has helped influence the European Partnership for Responsible Minerals (EPRM), a multistakeholder initiative focusing on tin, tantalum, tungsten and gold. At its 2017 general meeting, the EPRM agreed to form a working group to consider inclusion of other minerals in its work – a key SOMO demand.
- *Juice with a bitter aftertaste: Behind the scenes in the orange juice industry and the role of Dutch supermarkets* put forth clear evidence for Dutch supermarkets to take responsibility for human rights violations in the orange juice supply chain in Brazil. In response, the grocery industry association acknowledged the need for coordinated action and invited SOMO to participate in joint advocacy toward the Dutch government and international authorities to play a role in addressing the problems identified.
- SOMO called out the lack of transparency around the revision of the Dutch model bilateral investment treaty (BIT). The Dutch parliament subsequently adopted a resolution urging the Minister for Foreign Trade to publish the text of the model BIT and insisting on parliamentary debate on the topic.
- Two short papers, *Wat worden we wijzer van het Centraal Bureau voor de Statistiek?* and *Van de Nederlandse douane naar de rechter* (in Dutch only), chronicled SOMO's Kafkaesque research journey aimed at identifying possible links between Dutch supermarkets and products from settlements in the occupied Palestinian territories. The papers laid bare the need for more transparency in customs data and import statistics.

Strengthened CSOs

- With SOMO's assistance, Myanmar groups Action Labor Rights and Labour Rights Defenders and Promoters initiated a constructive dialogue with Dutch garment brand Suitsupply about labour rights issues at one of its supplier factories which led to a fair process to establish a worker committee at the factory.
- SOMO joined the Kenyan Human Rights Commission (KHRC) in strengthening the capacity of communities severely affected by agribusiness operations. Following a workshop on remedy, community members are taking their case to Kenya's National Land Commission and the Task Force on Renewal of Land Leases. SOMO and KHRC are supporting a community based organisation to further organise the communities, document abuses, formulate demands and file the complaints. A similar workshop strengthened communities in Tanzania in their efforts to claim their rights and seek redress in relation to abuses perpetrated by a mining company.
- SOMO joined Prakarsa, ActionAid UK, and Oxfam in hosting a training in Indonesia for civil society organisations on corporate tax avoidance research. Twenty-six participants from across South-East Asia acquired new research skills, and learned about tax treaties and fiscal incentives, as well as strategies for fighting corporate tax avoidance and evasion.
- SOMO co-hosted a public forum in Brussels on the proposed Multilateral Investment Court (MIC). The forum met a critical need for information and analysis about the MIC, with more than 120 people attending and another 450 viewing it online.
- SOMO contributed to the highly successful 'Change Finance Forum', organised by Finance Watch in Brussels. The Forum was attended by some 200 participants, including campaigners, economists, sustainable finance/economics practitioners, and journalists.

Stronger and wider alliances

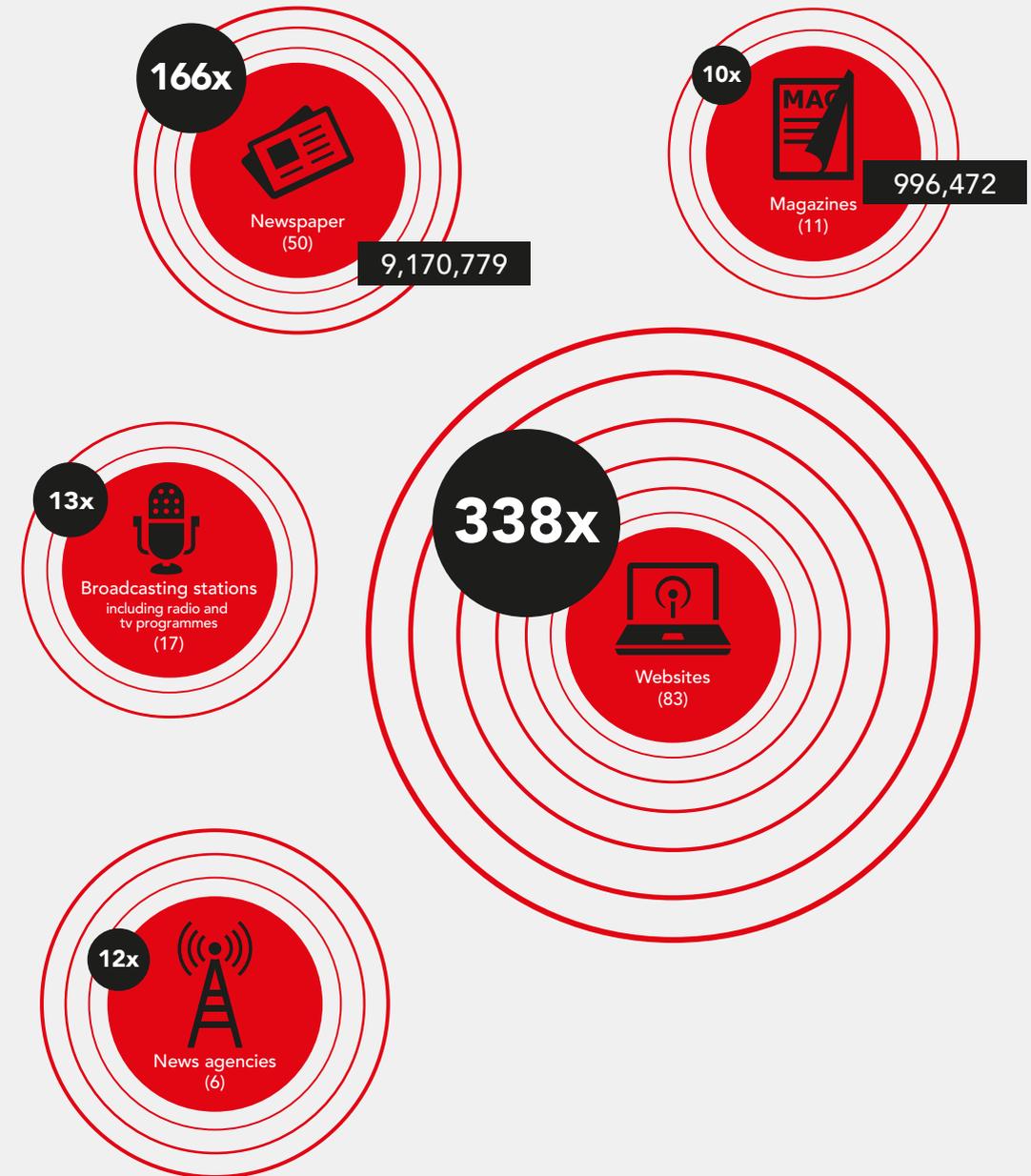
- At SOMO's initiative, a new, informal network was formed to focus on the issue of corporate tax avoidance and its impact on Dutch society. The new network includes the Dutch trade union federation (FNV), several political parties, academics, and key tax justice allies.
- In 2017 SOMO invested significant energy in building alliances with other organisations to help ensure that reform of the international financial system remains on the political agenda. SOMO co-organised a full-day workshop, attended by over 50 participants, at the European Summer University for Social Movements, an initiative of the European ATTAC Network.

The workshop resulted in agreement among a core group to organise a coordinated European campaign for financial reform in 2018, the tenth anniversary of the peak of the most recent global financial crisis.

- SOMO is helping build knowledge and support for an international UN treaty on business and human rights by providing interested Dutch organisations with information about the treaty process and its potential to stop corporate abuses, and supporting partners in India and Argentina to do the same.

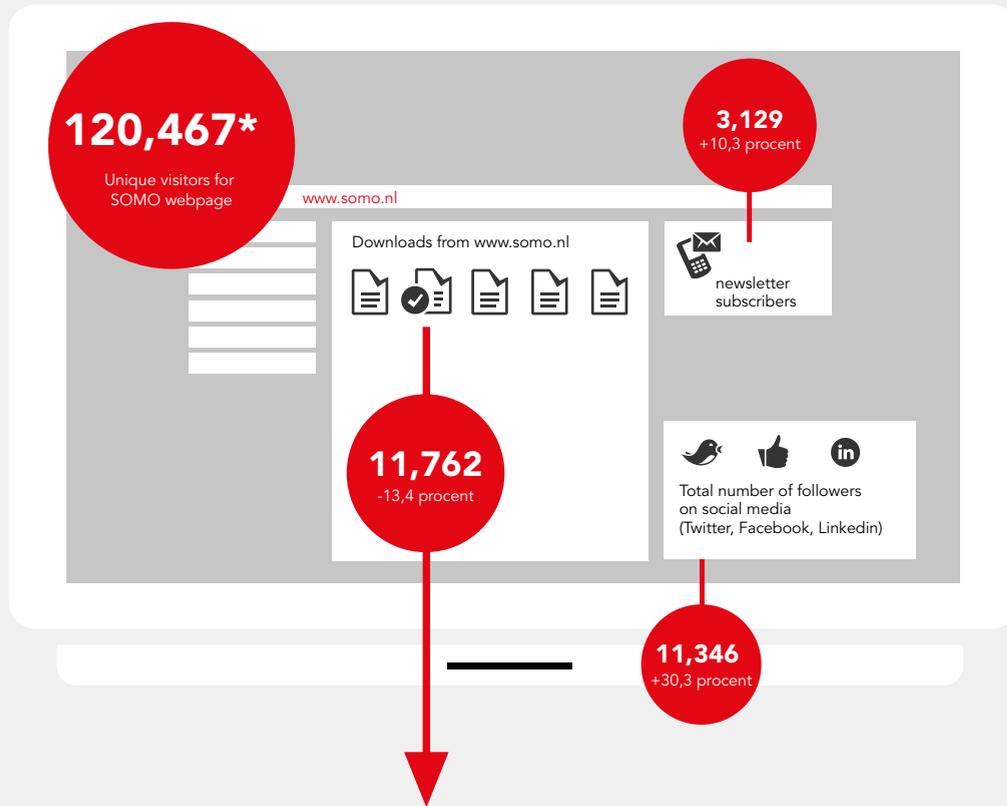
Improved policies of governments and companies

- In an investigation triggered by the report *Reconquering and dispossession in the Altillanura: The case of Poligrow, the Roundtable on Sustainable Palm Oil* confirmed that Poligrow breached a number of RSPO principles and criteria and obliged the company to submit an action plan to address the violations and report on its progress.
- Thanks to persistent pressure by SOMO, PAX and others, Vattenfall became the first power company to publish its list of coal suppliers, thus providing adversely affected coal communities a clear route in their pursuit of accountability.
- As a result of joint advocacy conducted by SOMO and the Clean Clothes Campaign, the multistakeholder initiative Fair Wear Foundation improved several policies related to labour rights in Myanmar.
- The first initiative under the new Responsible Gold Agreement comes in response to research conducted by SOMO: a collaboration involving Philips, Fairphone, Stop Child Labour and others aims to develop a sustainable market for responsibly mined Ugandan gold.
- The report *Industry-sponsored clinical drug trials in Egypt: Ethical questions in a challenging context* inspired a new policy requiring the European Medicines Agency to report on its efforts to protect clinical trial participants and guarantee that trials are conducted according to ethical guidelines.
- The Dutch government adopted a two-year cooling-off period for former Ministers and a new 'legislative footprint' that improves lobbying transparency.
- The University of Groningen (RUG) became the second Dutch institution of higher education to join Electronics Watch, an independent European organisation that monitors working conditions in the electronics industry.
- A Nicaraguan sugar producer agreed to make provisions for livelihood support and enhanced health services for its former workers as part of a first agreement in a complaint process, filed by the Asociacion Montelimar Bendicion de Dios (AMBED) with support from SOMO, to the Compliance Advisor Ombudsman (CAO) of the International Finance Corporation.
- In response to a complaint filed by Turkish union Birleşik Metal, with SOMO's support, the European Bank of Reconstruction and Development committed to improving internal procedures and due diligence processes, as well as commissioning an analysis of the gaps between Turkish law and the International Labour Organization's core conventions.
- The Dutch development bank, FMO, announced new protocols for more comprehensive risk assessments, an early warning system for risks to human and environmental rights defenders, and measures to verify free, prior, and informed consent of projects.
- SOMO's direct engagement with Philips Lighting generated positive results, including agreement by the company to partner with GoodElectronics to train not only management, but also workers, at its supplier factories.



XXX,XXX = individuals reached

The small number in brackets indicates the number of different titles regarding the media outlet. The number in black indicates the amount of mentions SOMO got. The numbers are based on our own searches and can only give a rough indication of the way our publications and other outputs were picked up by the media.

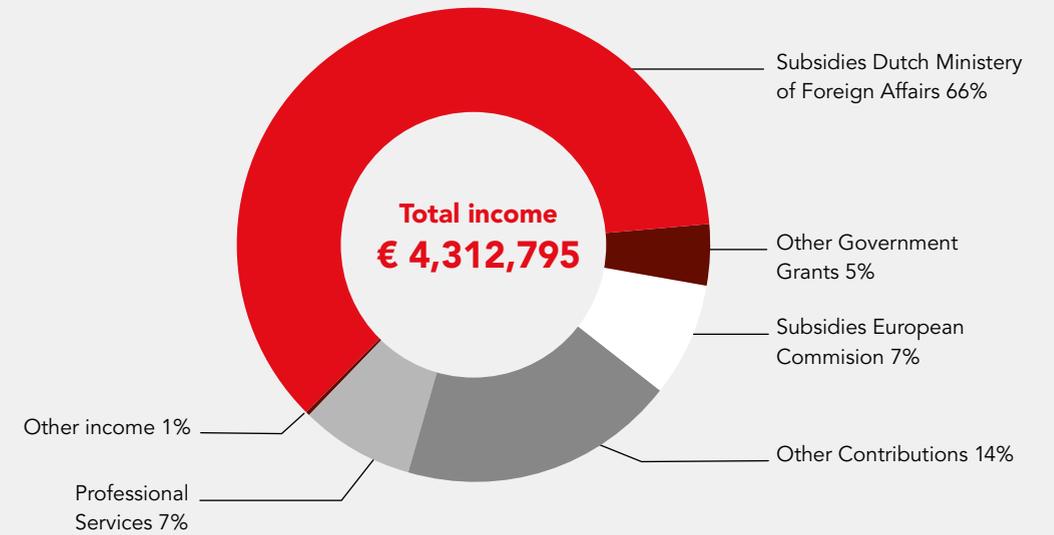


TOP 10 DOWNLOADS

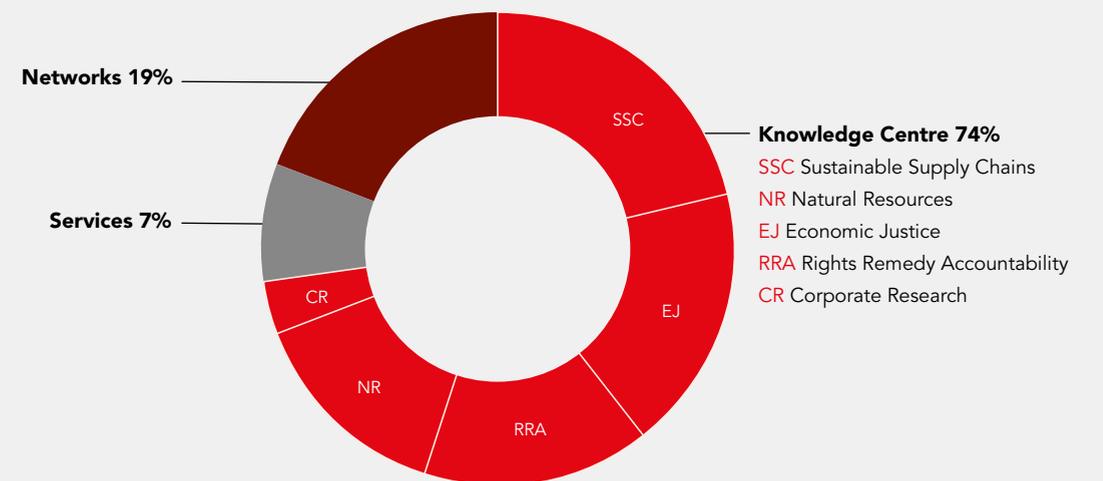
1	<i>The Myanmar Dilemma</i>	6	<i>Verborgen belastingpraktijken van Nederland</i>
2	<i>Social justice at bay. The Dutch role in the NCICD project</i>	7	<i>Flawed fabrics</i>
3	<i>Beauty and a beast: child labour in mica mines</i>	8	<i>Palming off responsibility</i>
4	<i>Examples of unethical trials</i>	9	<i>Cobalt blues</i>
5	<i>Removing barriers to justice</i>	10	<i>Eyes on the price</i>

*Last year, we did not measure this, therefore we cannot give the difference.

INCOME BY FUNDING SOURCE



DIVIDED OVER SOMO'S 3 TYPES OF WORK



SO MO

Verborgen belastingpraktijken van Nederlandse bedrijven

Een onderzoek naar grondslagschuld en winstverschuiving – de rol van Ahold Delhaize

SO MO Paper | 1 March 2017

SO MO

SO MO's laatste rapport over groene en Fair of Soerabe: Palsjagen galdjeken

Van de Nederlandse douane naar de rechter

SO MO Paper | 1 March 2017

SO MO

SO MO's laatste rapport over groene en Fair of Soerabe: Palsjagen galdjeken

Wat worden we wijzer van het Centraal Bureau voor de Statistiek?

SO MO Paper | 1 March 2017

SO MO

Beneath troubled waters

Noble Energy's exploitation of natural gas in the Eastern Mediterranean Sea

SO MO Paper | 1 March 2017

SO MO

Branded Childhood

How garment brands contribute to low wages, long working hours, school dropout and child labour in Bangladesh

SO MO Paper | 1 March 2017

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HUMAN RIGHTS AS A KEY ISSUE IN THE INDONESIA-EU COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT

SO MO Paper | 1 March 2017

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Palming Off Responsibility

Labour rights violations in the Indonesian palm oil sector

SO MO Paper | 1 March 2017

SO MO

Eyes on the price

International supermarket buying groups in Europe

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Mutual capacity development

A modern and effective approach for fair, green and global change

SO MO Paper | 1 March 2017

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Labour conditions at foreign electronics manufacturing companies in Brazil

Case studies of Samsung, LG and Foxconn

SO MO Paper | 1 March 2017

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QUICK SCAN OF THE LINKAGES BETWEEN THE ETHIOPIAN GARMENT INDUSTRY AND THE DUTCH MARKET

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The International Chemical Investors Group (ICIG)

Controversy and Tax Avoidance Scan

SO MO Paper | 1 March 2017

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Verborgen belastingpraktijken van Nederlandse bedrijven

Een onderzoek naar grondslagschuld en winstverschuiving

SO MO Paper | 1 March 2017

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Removing Barriers to Justice

How a treaty on business and human rights could improve access to remedy for victims

SO MO Paper | 1 March 2017

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Sap met een bittere bijmaak

Achter de schermen van de sinaasappelsupermarkt en de rol van de Nederlandse supermarkten

SO MO Paper | 1 August 2017

SO MO

Social justice at bay

The Dutch role in Jakarta's coastal defence and land reclamation

SO MO Paper | 1 August 2017

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Tax Games: the Race to the Bottom

Europe's role in supporting an unjust global tax system

SO MO Paper | 1 August 2017

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The Independent Review Mechanism of the African Development Bank

SO MO Paper | 1 August 2017

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The Myanmar Dilemma

Can the garment industry deliver decent jobs for workers in Myanmar?

SO MO Paper | 1 August 2017

SO MO

The underbelly of the financial world

How it is not taking responsibility for abusive practices in palm oil production

SO MO Paper | 1 August 2017

SO MO

The two hats of public security actors in Indonesia

Protecting human rights or preserving business interests? Case research in the palm oil and logging sector

SO MO Paper | 1 August 2017



Myanmar. Garment workers on their way to work.
By Lauren DeCicca | MAKMENDE.

Part I: SOMO as Knowledge Centre

SOMO as Knowledge Centre

SOMO's own research is organised into four programmes, which are targeted at achieving sustainable change and strengthening cooperation. We seek to offer social organisations worldwide, especially those in the Global South, the opportunity to promote sustainable alternatives and to provide a counterweight to unsustainable strategies and practices of multinational corporations. The four programme teams are Sustainable Supply Chains, Economic Justice, Rights Remedy and Accountability and Democratic Control over Natural Resources.

Sustainable Supply Chains

Together with trade unions and civil society organisations, SOMO advocates for the rights of workers, individuals and communities, as well as environmental standards, in all stages of supply chains. SOMO focuses on key sectors – garments and textiles, electronics, food and agriculture, and pharmaceuticals. SOMO also tackles key issues that cut across supply chains, like precarious work and the specific problems faced by vulnerable groups of workers, including migrants, women, children and indigenous people.

SOMO calls for regulation, policies and practices that ensure decent work and sustainability, including binding corporate accountability mechanisms and a leading role for workers in monitoring workplace conditions.

GARMENTS

In 2017 SOMO published the results of extensive research conducted in cooperation with Myanmar organisations Action Labor Rights (ALR) and Labour Rights Defenders and Promoters (LRDP).

The Myanmar Dilemma: Can the garment industry deliver decent jobs for workers in Myanmar?

was among the first to document problems in the country's burgeoning garment industry and to link Myanmar factories to Western brands and retailers. Based on interviews with more than 400 workers from 12 factories and a wide range of stakeholders, the report presents an in-depth account of the conditions in the Myanmar garment industry within the broader political and economic context, which includes the military's continued role in economic and political affairs.

The report captured the attention of media in Myanmar and Europe, including The Guardian, NOS Journaal and Der Spiegel, and raised significant awareness among companies and governments.

SOMO widely disseminated the findings and recommendations, including in sessions with participants of the OECD Roundtable on Garments, members of the European Outdoor Group and the Danish Ethical Trading Initiative, and in individual meetings with major brands and retailers. In response, several companies publicly acknowledged the problems identified in the report and expressed a commitment to addressing them. The multi-stakeholder initiative Fair Wear Foundation, which involves more than 80 European companies, improved its policy on wage levels, aiming to protect trainees and probationary employees, and sharpened its policy against buying from factories controlled by the army. The changes were a result of joint advocacy conducted by SOMO and the Clean Clothes Campaign (CCC) following the report.

SOMO has laid bare the use of child labour in the mining of gold

Meanwhile, ALR and LRDP persisted in their efforts – commenced during the interview phase – to organise garment workers. ALR and LRDP used the report's findings to strengthen the case for concrete improvements at specific factories, as well as action by public officials, including local labour councils, and Western brands and retailers. For example, with SOMO's assistance, ALR and LRDP initiated a constructive dialogue with Dutch garment brand Suitsupply about labour rights issues at one of its supplier factories. Following a meeting in Yangon with SOMO and the two groups, Suitsupply used its leverage to help ensure a fair process around the establishment of a worker committee at the factory.

The quality and importance of SOMO's Myanmar research was confirmed by Professor Yanghee Lee, the United Nations Special Rapporteur on the situation of human rights in Myanmar.

Ms. Lee referred to *The Myanmar Dilemma* in her own 2017 report on the country and called on all investors and business in Myanmar, and specifically the garment industry, to proactively ensure abidance to the United Nations Guiding Principles (UNGPs) and address human rights abuses.

Throughout 2017 SOMO joined the Clean Clothes Campaign in closely monitoring the progress of the Dutch Agreement on Sustainable Garments and Textiles. SOMO and CCC communicated extensively with the Secretariat of the Agreement about concrete steps parties to the Agreement should be taking, including sourcing only from factories 'covered' by the legally binding Accord on Building and Fire Safety in Bangladesh. In December SOMO and CCC publicly condemned the overall lack of progress and commitment by companies to improving the sector, and the ineffectiveness of the Agreement, which has had negligible impact on workers. SOMO and CCC's critique, which included companies' continued lack of transparency, lack of human rights due diligence, and lack of effort toward payment of a living wage, was covered in the media and prompted questions to the Dutch government by members of parliament.

ELECTRONICS

In close collaboration with the global GoodElectronics Network (see page 42), SOMO urges the electronics sector to improve its record on human and labour rights, and environmental sustainability. In recent years, SOMO has focused attention on the need for more responsible sourcing of minerals and safer chemical management by electronics companies – two top priorities of the GoodElectronics network.

Among other issues, SOMO has laid bare the use of child labour in the mining of gold used in electronics products. SOMO's evidence helped contribute to promising commitments in 2017 by the Dutch gold sector, including electronics manufacturers Philips and Fairphone. The two companies were among the signatories to a new Responsible Gold Agreement (IMVO-Convenant Verantwoord goud) which aims to improve business conduct across the gold value chain.

The agreement also involves the Dutch Ministry of Foreign Affairs and Stop Child Labour Coalition, with whom SOMO published a 2016 report on the use of child labour in gold mining in Uganda. The report helped stimulate the first initiative under the new Responsible Gold Agreement: a collaboration involving Philips, Fairphone, Stop Child Labour and others to develop a sustainable market for responsibly mined Ugandan gold.

SOMO's direct engagement with Philips Lighting also generated positive results in 2017. At the company's invitation, SOMO participated in a sustainability workshop hosted by Philips and attended by a number of electronics companies, as well as representatives of the sector's Responsible Business Alliance and the Dutch Ministry of Foreign Affairs.

A principal voice for workers in signalling problems at factories

At the workshop and in a subsequent stakeholder meeting, SOMO put forth several recommendations that were eventually taken up by Philips Lighting in its 2018 workplan. In response to SOMO's insistence that workers themselves play a leading role in monitoring factory conditions, Philips Lighting agreed to partner with GoodElectronics to train not only management but also workers at its supplier factories. The company's workplan also includes attention to the problem of hazardous substance use in the processing of its products and improved due diligence on the sourcing of mica, cobalt and lithium. SOMO's extensive reporting on human rights and other abuses in the mining of mica and cobalt, and its preliminary work on lithium has helped raise awareness of the need for action.

Beyond Philips Lighting, SOMO's work has helped influence the European Partnership for Responsible Minerals (EPRM), a multistakeholder initiative focusing on tin, tantalum, tungsten and gold. At its 2017 general meeting, the EPRM agreed to form a working group to consider inclusion of other minerals in its work – a key SOMO demand.

SOCIALLY RESPONSIBLE PUBLIC PROCUREMENT

The public sector can play a powerful role in increasing the demand for sustainably and fairly produced products. SOMO advocates for socially responsible public procurement policies which harness the significant buying power of public institutions to make a positive impact on supply chains. SOMO is a founding member of Electronics Watch, an independent monitoring organisation which supports the public sector in sourcing socially responsible IT products. ElectronicsWatch ensures a principal voice for workers in signalling problems at factories and monitoring improvements. In 2017 SOMO welcomed the steady growth of Electronics Watch. In April the University of Groningen followed in the footsteps of the Hanze University of Applied Sciences to become the second Dutch institution of higher education to join. Electronics Watch now involves nearly thirty large public institutions across Europe.

FOOD AND AGRICULTURE

SOMO continues to draw attention to unfair trading practices and poor labour conditions in supermarket supply chains in the Netherlands and Europe. SOMO is part of a broad coalition of European civil society organisations – including farmers, consumer groups, labour unions and fair trade organisations – working together to address increasing market concentration and abuse of power by big supermarkets and food companies.

The results of the work began to bear fruit in 2017 as the European Commission initiated the process to develop framework legislation to combat unfair trading practices in the food supply chain. SOMO helped ensure that stakeholders in the Netherlands and other EU countries made their voices heard in the consultation process – input that will help determine the substance of the critically important legislation.

In its own submission to the consultation, SOMO highlighted the need for European-level rules in light of new research on cross-border procurement cooperation by European supermarkets. Published in March, *Eyes on the Price: International supermarket buying groups in Europe*, showed that such groups help create the conditions for unfair trading practices and exacerbate the extreme power imbalances in the food supply chain. The report helped shed light on this common yet not well known strategy by supermarkets, which is primarily designed for paying suppliers as little as possible. SOMO highlighted the risk this poses for more sustainable and ethical production in food supply chains.

The papers described the numerous obstacles encountered in the research process

Another paper, *Juice with a bitter aftertaste: Behind the scenes in the orange juice industry and the role of Dutch supermarkets* put forth clear evidence for Dutch supermarkets to take responsibility for human rights violations in the orange juice supply chain in Brazil. In accordance with normative frameworks for business and human rights, the report emphasised the companies' obligation to use their leverage with Brazil's suppliers to curb abuses, which include hunger wages, excessive overtime, and cases of child labour and modern slavery. The report succeeded in putting the issue on the agenda. The Dutch grocery industry association acknowledged the need for coordinated action and invited SOMO

to participate in joint advocacy toward the Dutch government and international authorities to play a role in addressing the problems identified.

Since 2015 the EU has required that products from the Occupied Palestinian Territories be identified as such. The labels are suspiciously uncommon in Dutch supermarkets given that the Netherlands is among the world's leading importers of Israeli fruit and vegetables. In 2017 SOMO set out to identify possible links between Dutch supermarkets and settlement products. Due to the lack of publicly accessible import information, SOMO attempted to research the question by using the Netherlands' Freedom of Information Act to access customs information and non-public national statistics. However, SOMO's requests for information were repeatedly denied. Two short papers, *Wat worden we wijzer van het Centraal Bureau voor de Statistiek?* and *Van de Nederlandse douane naar de rechter* (in Dutch only), chronicled SOMO's Kafkaesque research journey. The papers described the numerous obstacles encountered in the research process, which laid bare the need for more transparency, including in the collection of reliable import statistics.

PHARMACEUTICALS

Alongside its work on the garment, electronics and food sectors, SOMO also scrutinises the practices of pharmaceutical companies. In a process akin to the outsourcing of production in low-income countries, pharmaceutical companies often hire contractors to test new drugs in countries where patients lack health care and may be vulnerable to abuse. In 2016 SOMO co-authored a groundbreaking report on the subject, *Industry-sponsored clinical drug trials in Egypt: Ethical questions in a challenging context*. The report, which revealed violations of international ethical standards and Egyptian law by companies conducting clinical trials in Egypt, was an exciting collaboration between public health and corporate accountability advocates, including Public Eye, Wemos, Egyptian Initiative for Personal Rights and Shamseya for Innovative Community Healthcare Solutions.

The report generated significant results in 2017. Inspired by the research findings, the Swiss Association of Responsible Shareholders (Actares) made a powerful call for action at the shareholder meeting of Swiss pharmaceutical giant Roche. The group's intervention was reported widely in the Swiss media. The findings were also the basis of a front page article in a large Dutch newspaper, which led to questions on the issue by Dutch Members of Parliament to the Minister of Health. The report ignited similar concern among members of the European Parliament. Their efforts ultimately resulted in a new policy requiring the European Medicines Agency to report on its efforts to protect clinical trial participants and guarantee that trials are conducted according to ethical guidelines.

SOMO's work has contributed to increased awareness among civil society organisations of the need for corporate accountability in relation to clinical trials, including trial participants' post-trial access to treatment. Thanks to input from SOMO, the Access to Medicine Foundation will now include an assessment of pharmaceutical companies' commitments to post-trial access to treatment in its annual Access to Medicines Index, an influential independent ranking of pharmaceutical companies' efforts to improve access to medicine in developing countries.

Economic Justice

SOMO's economic justice programme works to reveal how the global economic architecture perpetuates inequality – facilitating private gain that benefits a few, while generating public loss that harms the many. SOMO exposes how current systems of tax, investment, finance, and trade often deprive low-income countries from vitally needed revenues and inhibit socially and economically sound policy choices.

SOMO strives to reshape the current economic system so it serves the public interest and facilitates equitable distribution of resources. Together with the growing global movement for economic justice, we aim to ensure people's control over their economic lives through democratic and transparent decision-making processes.

Widespread public support for legislative action on corporate tax avoidance

TAX JUSTICE

SOMO continues to build knowledge and awareness about the Netherlands' role in facilitating corporate tax avoidance. The country holds the dubious position as the world's leading conduit country through which corporations can easily channel funds to offshore tax havens. SOMO is an active member of the Tax Justice NL (TJNL) network. SOMO and its TJNL allies hit the ground running in 2017 with 'Make Tax Fair Again!', a lively pre-election debate involving candidates from five prominent political parties. Attended by nearly 100 people, the debate illustrated the widespread public support for legislative action on corporate tax avoidance. The event also helped to solidify, and in one case positively shift, the positions of the parties in attendance.

Later in the year SOMO and TJNL members played a supporting role in a parliamentary inquiry into the use of Dutch shell (also known as letterbox) companies for the purpose of tax dodging. The inquiry was prompted by the Panama Papers scandal, which confirmed the use of Dutch shell companies in tax avoidance strategies. SOMO and TJNL, which have extensively documented

the role of the Netherlands as a tax haven, provided background information and input to members of parliament and the committee tasked with conducting the inquiry. SOMO's input contributed to vigorous questioning at the committee hearing and a solid committee report that confirms what SOMO's research has long demonstrated: the Dutch tax system facilitates corporate tax avoidance. The report's conclusions are an important addition to research and analysis pioneered by SOMO.

SOMO links its own tax justice work to that of allies across Europe, including those in the European Network on Debt and Development (Eurodad). Eurodad involves more than 40 organisations from 19 European countries. SOMO contributed to Eurodad's comprehensive annual report, *Tax games: The race to the bottom – Europe's role in supporting an unjust global tax system*. The report provided a detailed summary of the current state-of-affairs in the Netherlands, alongside that of 16 EU member states and Norway.

Important opportunity for the groups to share their knowledge and expertise

SOMO and its Eurodad colleagues also presented European governments and EU institutions a clear route in a better direction: the report includes 15 detailed recommendations on how to curb tax dodging and promote tax justice. A better way forward was also the topic of Eurodad's annual conference, co-hosted in the Hague by SOMO and allies Latindadd, ActionAid, Both ENDS, OIKOS and Oxfam Novib.

The conference, 'Alternative policies for a sustainable world: Better ways of financing global development and strengthening global economic regulation and governance', was attended by nearly 200 people from Europe and around the world. SOMO organised several sessions covering a wide range of economic justice issues and helped ensure participation of key partners Madhyam (India), Indonesia for Global Justice, and Save Jakarta Bay Coalition. The conference provided an important opportunity for the groups to share their knowledge and expertise. In July SOMO joined Prakarsa, ActionAid UK, and Oxfam in hosting a training in Indonesia for civil society organisations on corporate tax avoidance research. The training was attended by 26 people from organisations based in Indonesia, Cambodia, Vietnam, the Philippines, and Timor Leste, as well as an Indonesian journalist and academic. Participants conducted a research exercise based on a concrete case in their country, learned about tax treaties and fiscal incentives, and discussed strategies for fighting corporate tax avoidance and evasion. At least one organisation has already applied its new knowledge in follow-up research into a Philippines-based multinational with a shell company in Singapore.

TAX JUSTICE WITHIN THE NETHERLANDS

SOMO's research on corporate tax avoidance not only focuses on the adverse impacts on low-income countries, but also on the Netherlands itself. In 2017 the newly formed Dutch government announced its plan to cut corporate income taxes and do away with taxes on dividends, resulting in a €1.4 billion loss in public revenue. SOMO played an instrumental role in substantiating criticism of the dividend tax repeal by seeking an answer to the question of who would benefit and how much – research the Ministry of Finance itself claimed could not be done.

By analysing the tax laws that affect shareholders of the ten largest companies listed on the Dutch stock exchange, SOMO found that nearly all of the Netherlands' lost tax revenue would be channelled to foreign governments where leading investors are registered. These governments

would simply collect the dividend tax themselves. The remaining lost revenue would line the pockets of giant institutional investors – hedge funds and the like – that are registered in a handful of tax havens (the UK foremost among them) that have no dividend tax. SOMO's evidence-based analysis contrasted sharply with the reasoning put forth by the government. SOMO's research featured prominently in the Dutch media, and was the main focus of parliamentary debate on the topic.

SOMO played and instrumental role in substantiating criticism

Equally important, it helped catalyse new interest and coordinated action on the issue of corporate tax avoidance and its impact on Dutch society. At SOMO's initiative, a new, informal network has formed which includes the Dutch trade union federation (FNV), several political parties, academics, and key tax justice allies.

CORPORATE LOBBYING

By asking the question of who benefits from certain policies, the undue influence of corporations over decision-making processes becomes clear, even if their lobbying efforts remain a secret. SOMO endeavours to raise awareness about and put an end to the lack of transparency in public policymaking in the Netherlands. SOMO is proud to host Lobbywatch NL (see page 44), a new coalition of organisations who share this goal. Lobbywatch NL campaigns for improved regulation of lobbying and an end to corporate capture of policymaking.

The impact of corporate lobbying took on new salience in 2017 when the Dutch government announced the corporate income tax cut and dividend tax repeal, measures which were exclusively

on the agenda of corporate lobbyists. Drawing on a trove of more than 250 government documents, SOMO showed how the measures were linked to intensive corporate lobbying efforts, rather than prudent policymaking. (The data was gathered by SOMO for an influential 2016 report published by Oxfam Novib. To SOMO's delight, the data and analysis, which was made available online, was also put to effective use by other researchers for articles published in two Dutch news outlets.)

FINANCIAL SECTOR REFORM

SOMO plays an indispensable role in sharing knowledge about the financial sector and raising awareness about the urgent need for reform. In 2017 SOMO invested significant energy in building alliances with other organisations to help ensure that reform of the international financial system remains on the political agenda. SOMO co-organised a full-day workshop, attended by over 50 participants, at the European Summer University for Social Movements, an initiative of the European ATTAC Network. The workshop included a productive strategy discussion, which resulted in agreement among a core group to organise a coordinated European campaign for financial reform in 2018 – the tenth anniversary of the peak of the most recent global financial crisis.

SOMO also contributed to the highly successful 'Change Finance Forum', organised by Finance Watch in Brussels. SOMO helped kick-off the Forum and facilitated a workshop on trade policy and financial regulation. The Forum was attended by some 200 participants, including campaigners, economists, sustainable finance/economics practitioners, and journalists. SOMO also participated in the finance working group of the Civil20, the formal collective voice of civil society toward the G20, which was chaired by Germany in 2017. In a letter to German Chancellor Angela Merkel, the group called on the G20 to tackle risks and regulatory gaps in the financial sector. The recommendations covered a range of issues including excessive debt and speculation, illicit financial flows, and the need for alignment of finance systems with social and environmental goals.

Throughout the year, SOMO staff member Myriam Vander Stichele served on the High-Level Expert Group on Sustainable Finance, tasked with advising the European Commission on policies and regulations for sustainable finance. SOMO ensured that the Group's interim report, published in July, included proposals for conducting an environmental and social impact assessment of proposed financial legislation. SOMO mobilised civil society organisations to participate in the Expert Group's consultation process, including a hearing which followed publication of the interim report in July. SOMO followed up on civil society recommendations to include social and human rights issues in addition to environmental issues. The final report of the Group will be published in January 2018 and will serve as a key input into the EC's action plan on sustainable finance.

SOMO mobilised civil society organisations to participate

SOMO strives to show in concrete terms the impact of the financial sector on people and the environment. To this end, SOMO teamed up with TuK Indonesia to research financiers involved in the country's notorious palm oil sector, which is rife with human rights abuses and environmental devastation, including severe deforestation. The report, *The underbelly of the financial world: How it is not taking responsibility for abusive practices in palm oil production* illustrated how the financial sector's complex channels and instruments facilitate investors' and companies' avoidance of responsibility for social and environmental abuses. The report reinforced the case for a global, coordinated effort to reform and regulate finance. TuK Indonesia launched the report along with a case study of the impacts of palm oil on

a particular village in Sulawesi, making the link between global finance and its local impact. The report and case study provide evidence to support TuK's engagement with the Indonesian government around possible legislation on sustainable finance.

TRADE

The Indonesia-European Union comprehensive economic partnership agreement (CEPA) was the subject of a new briefing paper, *Human Rights as a Key Issue in the Indonesia-EU Comprehensive Economic Partnership Agreement*, co-authored with allies Indonesia for Global Justice (IGJ) and Transnational Institute. Among other things, the paper highlighted the lack of consultation and transparency in the negotiations so far. The report also described the risk that CEPA would undermine the policy space and flexibility of Indonesia to pursue domestic goals for sustainable development, including the provision of high-quality public services like health, education, and housing, and other social and environmental protections. The paper urged the negotiating parties to conduct a human rights impact assessment (HRIA) to identify, predict, and respond to potential human rights impacts of the CEPA.

The CEPA paper also addressed the huge threat of investor protection mechanisms, which allow foreign investors to challenge virtually every government measure that could threaten potential profits. Thanks to years of hard work, SOMO and trade justice allies have succeeded in convincing European policymakers that the traditional investor-state dispute settlement framework is flawed: the European Commission has proposed a new Multilateral Investment Court (MIC) to replace it. In September SOMO co-hosted a public forum in Brussels to discuss the MIC and examine alternatives. The forum, which featured two panels involving European Commission staff and other international experts, met a critical need for more information and analysis about the MIC. More than 120 people attended the event and another 450 have viewed it online. While the MIC offers some procedural improvements to the traditional arbitration process, it does nothing to address the fundamental issue at stake: the precedence

of private multinational profit-making over sound public policymaking.

SOMO took part in the newly created Trade Policy Advisory Group (Breed Handelsberaad) to the Dutch Ministry of Foreign Affairs, which critically assesses the government's positions on trade and investment policy. As part of the Advisory Group, SOMO co-authored a position paper on strengthening the Trade and Sustainable Development (TSD) chapters in European trade and investment agreements, and contributed to a parliamentary hearing on trade policy. SOMO also lobbied members of parliament directly, calling out the lack of transparency around the revision of the Dutch model bilateral investment treaty (BIT). The Dutch parliament subsequently adopted a resolution urging the Minister for Foreign Trade to publish the text of the model BIT and insisting on parliamentary debate on the topic.

Rights, Remedy and Accountability

SOMO is working to close the global governance gaps that allow multinational corporations to operate with impunity. SOMO strives for robust and rigorously enforced laws and policies to ensure that corporations respect human rights wherever they are active, and – equally important – provide remedy when they do not.

SOMO directly supports adversely affected communities and workers to pursue remedy through the use of grievance mechanisms, while advocating for policies and practices that improve access to remedy and corporate conduct in general. SOMO is recognised globally as an expert on non-judicial grievance mechanisms like the OECD's National Contact Point (NCP) mechanism and the Independent Accountability Mechanisms (IAMs) of development banks.

ACCOUNTABILITY IN DEVELOPMENT FINANCE
SOMO supports communities in filing and following up on complaints involving development banks, a process that often takes years to bear fruit. Positive results were achieved this year regarding a complaint filed in 2015 by the Asociacion Montelimar Bendicion de Dios (AMBED), with SOMO's support, to the Compliance Advisor Ombudsman (CAO) of the International Finance Corporation (IFC) regarding its investment in a Nicaraguan sugar producer.

Focus on labour rights violations

AMBED's members are experiencing impacts from the project, as well as an epidemic of Chronic Kidney Disease (CKD) whose cause is unknown but has been associated with working conditions in the sector. The CAO's dispute resolution process is still underway, but in a first agreement, reached in January, the company agreed to make provisions for livelihood support and enhanced health services for former workers.

Another complaint, also filed in 2015, was the first ever to focus on labour rights violations in a project financed by the European Bank of Reconstruction and Development (EBRD). With SOMO's support, Turkish union Birleşik Metal brought its case of labour rights abuses against Türk Traktör, the recipient of a €75 million loan, to the bank's Project Complaint Mechanism (PCM). In April the PCM published its report, confirming that the EBRD failed to ensure protection of core labour standards when providing the loan to the company. In response, the EBRD committed to improving internal procedures and due diligence processes, as well as commissioning an analysis of the gaps between Turkish law and the International Labour Organization's core conventions. While the outcome failed to include remedy for the workers, the case has helped draw attention to the EBRD's responsibility to ensure respect for labour rights.

For years, SOMO and allies in the Fair, Green and Global Alliance have called on the Dutch development bank FMO to strengthen its human rights and environmental practices and policies, including stopping its investment in the highly contested Agua Zarca dam project in Honduras. The case for divestment was made brutally clear in 2016 with the murder of Berta Cáceres, a leading defender of the rights of indigenous communities threatened by the dam. In 2017 FMO, as well as Finnish development bank FinnFund, finally divested from the project, a welcome (yet long overdue) decision. SOMO successfully influenced the bank to take measures to improve protection of human rights defenders. In line with SOMO's recommendations, the bank announced new protocols for more comprehensive risk assessments, an early warning system for risks to human and environmental rights defenders, and measures to verify free, prior, and informed consent of projects.

ACCESS TO REMEDY IN TANZANIA AND KENYA

SOMO is pleased to be working with the Kenya National Commission on Human Rights (KNCHR), the Kenya Human Rights Commission (KHRC), the Commission on Human Rights and Good Governance of Tanzania (CHRAGG), Business and Human Rights Tanzania (BHRT) and the Danish Institute on Human Rights (DIHR) in a multi-year project to strengthen civil society's capacity to influence business and human rights in East Africa, and to establish forums for multistakeholder dialogue to promote a reform agenda for business and human rights. In June SOMO staff travelled to Kenya to join KHRC in co-hosting a capacity building and complaints development workshop involving communities severely affected by agribusiness operations. The aggrieved community members learned about the wide range of remedy mechanisms available to them, and were inspired to take their case to Kenya's National Land Commission and the Task Force on Renewal of Land Leases. KHRC and SOMO are now supporting the community-based Ndula Resource Centre to follow up on the workshop by assisting the communities to organise, document abuses, formulate demands and file the complaints.

In November SOMO and BHRT co-organised a similar workshop aimed at communities in Tanzania that have been adversely affected by a mining project. Among other things, the company has failed to consult community members about the project and to compensate for property loss. The workshop was attended by community members, as well as representatives of community-based and national organisations, and legal, environmental and land rights experts. At the conclusion of the three-day workshop, the communities decided to pursue the possibility of filing an OECD complaint against the owner of the mine. SOMO and BHRT will continue to assist them in their efforts to claim their rights and seek redress.

Assisting the communities to organise, document abuses, formulate demands and file the complaints

TOWARD A TREATY ON BUSINESS AND HUMAN RIGHTS AT THE UN

SOMO's research, analysis and advocacy has contributed to growing recognition that access to justice for victims of corporate human rights abuses is woefully limited. SOMO is collaborating with key allies in Europe and worldwide to build support for an international binding instrument (treaty) on business and human rights that guarantees access to remedy. SOMO focuses its attention on the EU and Member States, advocating their participation in the United Nations Intergovernmental Working Group (IGWG)

which has been tasked with preparing a draft treaty. In 2017 SOMO set out to address a key argument against the treaty, namely that it would not solve fundamental problems related to business and human rights. In collaboration with ActionAid Netherlands, Brot für die Welt, Coopération Internationale pour le Développement et la Solidarité (CIDSE), Friends of the Earth Europe, The Norwegian Forum for Development and Environment (ForUM), the International Trade Union Confederation (ITUC) and International Transport Workers' Federation (ITF), SOMO commissioned a legal analysis examining whether and how an international treaty could complement the UNGPs, the primary international normative framework on business and human rights.

Removing Barriers to Justice: How a treaty on business and human rights could improve access to remedy for victims identified specific legal and practical barriers to justice evident in five well-documented cases of litigation in European courts. The report then considered international legal measures that could eliminate such barriers and offered detailed recommendations about elements that should be included in a future treaty. *Removing Barriers to Justice* was among the first reports to make the important connection between barriers to justice and an international treaty. Released prior to a meeting of the European Council's Working Party on Human Rights (COHOM), it was widely distributed among EU and Member State policymakers, as well as civil society organisations. The International Federation for Human Rights (FIDH) featured the report at an event in Brussels marking the anniversary of the UNGPs. The value of the analysis was also confirmed at the IGWG's third meeting in Geneva in October, where several countries echoed concern about barriers to justice.

SOMO was in Geneva to observe the IGWG meeting, joined by a growing movement of civil society proponents, including members of the global Treaty Alliance and the Dismantle Corporate Power Campaign in which SOMO participates. SOMO provided financial support to Argentinian partner FUNDEPS to attend the 2017 IGWG meeting, and to Indian partner CIVIDEP to raise awareness

among Indian organisations about the treaty. The workshops helped inspire creation of a new Indian Business and Human Rights Network – a significant result that goes well beyond the treaty. SOMO also responded to the increased interest of organisations in the Netherlands which are seeking information about the treaty process and the treaty's potential to stop corporate abuses. Thanks in large part to this growing momentum, the 2017 IGWG meeting concluded with a positive decision to move forward, despite pressure by some countries to derail the process.

Democratic Control over Natural Resources

SOMO strives for transparent, democratic control over natural resources which contributes to more sustainable and people-centred resource use. In close collaboration with local organisations and social movements, SOMO conducts action-oriented research to strengthen communities in asserting their role in natural resource decision-making and claiming their rights, including to land, water, livelihoods, and health.

SOMO investigates companies and financiers in key sectors – including energy, extractives, agribusiness and infrastructure – that are linked to severe human rights and environmental abuses, conflict, and militarisation. SOMO is breaking new ground by researching the role and responsibilities of corporations operating in such contexts. SOMO supports local and global efforts to hold state and business actors accountable for violations of human rights and environmental standards.

AGRIBUSINESS IN COLOMBIA

SOMO's long-term collaboration with partner Indepaz in Colombia led to important results in 2017. SOMO and Indepaz continued to press for action in relation to human rights abuses by the Spanish-Italian palm oil company Poligrow. In their joint report *Reconquering and dispossession in the Altillanura: The case of Poligrow*, published in 2015, SOMO and Indepaz presented evidence of irregularities in the palm oil company's land acquisition, labour relations and environmental conduct, as well as its failure to ensure community participation and transparency in its activities in Colombia's conflict-affected Meta region.

The report helped trigger investigations of Poligrow's activities by the Colombian government and the Roundtable on Sustainable Palm Oil (RSPO), a multi-stakeholder sustainability initiative in which the company is a member. The RSPO's subsequent report, made public this year, confirmed that Poligrow breached a number of RSPO principles and criteria, including those related

to land rights, water use and conservation. RSPO obliged the company to submit an action plan to address the violations and report on its progress. RSPO also invited Indepaz to participate in a public consultation as part of its process to revise its principles and criteria. Meanwhile, the Delegation of the European Union to Colombia took an active interest in the Poligrow case. In May the Delegation facilitated a constructive meeting in Bogotá involving SOMO, Indepaz and Poligrow.

Halted plans to build a new processing plant

At the meeting, Poligrow's CEO was asked to respond to each and every recommendation laid out in the 2015 report. Among other things, Poligrow reported that it has halted plans to build a new processing plant that would have threatened a conservation area.

EXTRACTIVES IN THE EASTERN MEDITERRANEAN AND MONGOLIA

SOMO continues to gather new evidence about the conduct of specific extractive companies, particularly those operating in conflict-affected areas. In 2017 SOMO focused its attention on Noble Energy, an American company deeply involved in the development and exploration of Israeli-licensed offshore gas fields in the Eastern Mediterranean sea. Part of Noble Energy's operations are located in a maritime area that is subject to dispute between Israel and Lebanon, while another part is contiguous to a Palestinian gas field located off the Gaza coast. *Beneath troubled waters: Noble Energy's exploitation of natural gas in the Eastern Mediterranean Sea* revealed that Noble Energy violated international law and the rights of Lebanese and Palestinian people by

not gaining their consent to exploit the two gas fields. The report sheds light on the broader issue of corporate accountability and due diligence in the context of border disputes and international conflict.

In collaboration with Mongolian organisation Oyu Tolgoi Watch, SOMO also conducted extensive research into the business conduct of Rio Tinto. The Canadian-based mining company is the principal owner of the giant Oyu Tolgoi copper and gold mine. Among other things, SOMO investigated Rio Tinto's aggressive tax avoidance strategies, which include abuse of tax treaties and fiscal facilities in the Netherlands and Luxembourg. The research will be published in 2018 as the first in a comprehensive, three-part series on the corporate and financial actors behind the contested Mongolian mine.

ENERGY SUPPLY CHAINS

SOMO has long called for increased transparency in energy supply chains, coal foremost among them. In collaboration with Dutch peace organisation PAX and other allies, SOMO has helped bring attention to severe problems in coal supply chains, particularly in Colombia. The groups celebrated this year when European energy giant Vattenfall published a list of its coal suppliers worldwide, marking a momentous shift in policy. For years energy companies, including Vattenfall, have refused to reveal their coal suppliers, claiming that doing so would violate competition law. Thanks to persistent pressure, Vattenfall became the first power company to change its tune, thus providing adversely affected coal communities a clear route in their pursuit of accountability. SOMO will continue to work with allies to push other power companies to follow Vattenfall's lead.

Meanwhile, SOMO provided essential input to the 2017 Coal Action Plans, part of an agreement involving the Dutch government and Dutch power companies to improve respect for human

rights within Dutch coal supply chains. SOMO's intervention helped to improve the plans' objectives in relation to human rights due diligence and disengagement from suppliers that are causing adverse human rights impacts.

INFRASTRUCTURE MEGAPROJECT IN JAKARTA

SOMO joined Indonesian partners and Fair, Green and Global (FGG) Alliance members Both ENDS and Transnational Institute (TNI) in examining the details behind the Masterplan for National Capital Integrated Coastal Development (NCICD), a huge multi-billion dollar infrastructure project meant to protect the city of Jakarta against future flooding. *Social justice at bay: The Dutch role in Jakarta's coastal defence and land reclamation* demonstrated the lack of coherence between the Dutch government's trade and development agendas. The plan would threaten the coastal environment and the livelihoods of local fishing communities while doing nothing to address the main cause of Jakarta's water problem – the sinking of the city.

Vattenfall published a list of its coal suppliers worldwide

Worse yet, local communities were not granted any meaningful participation in the design of the project, a clear violation of the Dutch government's principles on water management as well as international human rights conventions. In June SOMO and its FGG allies helped support the Coalition to Save Jakarta Bay in bringing its concerns directly to Dutch decision-makers.

A representative of the Coalition participated in the opening session of the Eurodad conference, co-hosted by SOMO, on the role of the Netherlands in development finance. (See more on page 30). The session helped raise awareness about the NCICD project's failure to meet Dutch human rights and sustainability criteria, and elicited concern from the Director of the Policy and Operations Evaluation Department of the Dutch Ministry of Foreign Affairs, who was in attendance.

SECURITY SERVICES, BUSINESS AND HUMAN RIGHTS

In collaboration with Indonesian partner Inkrispina and the University of Nottingham's International Law and Security Centre, SOMO conducted seminal research in 2017 on corporate responsibility in relation to security services, both private and public. A joint report, *The two hats of public security actors in Indonesia: Protecting human rights or preserving business interests?*, documented the use of violence and intimidation against communities by police and the military in relation to disputed logging and palm oil operations in Sumatra. The report pointed up the liability of companies for human rights violations of security service providers linked to their operations. It also underscored the Indonesian government's paramount duty to protect its citizens from human rights abuses. In both cases, the duty applies to private as well public security providers, i.e. police and military. The report's findings helped initiate a constructive dialogue between aggrieved community members, local police and military officials, and representatives of the local and national government.

HUMAN RIGHTS DEFENDERS

The situation described in the Sumatra report is similar in many communities around the world. All too often, people face violence and intimidation when they stand up and speak out against human rights abuses. In collaboration with allies in the Fair, Green and Global Alliance (FGG), SOMO contributed to development of an internal step-by-step manual to help protect partners and activists with whom FGG works. The manual is part of a larger effort that includes advocacy and lobbying for improved policies to help ensure the safety of human rights defenders worldwide.



Indonesia. Local CSOs protest against land reclamation in Jakarta Bay.
By Giacomo Galli.

Part II: SOMO & NGO Networks

SOMO as a member and host of NGO Networks

SOMO has and will continue to play a key role in dozens of different networks—Dutch, European and international—each focused on a particular goal or target group. By engaging in networks, SOMO seeks to effectively disseminate its specialised knowledge and insights, and stimulate civil society collaboration and action, such as campaigning, lobbying and advocacy. Moreover, SOMO benefits from new contacts and relationships with a broad field of actors who inspire us to think in new ways and make new connections.

As a network host, SOMO promotes the exchange of information and collaboration among members. SOMO maintains the networks' websites, publishes their newsletters, and responds to requests for information about the networks' specific activities. While the network coordinators are housed at SOMO, the networks are autonomous: each has its own system of governance and decision-making. SOMO contributes to these processes on an equal footing with other network members.

In 2017, SOMO hosted the networks GoodElectronics, LobbyWatch NL, MVO Platform and OECD Watch.

GoodElectronics network

GoodElectronics is an international network of some 100 organisations, trade unions, activists, researchers and academics committed to improving protection and respect for human rights and the environment in the global electronics industry. GoodElectronics urges companies and governments to take action to improve the entire electronics production cycle – from the mining of minerals used in electronic goods to the manufacturing process to the recycling and disposal of electronics waste. SOMO hosts the GoodElectronics network and serves on its Steering Committee.

CHEMICAL HAZARDS IN ELECTRONICS SUPPLY CHAINS

The protection of workers and their involvement in decision-making around management of chemicals is a top priority of the GoodElectronics network.

Address occupational disease among workers in Samsung factories

The network celebrated an important victory this year when Supporters for the Health and Rights of People in the Semiconductor Industry (SHARPS), an active network member, secured the commitment of the South Korean Minjoo political party, which now holds the Presidency, to address occupational disease among workers in Samsung factories. SHARPS has worked tirelessly to bring attention to Samsung's abuses and secure compensation for

workers exposed to hazardous chemicals. The case has received widespread solidarity support by the GoodElectronics network and its members.

In 2017 the network was pleased to support publication of a new report, *The Blind*, which describes cases of methanol poisoning in third-tier suppliers of Samsung and LG Electronics in South Korea. Co-authored by Solidarity for Worker's Health (SWH), Korean House for International Solidarity (KHIS) and Korean Lawyers for Public Interest and Human Rights (KLPH), the report was launched alongside testimony by a poisoned worker at the 35th session of the United Nations Human Rights Council (UNHRC).

GoodElectronics also raised the issue of chemical poisoning at the UN Business and Human Rights Forum in Geneva.

GoodElectronics joined a panel discussion following screening of the film *'Complicit'*, which tells the stories of workers in China's electronics industry who are fighting for their rights after exposure to cancer-causing chemicals. The panel included the UN Special Rapporteur for Chemicals and Toxic Substances and a representative of the Office of the High Commissioner for Human Rights, among others. GoodElectronics pointed to the film as evidence of the need for regulation, such as a binding international treaty on business and human rights (see page 34), which would oblige businesses to respect human rights.

RESPONSIBLE SOURCING AND TRANSPARENCY

GoodElectronics and its members have put the issue of responsible sourcing of minerals firmly on the agenda of companies and policymakers alike. Among other things, the network has revealed serious human rights abuses, including child labour, and environmental damages at cobalt mines in the Democratic Republic of Congo, and pressured companies to take action. Important results of this work were seen in 2017 when Apple agreed to

publish the names of its cobalt suppliers, the first company to do so.

Improved supply chain transparency is a critical step toward greater corporate accountability. Supported by GoodElectronics, FinnWatch published *Transparency Now*, a legal briefing paper that examines the possibilities for using EU customs data to support greater supply chain transparency. GoodElectronics added its voice to the growing number of organisations insisting on public access to customs data, which can help victims of business-related abuses identify the companies involved, while also providing valuable information to European consumers.

WORKER-DRIVEN MONITORING

GoodElectronics and its members aim to ensure that workers play the leading role in initiatives to monitor and improve factory conditions. In April GoodElectronics co-organised a workshop in Hong Kong on the topic. More than a dozen organisations from mainland China and Hong Kong met to discuss challenges and methodologies for worker-driven monitoring.

STRATEGIC PLAN

The GoodElectronics Network embarked on its second decade in 2017, a good moment to reflect on the past and plan for the future. During the year members engaged in a highly democratic, participatory process to evaluate the network's progress – including a formal review of its five-year EU-funded programme – and to identify priorities and demands for a new multi-annual strategic plan (2018-2020). A key objective of the process was to sharpen the network's focus on a limited number of issues – those for which its collective power is most needed and most effectively leveraged. In advance of the network's annual meeting, members submitted proposals for the future direction of the network. In October 67 participants from 14 countries came together in Batam, Indonesia to deliberate over the proposals.

The membership identified three priority issues for the GoodElectronics Network, all of which build on current efforts: freedom of association and precarious work; chemical use and its impact on workers and the environment; and transparency, accountability and disclosure within supply chains.

Apple agreed to publish the names of its cobalt suppliers, the first company to do so

The members also agreed on priority activities and strategies, including capacity development, solidarity support for at-risk labour rights defenders, and a global-level campaign. The annual meeting provided the framework for the new strategic plan, which will be finalised in 2018.

Lobbywatch NL

Launched at the end of 2016, Lobbywatch NL is a coalition of organisations advocating for greater transparency and better regulation of lobbying in the Netherlands. The aim is to guarantee that Dutch policymaking is based on the public interest. Hosted by SOMO, the Steering Committee includes Transnational Institute, Foodwatch, Milieudefensie and Transparency International Nederland. Meer Democratie and Greenpeace also participate. Throughout the year Lobbywatch NL members met with members of parliament to discuss the coalition's recommendations for improving transparency and regulation of lobbying. Among the many problems highlighted by the coalition was the 'revolving door' through which policymakers leave office to become lobbyists. In line with the coalition's recommendations, the Dutch government introduced a new two-year cooling off period for former Ministers. Lobbywatch NL welcomed the new measure, but pressed the government to go further and apply the cooling off period to all policymakers.

The government also responded positively to a Lobbywatch NL recommendation on lobbying transparency. From now on, legislative proposals will include information about the interest groups that have given input and how that input was addressed.

The new measure, for which Lobbywatch NL advocated, will give valuable insight into the influence of corporations on policymaking. The coalition also focused attention on internal development in its first year, formalising its structure and securing funding, including a grant from the Open Society Foundations.

MVO Platform

Hosted by SOMO, MVO Platform is a coalition of diverse Dutch organisations working to ensure that companies are accountable for the social, ecological and economic consequences of their activities across their supply chains. MVO Platform members include Dutch labour unions, human rights groups, environmental and consumer organisations, among others. MVO Platform stimulates, facilitates and coordinates activities involving its members.

The general election figured prominently in MVO Platform's work this year. In January the coalition published a comparison of the parties' positions on key corporate accountability issues, including transparency, labour rights in supply chains, and access to remedy for victims of corporate abuses. The election guide helped inform the parties about MVO Platform's priorities and prompted constructive dialogue with several parties on specific issues.

Although the change in government slowed the pace of political activity in 2017, MVO Platform maintained focus on two important pieces of legislation. The first, known as the Child Labour Due Diligence bill, would require companies to determine whether children are working in their supply chains and, if so, devise a plan of action aimed at eliminating it. MVO Platform members have long advocated for government action to tackle labour rights abuses in supply chains, including child labour. The bill, which passed the House of Representatives in February, is an important step beyond the voluntary – and often half-hearted – efforts of companies to address the problem. Following its passage in the House, MVO Platform members participated in an internal learning session with several legal experts to formulate a thorough analysis of the bill, which went to the Senate for approval. MVO Platform presented strong arguments in support of the bill during an expert meeting in the Senate.

Although the bill's future remains uncertain, its progress is highly significant. It has helped increase both understanding and support for accountability measures that go beyond corporate self-regulation. The bill is part of a promising trend among European governments to oblige, not merely encourage, corporations to conduct human rights due diligence in their supply chains.

The bill is an important step beyond the voluntary efforts of companies to address the problem.

Another promising legislative initiative aims to remove barriers in competition law that prevent companies from engaging in sector-wide sustainability and human rights initiatives. MVO Platform has long advocated for measures to address this problem. In 2017 its efforts began to bear fruit when the Dutch Ministry of Economic Affairs launched the process to develop a legislative proposal. MVO Platform and its members participated in both informal and formal consultations with the Ministry about the content of such legislation. The coalition emphasised the importance of ensuring room for corporate accountability initiatives of all kinds, including those focused on social and labour issues, in addition to environmental sustainability.

Throughout the year, MVO Platform continued to support its members and other organisations in their activities related to sector-based International Responsible Business Conduct (IMVO convenanten) agreements, an initiative of the Dutch Ministry of Foreign Affairs. MVO Platform helped facilitate exchange of information and analyses to ensure a stronger, more unified civil society position in relation to the various proposals under negotiation, including those involving gold, wood and food value chains.

The coalition also continued to push the Dutch government to improve the way in which it conducts trade missions to countries with a high risk of human rights violations. In a letter, MVO Platform urged the government to put the issue of corporate human rights due diligence on the agenda of such missions and to implement standards for selecting which companies participate in such missions. MVO Platform insisted that a company's participation should be conditional on its track record on human rights, social and environmental accountability. The coalition succeeded in putting the issue on the political agenda. In a debate in January, members of the Dutch parliament requested a direct response from the Minister for Foreign Trade and Development Cooperation to the MVO Platform letter.

The MVO Platform is a board member of the European Coalition for Corporate Justice (ECCJ). An NGO that promotes corporate accountability by bringing together coalitions of CSOs, trade unions, consumer advocacy groups and academic institutions from all over Europe. ECCJ represents more than 250 organisations in 15 European countries.

NB. Since the MVO Platform is not a legal entity, SOMO is officially registered as board member.

OECD Watch

OECD Watch is a global network of civil society organisations with more than 100 members in 55 countries. Network members share a commitment to ensuring that business activity contributes to sustainable development and poverty eradication, corporations are held accountable for their impacts, and victims of business-related abuse receive remedy.

OECD Watch focuses specifically on the OECD Guidelines for Multinational Enterprises (the Guidelines) and its grievance mechanism, National Contact Points (NCP). The network aims to improve the implementation and effectiveness of the Guidelines.

STRENGTHENING NATIONAL CONTACT POINTS

In 2017 OECD Watch launched its new flagship campaign, *Remedy is the Reason for Effective NCPs*, which aims to ensure that all governments adhering to the Guidelines honour their binding commitment to have an effective NCP. Alongside of international efforts, the campaign features nearly a dozen national-level campaigns urging policymakers to take the necessary steps to ensure that their NCPs meet the obligations laid out in the Guidelines' Procedural Guidance.

OECD Watch launched the campaign in November at the UN Forum for Business and Human Rights. The network broke new ground by filing the first appeal (known as 'substantiated submission') ever filed to the OECD's Investment Committee challenging the performance of an NCP. Together with network members Human Rights Law Centre (HRLC) and Rights and Accountability in Development (RAID), OECD Watch challenged the Australian NCP's poor handling of a case filed against G4S, a global security company, for human rights violations that occurred in an Australian detention centre located in Papua New Guinea. As a result of the appeal, the OECD's Investment Committee is expected to issue recommendations to the Australian government in early 2018.

In order to strengthen NCPs, OECD Watch has stressed the importance of peer reviews. In response to the network's advocacy efforts, the OECD Ministerial Council declared in June that by 2023 all NCPs will have completed a peer review. OECD Watch teamed up with International Corporate Accountability Roundtable (ICAR) and Accountability Counsel to research and evaluate the NCP Peer Review Process to ensure that the process ultimately leads to more effective NCPs and improved access to remedy. Based on research on the peer reviews of the Belgium, Danish, Italian and Swiss NCPs, OECD Watch published an interim report in November, which resulted in recognition of the need for revisions to the process in 2018.

RESPONSIBLE BUSINESS

GUIDANCE FOR THE FINANCIAL SECTOR

In March the OECD published its new guidance for institutional investors, *Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises*. OECD Watch gave extensive input into the guidance, helping to ensure recognition of the role minority shareholders should play in remediating adverse impacts of the companies in which they invest.

MONETARY COMPENSATION FOR WORKERS

OECD Watch helped secure victory for unjustly dismissed workers of a Heineken subsidiary in the Democratic Republic of the Congo. For nearly two years OECD Watch provided assistance on a complaint filed on behalf of the workers against Heineken. As a result of the complaint, which was handled by the Dutch NCP, Heineken agreed to pay the former workers US\$ 2 million. The complaint marked the first time that monetary compensation was provided to remediate past harms through the NCP procedures. Heineken also agreed to improve its policies for doing business in volatile and conflict-affected countries.



Occupied Palestinian Territories. A farmer is tending his olive trees.
By Tanya Habjouqa / NOOR Images.

SOMO as a Member of Consortia

In 2015, SOMO was selected as a strategic partner by the Dutch Ministry of Foreign Affairs in two consortia—one with Oxfam Novib and the other with the Fair, Green, and Global Alliance.

The partnerships, which focus on building lobbying and advocacy capacity among civil society organisations in low income countries, provide SOMO with new and exciting opportunities to work, as well as a solid funding base for the 2016-2020 period.

Partnership with Oxfam Novib

Oxfam Novib and SOMO share the vision of a just world without poverty. The change we want to achieve through our partnership with the Dutch Ministry of Foreign Affairs is that more people, especially marginalised groups, play an active role in building an equitable world where they can realise their basic rights: their right to food, the right to live in a democratic society with a fair distribution of public resources and the right to live in peace and security.

To realise this ambition Oxfam Novib and SOMO work on two key areas of change. The first area of change is the empowerment of people. We want people to be able to raise their voice, challenge the power of the state and corporate sector and have a say in the future direction of their society. We do this by strengthening a diverse civil society, as a collective space where people organise themselves and further common interests.

The second area of change is about influencing governments and companies so their policies and practices will reduce inequalities, insecurity and injustice (violence, corruption, discrimination) and foster the realisation of rights and prosperity of citizens. By working on these two areas Oxfam Novib and SOMO contribute to systemic change: a redistribution of power and a structural change in the behaviour of governments and companies in favour of social and economic justice.

In both areas Oxfam Novib and SOMO focus on groups that face the most risk of violence, discrimination and marginalisation. This means that we give particular attention to the needs and interests of women and include a gender justice perspective in our analysis, the choice of our interventions and the organisations we want to work with. The programme covers three thematic areas that reflect the key challenges for the coming decades in the fight against poverty:

1. Right to food: The world produces sufficient food to feed everyone, yet one in nine people on our planet go to bed hungry. Ironically, the majority are involved in food production. We aim to change the broken food system to ensure all people realise their right to food. This work is part of the Sustainable Supply Chains teams, as described on page 27.
2. Greater responsibility in finance for development: Illicit financial flows accounted for the loss of around \$950bn from low- and middle-income countries in 2011 – almost seven times what they receive in aid. Global inequality is increasing, despite economic gains. We aim to change fiscal and financial systems to increase finance for development. We also aim to strengthen the political commitment of traditional and new donor countries to provide sufficient quantity and quality of aid. This work is part of the Economic Justice team, as described on page 29.
3. Conflict and fragility: More than 1.5 billion people live in countries affected by fragility and conflict. Women suffer most, but have only limited participation in political processes. We will work towards change of policies so that the rights of people affected by conflict and fragility are respected and human security is improved. This work is part of the Natural Resources team, as described on page 36.

Fair Green Global Alliance

The FGG alliance aims for a socially just, inclusive, and environmentally sustainable society. Such societies are within reach, yet a persistent combination of socioeconomic and environmental crises threatens to roll back the progress we have made. People across the globe, particularly in low- and lower middle income countries (LLMICs), are suffering from rising inequality, food insecurity and financial instability. Their lives and livelihoods are threatened by climate change, declining biodiversity, and scarcity of resources.

Aim for a socially just and inclusive society

Human rights are being systematically violated and rights defenders are under severe threat. Governance gaps—described by former UN Special Representative on Business and Human Rights John Ruggie as the gap between “the scope and impact of economic forces and actors, and the capacity of societies to manage their adverse consequences”—are a principal cause of these social and environmental crises. People’s ability to claim respect for their human rights, engage in decision making and influence policies and practices that affect them is shrinking. Laws, policies and decision making processes increasingly favour the private sector at the expense of public interest. The Fair, Green and Global Alliance, has expertise and strategies to help close these governance gaps. The FGG believes that the solution lies in democratic, transparent, equitable and gender sensitive economic and social structures and practices that respect our natural environment.

The focus is on three interlinked leverage points, or Theories of Change (ToCs) –corporate conduct, trade and investment, and the financial system – because our joint analysis indicates these as being areas where change is critical and possible in order to achieve inclusive societies in which human rights are respected and global public goods managed sustainably.

The key to achieving transformative change is to inform and mobilise people to engage with relevant decision makers in these three areas in a process of mutual capacity building. We know that the grassroots social movements FGG is part of have the power to effect change.

The FGG members are Both ENDS, ActionAid, Clean Clothes Campaign, Milieudefensie, SOMO, and Transnational Institute. These members are firmly rooted in international networks – all of them either are, or host, networks themselves.

Tax Justice

SOMO is an active member of Tax Justice Nederland (TJNL), which is, through the European Tax Justice Network, part of the Global Alliance for Tax Justice. On the Dutch national level the network has created a common strategic approach towards policymakers and politicians, which has been very successful.

In 2017 TJNL focussed on the Dutch parliamentary elections. The network organised a lively public debate in Amsterdam, with five major political parties represented. After the elections, TJNL drafted a manifesto for the negotiations and talked to the newly elected spokespersons on tax.

TJNL played an active role in the bi-annual Eurodad conference in The Hague in June 2017: ‘Alternative policies for a sustainable world: Better ways of financing global development and strengthening global economic regulation and governance’, attended by nearly 200 people from Europe and around the world.

In 2017, SOMO also continued its individual membership of Eurodad. Through participation in strategy meetings hosted by Eurodad, SOMO was able to exchange valuable information about tax-related subjects such as country-by-country reporting, anti-tax avoidance policies, and effective taxation. These meetings and other forms of communication have helped to develop SOMO’s strategies and activities in line with European partner organisations.

The coordination of the TJNL network will move in 2018 from Oikos to SOMO. The network has used this shift to re-examine its role and strategy for the next four years.



Part III: SOMO Services

SOMO Services

SOMO Services provides research, training and advice to public interest groups and institutions, giving them the facts, skills and strategic information they need to achieve their goals. In 2017 22 clients engaged SOMO on a wide variety of assignments.

Several clients put SOMO to the task of ‘following the money’, posing strategic and comprehensive research questions about everything from campaign finance in the United States to the role of the Dutch trust sector in international tax planning.

SOMO is pioneering new corporate research methodologies, making use of diverse sources to shed light on corporate structures and strategies, global supply chains, financial flows, markets and much more. Many assignments involve a diverse team of SOMO researchers who apply complementary skills and expertise to get answers to complex questions.

HUMAN RIGHTS DUE DILIGENCE

Over the last several years, the Dutch Ministry of Foreign Affairs has facilitated several sector-based agreements, known as International Responsible Business Conduct agreements (IMVO convenanten). Signatories to these agreements include members of the private sector and civil society, as well as the Ministry. In 2017 parties to several agreements sought SOMO’s expertise on the issue of human rights due diligence. SOMO contributed to a Master Class for the garment sector agreement and participated in an expert group established by the banking sector agreement. In both cases, SOMO advised the parties about assessing the nature of a company’s relationship to adverse human rights impacts – a spectrum which includes causing, contributing or being linked to them – so as to determine the response required. As part of the expert group for the banking sector agreement, SOMO is contributing to a paper, to be finalised in 2018, that will guide the parties in developing an implementation plan.

Research helped inspire the launch of the Responsible Mica Initiative

Two major assignments in 2017 contributed to campaigns for improved human rights due diligence in global supply chains. The first, commissioned by Terre des Hommes, followed up on research conducted in 2016 on labour rights abuses, including the use of child labour, in the mining of Indian mica. (Mica is a glittery mineral found in variety of goods, including cosmetics, electronics and paint.) The 2016 research helped inspire the launch in January of the multistakeholder Responsible Mica Initiative.

The attention to abuses in Indian mica mining has prompted broader questions about the global mica market. To get the answers, Terre des Hommes again turned to SOMO’s corporate research experts. SOMO conducted a comprehensive mapping of the worldwide mica market, including mica mines and suppliers, and sectors and companies that use the mineral in their products. Terre des Hommes aims to use the research to broaden and deepen efforts on due diligence of various industries using Mica in their supply chains.

The transition to a truly sustainable energy system

The second project, commissioned by ActionAid Netherlands, explored a timely new topic: the supply chain of wind turbines. SOMO was asked to identify the variety of minerals used in offshore wind turbines, and the human rights and environmental impacts associated with wind turbine production. ActionAid plans to use the research for a report to be published in 2018. The group’s aim is to improve human rights due diligence in supply chains of windmill manufacturers and ensure the transition to a truly sustainable energy system.

CORPORATE TAX AVOIDANCE

At the request of Oxfam International, SOMO analysed the extent to which 20 of the largest European banks make use of tax and regulatory havens. The research was the first to make use of the banks’ country-by-country financial data, a new reporting obligation for which SOMO and allies successfully advocated. The research served as the basis of Oxfam’s report Opening the Vaults: The Use of Tax Havens by Europe’s Biggest Banks, which confirmed not only that large EU banks are disproportionately using tax havens, but also that country-by-country reporting can significantly contribute to improved transparency.

Other assignments involved investigation of tax avoidance by specific companies, including an Australian mining company operating in sub-Saharan Africa and the *International Chemical Investors Group (ICIG)*. ICIG is the parent company of Miteni, a chemical company suspected of causing environmental pollution in the Veneto Region of north-east Italy. Greenpeace Italy commissioned SOMO to look into controversial conduct, including tax avoidance, by ICIG. The findings were used by the group in a report on financial responsibility for the environmental disaster.

RSPO certification provides no guarantee of respect for human and labour rights

CASE STUDIES OF CORPORATE ABUSES

SOMO was also pleased to *support Greenpeace International* in its campaign to improve corporate accountability. Greenpeace commissioned SOMO to research and analyse 20 cases studies of corporate capture, collusion and impunity. The cases revealed a variety of harmful corporate strategies, including exploitation of corporate law and tax and investment treaties, regulatory capture, and erection of barriers that prevent people from accessing justice. Greenpeace aims to use the research for a report to be launched at the 2018 World Economic Forum in Davos.

Research commissioned by CNV International, an arm of the Dutch Confederation of Christian Trade Unions, described how two palm oil companies, both certified by the Roundtable for Sustainable Palm Oil (RSPO), structurally violate the labour rights of their workers. The evidence showed that RSPO certification provides no guarantee of respect for human and labour rights, thus highlighting the need for companies to undertake their own supply chain due diligence. CNV International published the report at the Fifth Annual European Roundtable of the RSPO. The group also used the report to make the case for European policymakers to put human and labour rights at the centre of negotiations for the EU's proposed Comprehensive Economic Partnership Agreement with Indonesia.

LECTURES AND TRAINING IN CORPORATE RESEARCH AND ANALYSIS

Alongside tailored research for clients, SOMO's corporate research specialists provide trainings and participate in exchanges with faculty, researchers and students at academic institutions in the Netherlands. In 2017 SOMO staff lectured and contributed to classes for students at the University of Leiden, Utrecht University, the University of Amsterdam, Radboud University Nijmegen, the Vrije Universiteit Amsterdam, IHE Delft Institute for Water Education, the United Nations International Student Conference of Amsterdam, and a course for young diplomats from Bangladesh and Pakistan at the Netherlands Institute of International Relations (Clingendael). SOMO's corporate research specialists also assisted partners and SOMO colleagues in mining and analysing financial data, including use of financial terminals Bloomberg, Reuters' Eikon, Orbis and LexisNexis.

SOMO PROVIDES THE FOLLOWING SERVICES FOR CSOS

Research Services

SOMO offers tailor-made corporate investigations that provide useful, clear and strategic analysis on individual companies, whole supply chains, key economic sectors and on the impact of policies on the national, EU and international level.

We provide:

- Company research
- Sector research
- Supply chain research
- Public policy research

Training services

SOMO provides engaging and action-oriented training programmes which provide civil society organisations and (semi) public organisations with the hands-on knowledge and skills needed to promote sustainable change and provide a counterweight to unsustainable strategies and practices of multinational corporations.

We give:

- Company research training:
 - Analyse corporate structures and finance
 - Evaluate a company's corporate social responsibility (CSR) policy
 - Research controversial issues
 - Place CSR issues in the context of competitive markets
 - Identify leverage points for change
- Business and Human Rights training
- Grievance mechanisms
- Supply Chain Analysis training

Advice

SOMO advises and assists organisations and institutions to make the most of their interaction with companies – from drafting a corporate partnerships to developing criteria for ethical screenings. We also help documenting and drafting effective complaints to address corporate misconduct through nonjudicial grievance mechanisms.

We can advise on:

- Corporate partnership policy
- Multi-stakeholder initiatives
- Sustainable public procurement
- Grievance mechanisms
- Lobby & campaigns
- Expert input

A total of 67 organisations have become SOMO clients over the past five years:

Development organisations

ActionAid NL
ActionAid Australia
CARE Nederland
Cordaid
Christliche Initiative Romero e.V.
Finn Church Aid
Hivos
ICCO
Magasin du Monde
Oxfam America
Oxfam International
Oxfam Novib
SNV
Südwind
Terre des Hommes
Wilde Ganzen

Campaign and lobby organisations

Al Haq
Amnesty International Netherlands
Amnesty International, Danish Section
Changing Markets Foundation
Children's Investment Fund Foundation (CIFF)
Eurodad
Forschungs- und Dokumentationszentrum
Chile-Lateinamerika e.V. (FDCL)
ForUM
Finance Watch
Friedrich Ebert Stiftung
India Committee of the Netherlands (ICN)
MODINT
Safer Chemicals
Stop Kinderarbeid Campagne
WEED
MVO Nederland

Governmental (related) organisations

Ministerie van Binnenlandse Zaken
Danish Business Authority
SER
European Parliament
National Tax Service

Social entrepreneurs

Stichting FairPhone
Stichting Butterfly Works
Return to Sender
Hivos Impact Investments

International organisations

International Dialogue on Peacebuilding and
Statebuilding (OECD)

Labour Unions

ABVAKABO
CNV Internationaal
European Federation of Public Service Unions
(EPSU)
European Trade Union Confederation (ETUC)
International Trade Union Confederation (ITUC)
FNV
FNV Bouw
Mondiaal FNV
UNI Global Union
3F (United Federation of Danish Workers)

Environmental organisations

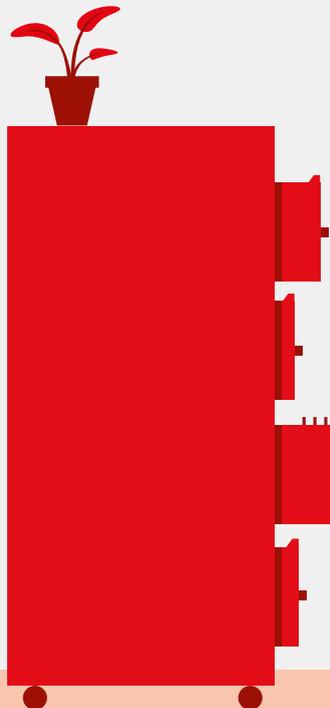
Greenpeace Italy
Greenpeace Nederland
Milieudefensie
Friends of the Earth Europe
Shift Project
Stichting Dier & Recht
WWF International

Research and media

Clingendael
European Trade Union Institute (ETUI)
LEI Wageningen UR
Nyenrode
Trouw
VPRO
Questionmark
The Hague Academy for Local Governance

Consumer organisations

Consumentenbond





Indonesia. Rainforest is cleared for palm oil plantations.
By Rainforest Action Network.



Switzerland. The ceiling of the main hall in the United Nations building in Geneva.
By Ayrcan.

Organisational development

2017 was the second year of a strategic period of five years. SOMO is in the middle of the implementation of plans and programmes funded by multi-annual grants. At the same time, we are aware of new trends emerging and changing conditions. For these reasons, and to prepare for a post-2020 strategy, SOMO organised two strategy days in 2017. Furthermore, we held monthly staff meetings to discuss strategic and organisational issues and challenges.

In 2017 these were the main issues we discussed:

- **Strategy development:** we used our Strategy Days to explore our 'blind spots'. The main issues we discussed in 2017 were:
 1. Developments in regulation (trends in national law regarding mandatory due diligence, possible role of a binding treaty on business and human rights and the deconstruction of corporate law and the way it creates impunity).
 2. Identification of technological developments and their impact on our work (open data in relation to research possibilities and threats for human rights defenders, block chain technology, social media and the impact on research).
 3. Geopolitical trends in relation to economic policies (the relation between the regulation of trade, tax, investment and accountability and the consequences of these policies in large infrastructural projects, climate change and just (energy) transition).
 4. European development and the lack of a social agenda (race to the bottom on labour standards and flexibilisation, migration and security, stability of the financial system).
 5. Shrinking space for civil society organisations and Human Rights defenders (safety measures and legal support, lobby and advocacy).
 6. Diversity and intersectionality (in research, and in the organisational development of SOMO).

- **Team:** The head of Finance, the PME officer, the HRM officer, the communications coordinator and the fundraising coordinator teamed up to form the so-called Support-team. The team strives towards a more efficient and integrated annual cycle by stimulating reflection and learning by supporting processes instead of individual issues. Also by supporting the management team with key performance indicators every quarter. Thus trends, opportunities and bottlenecks are identified in an early stage.

We came to the conclusion that the division of tasks and responsibilities between the Management Team, Programme Coordinators and Project Leaders was unclear and ambiguous. Together with an external advisor we clarified the responsibilities and expectations. The general conclusions of these sessions are part of the priorities for 2018 to work on.

- **Agile communication strategy:** In 2017, SOMO's communication officers have been working on the further implementation of the new communication strategy. Embedded in the programme teams, they are more involved in the whole publication process. Also, we try to link our research to current events. In the Dutch political debate on dividend tax we were able to influence the debate by re-using existing research material, posting blogs and engaging live in the debate via Twitter. As part of our strategy to enlarge our outreach by using different forms of outputs (to reach different groups of stakeholders), we strengthened our cooperation with NOOR Images, a group of highly accomplished photojournalists and documentary storytellers focusing on contemporary global issues. Their stories are very similar to our research.
- **PME&L:** In 2017 a new dashboard is up and running with key performance indicators and targets covering finance, fundraising, professional services, partner contracts, communication, PME and HRM.

- **ICT:** In 2017 the focus of ICT was on security, the implementation of a new digital working space (DWS) and the introduction of Project Connect, an online project management tool, based on Pluriform (the software SOMO uses for financial administration and project administration).

In September SOMO started on the implementation of Project Connect. This online tool for project management and management information is developed in close cooperation with Matthat and an user platform with other organisations in the development aid sector. This joint development lowers the developmental costs. With Project Connect we are able to report directly to IATI.

To stimulate innovation, Matthat offers the possibility to get a return on investment in case one or more organisations choose to invest in new modules, which in a later phase can be used by other NGOs that did not participate in the initial investment for development. SOMO used this possibility in 2017 and already received a return on investment.

In October SOMO decided, after a testing period, to wait with the implementation of the Digital Work Space (DWS). To make a solid solution for knowledge management, document management and team management we decided to choose for an adjusted solution in which Alfresco is integrated as document management system.

EXTERNAL EVALUATIONS

In 2017 SOMO commissioned several external evaluations.

- Mid term evaluation GoodElectronics + ROM review EC
- In 2017 SOMO had to deliver a new Checklist on Organisational Capacity Assessment (COCA) to the Dutch Ministry of Foreign Affairs. This COCA was approved by the Ministry.

QUALITY SYSTEM

SOMO's quality management system has been certified by ISO 9001 since 2011. This audit was repeated and updated in 2013 and SOMO was recertified in 2014. In 2017 SOMO needed to be recertified again. To be up to date, SOMO also implemented the necessary adjustments to be ready for the latest ISO 9001:2015 standard. SOMO received a new certificate in November 2017.

SUSTAINABILITY AND ACCOUNTABILITY

Daily operations and travel

Sustainability and accountability are fundamental to SOMO's mission, and to our daily operations. We are committed to practicing what we propose. SOMO strives to ensure that the supplies and services we purchase are of the most sustainable nature possible. Wherever possible, we choose Fairtrade, green, organic, recycled or second-hand items. In the case of new supplies, the choice for a supplier is based on the best CSR score. We use our own solar panels to generate energy (3.14 MWh in 2017). For the rest of our energy needs we rely on Groenpand. Also, we switched to Greenhost, an environmentally sustainable webhosting company. In 2018 we will look for ways to further lower our dependency on fossil fuels.

SOMO's travel policy takes sustainability into account. SOMO employees are reimbursed for commuting costs by public transport. In the case of work-related travel, people are strongly discouraged to fly within a 700 kilometres radius from Amsterdam. If travelling by plane is unavoidable, SOMO compensates for the emissions using GreenSeats.

Research

SOMO is also accountable for its research and network-related activities. As a watchdog organisation, we take our responsibility to avoid causing undue harm in the work that we do. Our Code of Conduct and our Complaints Procedure are based on this principle.

SOMO continues to strive for the highest possible standards and procedures in research, including maintaining an open dialogue with companies,

academics and lawyers and to carry out proper reviews of research and other activities. This is to ensure that SOMO's work and services are up-to-date and of the highest quality possible.

In 2017 SOMO neither received any formal complaints nor any demands from lawyers with the demand to rectify.

RISK MANAGEMENT

In 2016 SOMO revised its policy on risk management. Possible risks were discussed with the supervisory board every quarterly meeting. The discussed risks related to long term illness, transparency regarding funding in relation to our independency, the need of funding diversification and ICT security.

FUNDRAISING

In 2017, the focus was on building relations with new donors and funds. We invested in building relations with private funders in the USA, taking advantage of the opportunity of having a senior researcher based in the USA for half a year. We were especially proud on a renewal of our core funding from the Sigrid Rausing Trust (£ 375,000), the funding from the Human Rights Fund of the Dutch Ministry of Foreign Affairs (€ 1,783,350) for a new innovate program 'Mind the Gap: Countering corporate strategies for creating, maintaining and exploiting human rights governance gaps and strengthening strategies for effective access to remedy' and the funding from the Open Society Foundation for three new projects: (1) *The share of Dutch public funding in the R&D of new medicines* (USD 40,628.05); (2) *Challenging Corporate Capture within International Trade and Investment Settlement Mechanisms* (USD 100,000); (3) *Lobbywatch NL: Countering Corporate Capture in the Netherlands 2017-2019* (\$ 139,815). In addition SOMO received smaller funds from the MAVA Foundation, Brot für die Welt, Institute of Social Studies, Oxfam Novib and the KnowledgePlatform Security & the Rule of Law. Revenues from won applications in 2017 came to a total of € 2,562,740 for the period 2017–2021, including a share of funding for SOMO partners.

DONATIONS

In 2017 € 666 was donated by individuals via the donation-button on the website.

GOVERNANCE AND ORGANISATIONAL STRUCTURE

Important decisions regarding SOMO's strategies and policies are made collectively. SOMO values the preservation of a 'flat' organisational structure that includes participatory policy development. Thus horizontal team structures have a high level of self-management.

In November 2017 Roos van Os, member of the management team, left SOMO. The decision to fill the vacancy has been postponed until 2018. Priority was given to fill in the vacancies for research and the internal organisation, and to create some space to reflect on the needs regarding the vacant management position.

SOMO has a two-tier governance structure, with a Supervisory Board and an Executive Board. The day-to-day management of the organisation is in the hands of the management team. The management team is chaired by Ronald Gijsbertsen and includes Esther de Haan and Gerhard Schuil. Ronald Gijsbertsen serves as Managing Director (executive board). Ronald is also a member of the Supervisory Board of Free Press Unlimited, for which he receives no remuneration.

The supervisory board of SOMO consists of five members, all with a specific field of attention:

- **Ronald Messelink** (chair) is CEO of ICS, an NGO that works on the socio-economic development of rural areas in Africa and Asia.
- **Jasper Teulings** (secretary) is head of the Legal Unit of Greenpeace International in Amsterdam. He is a member of the Board of EarthRights International and the Advisory Board of Pro Bono Connect.
- **Angela Wigger** (member) is Associate Professor of Global Political Economy at the Department of Political Sciences at Radboud University in Nijmegen.

She is the vice-chair of the Critical Political Economy Research Network (CPERN), a member of the scientific advisory board of Solidar, a member of the editorial board of the journal Capital and Class, and co-founder of the Amsterdam Research Centre for International Political Economy (ARCIPE).

- **Nicky McIntyre** (member) is the CEO of Foundation for a Just Society based in New York City. She used to be the director of Mama Cash.
- **Niels ten Oever** (member) is head of Digital at ARTICLE 19, a global non-profit organisation that defends freedom of expression and information.

SOMO hosts four networks. These networks function as informal associations with members in the Netherlands (MVO Platform, Lobbywatch NL) or worldwide (OECD Watch and GoodElectronics). Steering committees, which represent the network members, are responsible for the networks' strategies and plans. SOMO's management and board are responsible for organisational and managerial issues.

Through MVO Platform, SOMO is an organisational member of the board of the European Coalition for Corporate Justice (ECCJ).

HUMAN RESOURCE MANAGEMENT

The year was not without its challenges. In a short period of three months, the organisation was confronted with the resignation and absence (due to sick leave and maternity leave) of nine employees. The shortage of hands put increased pressure on the rest of the staff. However, after a process of intense recruitment, we were pleased to have filled all vacancies by the end of 2017.

Work pressure remains a point of attention. Our new HRM manager introduced a more structural approach of monitoring colleagues in relation to work pressure.

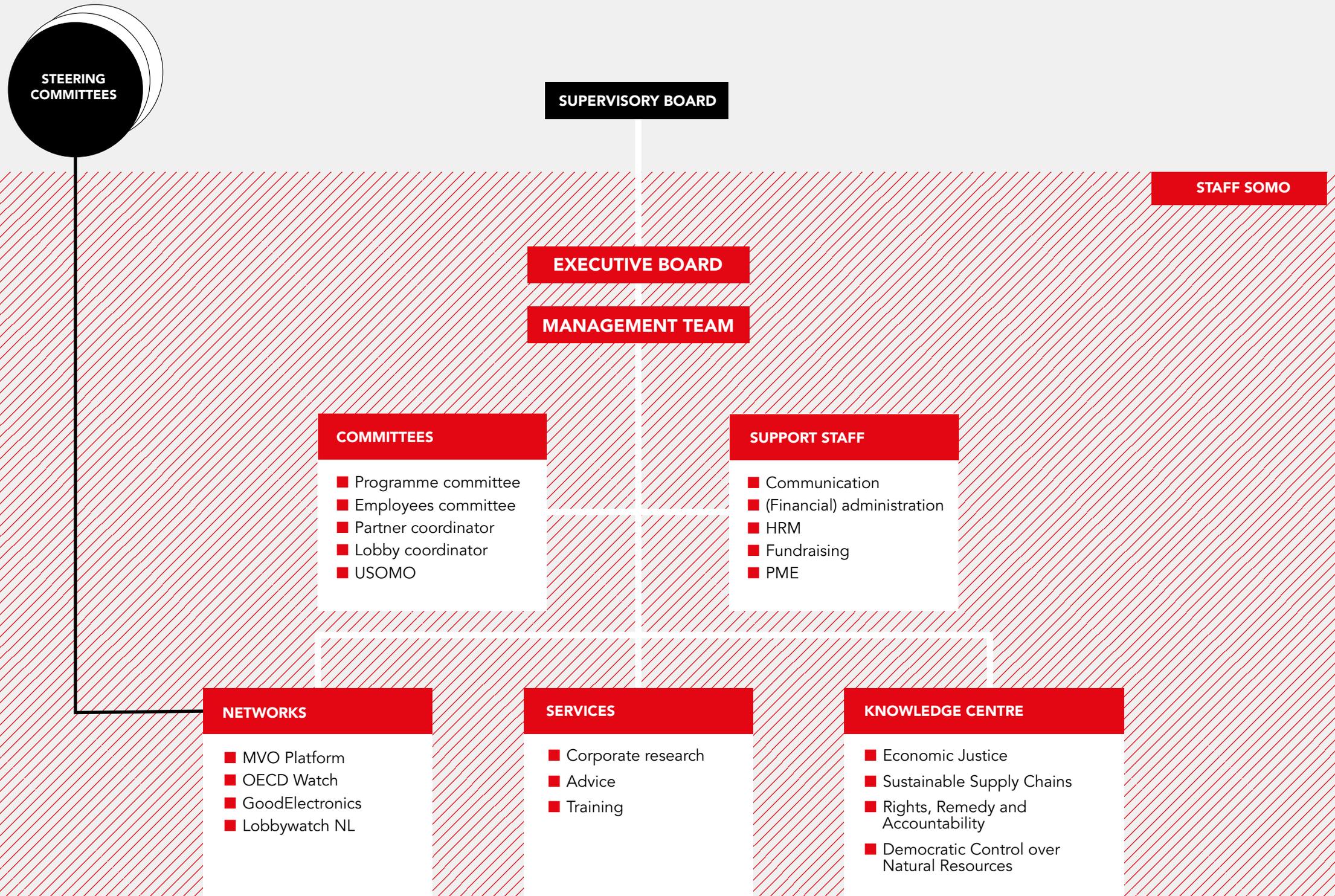
Together with the personnel commission SOMO's management reviewed the actions that were taken to prevent unhealthy work pressure, to improve feedback and coaching within SOMO, and to improve performance evaluation interviews. Inspired by the strategy days on blind spots SOMO improved its recruitment policy to increase the diversity of its staff. We are still experimenting with different approaches to achieve more diversity.

Relevant Personnel Statistics for SOMO in 2017:

- At the end of 2017, SOMO employed 41 people (2016: 40) at 31.9 FTE (2016: 31.6 FTE).
- 32 people have permanent contracts.
- 9 have temporary contracts for a period of at least one year.
- SOMO has flexible personnel to expand its temporary capacity. In total, 9 freelancers were working for SOMO at the end of 2017.
- The caretaker (0.35 FTE) is hired from Dienst Werk en Inkomen (Gemeente Amsterdam), an organisation that provides work for people with a distance to the common labour market.
- SOMO trained 4 interns in 2017.
- The costs for study and personnel development were € 33,482.
- Absence caused by illness was 4.9% in 2017 (2016: 2.9%).
- The costs for fundraising consists of personnel costs and costs for consultancy. In 2017, 5.5% of the time available was spent on fundraising (2016: 5.7 %). The total costs for fundraising are 5.4% of SOMO's total income in 2017 (2016: 4.3%).
- The salary of the Managing Director was € 76,142 in 2017. The Goede Doelen Nederland (the sector organisation of charities) developed a calculation to relate the salary of the Managing Director to the size of the organisation, the complexity of the organisation, the organisational context and the applied management model. According to this model, SOMO's salary for the Managing Director could maximally be € 102,470 (functiegroep G BSD-punten).

Won applications 2017

Income SOMO	Deal - Organization	Deal - Role SOMO	Period
€ 430,727	The Sigrid Rausing Trust	Lead applicant	2017-2019
€ 130,668	Open Society Institute - OSIFE - OSI	Lead applicant	2017-2019
€ 8,375	Oxfam Novib	Co-applicant	2017-2018
€ 25,000	Brot für die Welt	Lead applicant	2017-2018
€ 46,147	MAVA Fondation Pour la Nature	Lead applicant	2017-2018
€ 1,783,350	Dutch Ministry of Foreign Affairs	Lead applicant	2018-2021
€ 83,942	Foundation to Promote Open Society - FPOS	Lead applicant	2017
€ 15,000	Oxfam Novib	Lead applicant	2017
€ 34,393	Open Society Institute - OSIFE - OSI	Lead applicant	2018
€ 5,138	ISS - Research Innovation Facility	Co-applicant	2018
€ 2,562,740			



Forecast 2018

		2018 Forecast	
Income		€	€
Government grants			
Dutch Ministry of Foreign Affairs		2,820,000	
Other Government grants		150,000	
European Commission		520,000	
Total Government grants			3,490,000
Other contributions			
Membership contributions		380,000	
Grants and other contributions		450,000	
Total other contributions			830,000
Professional services			370,000
Other income			10,000
Total income			4,700,000
Expenditure		€	€
Direct project costs		1,200,000	
Direct costs of professional services		30,000	
Personel costs		2,930,000	
General expenses		495,000	
Total expenditure			4,655,000
Operating result before interest and taxation			45,000

FINANCIAL STRATEGY

SOMO's long-term financial strategy consists of four interrelated elements. First, SOMO implements a strategy of consolidation and incremental development. We want to grow in impact, not necessarily in size. Second, we recognise the need to diversify our sources of income and reduce the proportion of funding from the Dutch Ministry of Foreign Affairs (now 66%). Fundraising in previous years resulted in a solid financial base for the 2016 – 2020 period. After 2020, no more than half of our income should come from one single donor. Our primary focus will be on raising funds from other (European) governments, but we will also invest in building relationships with private foundations in Europe and the United States. Our goal is to increase funding from these sources to at least 15% of our budget. SOMO will also explore new funding opportunities through crowdfunding, new membership contribution structures, and strengthened collaboration with academic institutions. SOMO's provision of professional services is another key generator of a more diverse funding. SOMO aims to expand its external services significantly, reaching out to new clients from a wider geographic area.

By 2020, revenues from professional services should account for at least 20% of our income. Third, we aim to build a higher general reserve. As stated in the financial report, the general reserve does not meet the set targets yet. Finally, given the current low interest rates SOMO aims to use part of the general reserve for sustainable investments, like solar panels, that both reduce our ecological footprint and provide a better return on investment than a savings account.

In 2017 SOMO was selected for a new long-term fund from the Dutch Ministry of Foreign affairs. Although this does not lead to diversification of sources, it gives more financial stability until after 2020. To some extent SOMO succeeded in finding more funding from private foundations. Based on this experience we want to intensify this fundraising. More attention is needed for professional services delivery. Although the number of clients is growing, 2017 did not contribute to a growth of this source of income. SOMO, however, was able to acquire a new network, which will be hosted at SOMO from 2018 onwards and is financial supported by its members.

Report from the Super- visory Board

REPORT FROM THE SUPERVISORY BOARD

SOMO continues to make a powerful, evidence-based case for corporate accountability, putting critical information and analysis in the hands of communities, organisations, governments and the private sector itself. The Supervisory Board was proud to accompany SOMO through another productive year.

The Board membership was stable throughout 2017. Its members included Jasper Teulings, General Counsel at Greenpeace International; Nicky McIntyre, CEO of Foundation for a Just Society; and Niels ten Oever, Head of Digital at ARTICLE 19. Angela Wigger, Associate Professor of Global Political Economy at Radboud University, concluded her first four-year term at the end of the year and was re-appointed to a second term starting in 2018. The Board's current composition serves SOMO well: its members possess a desirable diversity of expertise, including financial management, legal issues, university relations, strategy development, fundraising, ICT, innovation and safety.

The Board met three times in 2017. Among the topics addressed were financial management, organisational risks and human resources. In April the Board approved the 2016 Annual Report and financial accounts. A meeting with SOMO's auditor confirmed our own positive assessment of SOMO's excellent financial management.

The Board's ability to assess and address organisational risks improved in 2017 with the use of a new, comprehensive risk register. The register is reviewed by the Board at every meeting. Among the risks discussed in 2017 was the limited diversity of SOMO's funding sources and the need to prepare for the period after 2020, when SOMO's two strategic partnerships with the Dutch Ministry of Foreign Affairs come to an end.

We are delighted by SOMO's success this year in securing commitments from new funders, including the Open Society Foundation. The board is confident that SOMO's unique expertise, its penchant for putting vital issues on the public and political agenda, and its stellar track record will attract the support of other funders.

The Board also considered risks in relation to transparency and funding of SOMO's research. The Board agreed that the principles laid out in the SOMO Code of Conduct provide the organisation solid guidance on funding transparency. However, if situations arise that are not clearly covered in the Code of Conduct, it was agreed that the Board should be consulted. The Board agreed that, above all, SOMO's independence must be safeguarded.

The Board discussed SOMO's more intensive engagement in two exciting networks, the new Lobbywatch NL network and Tax Justice NL Network. The choice of SOMO as host of the two networks (beginning in 2017 and 2018 respectively) is an exciting development that confirms SOMO's reputation for excellence in both organisational management and impact.

The Board aims to serve as a sounding board to the Managing Director and staff, offering ideas and suggestions about SOMO's operations, as well as its strategies. At an internal evaluation conducted in September, the Board affirmed its satisfaction with both the information it receives and the issues it is asked to consider. Going forward, the Board hopes to engage more with SOMO staff. We welcome opportunities to take part in their efforts to realise SOMO's bold vision of an equitable, democratic, transparent and environmentally sustainable economic system.

Ronald Messelink
Chair of the Supervisory Board



Occupied Palestinian Territories. Courgette cultivation.
By Tanya Habjouqa / NOOR Images.



Financial Statements

Balance Sheet as of 31st of December, 2017 (after appropriation of result)

	31-12-2017	31-12-2016
	€	€
Assets		
Fixed assets		
Intangible fixed assets	125,230	85,263
Tangible fixed assets	46,314	50,058
	171,544	135,321
Current assets		
Receivables, prepayments and accrued income		
Trade debtors	33,895	3,557
Subsidy receivable	335,577	197,308
Taxation and social securities	54,260	43,188
Prepayments and accrued income	182,948	188,153
	606,680	432,206
Cash and bank balances	1,752,099	1,804,685
Total assets	2,530,323	2,372,212
Liabilities		
Equity		
General reserve	670,442	666,709
Appropriated reserves	66,581	66,581
	737,023	733,290
Current liabilities, accruals and deferred income		
Creditors	335,632	345,102
Advanced payments/ advances received on subsidies	953,076	743,464
Taxation and social securities	150,035	148,960
Accruals and deferred income	354,557	401,396
	1,793,300	1,638,922
Total liabilities	2,530,323	2,372,212

Statement of Income and Expenditure, 2017

	2017 realization	2017 budget	2016 realization
	€	€	€
Income			
Government grants/contributions			
Government grants (Dutch Ministry of Foreign Affairs)	2,854,804	2,580,000	2,703,176
Other Government grants	219,734	550,000	118,441
Government grants (European Commission)	334,058	420,000	333,738
Other contributions	595,225	410,000	738,689
	4,003,821	3,960,000	3,894,044
Professional services	304,421	380,000	324,247
Other income	4,553	20,000	5,186
Total income	4,312,795	4,360,000	4,223,477
Expenditure			
Direct project costs	1,100,120	1,250,000	1,208,891
Direct costs of professional services	24,275	30,000	37,024
Personnel costs	2,677,860	2,560,000	2,554,458
General expenses	507,342	495,000	383,919
	4,309,597	4,335,000	4,184,292
Operation result	3,198	25,000	39,185
Financial income and expenses			
Interest income	219	-	2,970
Financial expenses	-1,925	-	-1,848
	-1,706	-	1,122
Result on ordinary activities before taxation	1,492	25,000	40,307
Taxation on ordinary activities	2,241	-	-5,777
Result after taxation	3,733	25,000	34,530

Accounting Principles for Financial Reporting

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. For the preparation and presentation of the financial statements, SOMO uses the Guidelines for annual reporting of the Dutch Accounting Standards Board as well, especially Guideline 640 "Organisations not for profit".

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face (nominal) value. Income and expenses are accounted for on accrual basis. Expenses are determined taking the mentioned valuation principle into account. Profit is only included when realized on balance sheet date. Losses originating before the end of the financial year are taken into account when ascertained before preparation of the financial statements. The general accounting principles for the valuation of assets and liabilities and determination of the result are unchanged compared to last year. Comparative figures are, where appropriate, adjusted in terms of classification only for comparison purposes.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Fixed assets: Intangible and tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost. Depreciation is provided from the date an asset comes into use.

The following fixed percentages of cost are used for depreciation:

Intangible assets

- Software: 20% a year

Tangible assets

- Rebuilding: 20% a year
- Computers: 20% a year
- Office equipment: 20% a year

Receivables: Receivables are included at face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

Securities: The listed shares are valued at the market value as at balance sheet date, with which both realised and unrealised changes in value are directly accounted for in the profit and loss account.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Government grants / contributions (allowances): Allowances are included in the statement of income and expenses in the year in which the subsidised expenses are realised.

Professional services: Revenues from professional services are recognised in proportion to the services rendered. The direct costs of these services are allocated to the same period.

Taxation: Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes.

Notes to the balance sheet

Fixed assets	2017			2016		
	Intangible fixed assets	Tangible fixed assets	Total fixed assets	Intangible fixed assets	Tangible fixed assets	Total fixed assets
Purchase value at historical cost	92,364	247,745	340,109	-	228,218	228,218
Accumulated depreciation	-7,101	-197,687	-204,788	-	-173,243	-173,243
Balance as of 1 January	85,263	50,058	135,321	-	54,975	54,975
Investments	67,981	21,201	89,182	92,364	19,527	111,891
Depreciations	-28,014	-24,945	-52,959	-7,101	-24,444	-31,545
Total movements bookyear	39,967	-3,744	36,223	85,263	-4,917	80,346
Purchase value at historical cost	160,345	268,946	429,291	92,364	247,745	340,109
Accumulated depreciation	-35,115	-222,632	-257,747	-7,101	-197,687	-204,788
Balance as of 31 December	125,230	46,314	171,544	85,263	50,058	135,321

Assets	2017	2016
	€	€
Trade debtors		
Trade debtors	33,895	3,557
Minus: allowance for doubtful receivables	-	-
Total trade debtors	33,895	3,557
Subsidy receivable		
Oxfam Novib (MoFA Reconstruction Fund)	3,974	3,974
Oxfam Novib (MoFA Knowledge Platform Security & Rule of Law)	6,392	-
MoFA Reconstruction fund	-	49,685
MoFA Human Rights Fund - Small Activities 2015-2016	39,851	-
EuropeAid - DEAR (ECCJ)	1,710	1,710
SETEM (EuropeAid - DCI-NSA)	-	10,561
TIE-Netherlands (EuropeAid - CSD-III/PC Turkey)	12,555	12,555
Christliche Initiative Romero (EuropeAid - DEAR)	37,599	-
US Department of State - Bureau of Democracy, Human Rights and Labor	190,253	109,562
Open Society Institute - OSIFE - OSI (Tackling corporate lobby in the Netherlands)	-	2,037
Brot für die Welt (OECD Watch)	-	4,742
Fastenopfer / Swiss Catholic Lenten Fund (Electronics Watch)	52	-
Open Society Institute - OSFIE - FOSI (Organizational grant)	43,835	3,126
The Norwegian Forum for Development and Environment (OECD Watch)	1,066	1,066
Subtotal subsidy receivable	337,287	199,018
Minus: doubtful subsidy receivable (projects)	-1,710	-1,710
Total subsidy receivable	335,577	197,308

	2017	2016
Assets	€	€
Taxation and social securities		
Taxation (corporate tax)	10,780	3,720
Value added tax (V.A.T.)	43,480	39,468
Total taxation and social securities	54,260	43,188
Prepayments and accrued income		
Professional services to invoice	106,413	118,814
Rent	5,078	5,021
Interest	1,229	4,231
Pension contributions	26,190	25,589
Health insurance	10,248	10,893
Travel home-work	5,025	5,495
Matthat to receive return on investment	4,553	-
Other prepayments and accrued income	24,212	18,110
Total prepayments and accrued income	182,948	188,153
Cash and bank balances		
Current accounts	124,383	389,988
Interest accounts	1,619,235	1,413,700
Money in transit	7,400	-
Stocks	1,081	997
Total cash and bank balances	1,752,099	1,804,685

PREPAYMENTS AND ACCRUED INCOME

For the development of project management software SOMO joined the user platform of Matthat. Together with nine other organizations SOMO invests in the development of tailor made project management software. The user platform agreed with Matthat on a Return on Investment (ROI) in case Matthat is able to sell the software also to other clients. The total investment related to this agreement is € 48.868. The ROI in 2017 was € 4.553 and per 31st December 2017 accrued, the ROI income is presented under other income in the statement of income and expenditure.

CASH AND BANK BALANCES

Except for one bank guarantee (with the sum of € 26,275), all cash and bank balances are available for expenditure by SOMO.

SOMO only buys shares when this is necessary in the context of a project, for instance in order to be able to attend a general shareholders' meeting. All dividend and currency profits are reserved as gifts for third parties. SOMO does not buy shares as an investing policy.

	Begin financial year 2017	Movements 2017	End financial year 2017
Liabilities	€	€	€
Equity			
General reserve	666,709	3,733	670,442
Appropriated reserve housing	30,000	-	30,000
Appropriated reserve organisation development	36,581	-	36,581
Total equity	733,290	3,733	737,023

EQUITY

General Reserve: The necessary amount as general reserve, based on the guidelines of the VFI, equals 50% of the fixed organization costs. This contains the fixed personnel costs (gross salary, social charges, allowances, pension) and the fixed organization costs. The norm for 2017 is € 1,302,352 (2016: € 1,171,375). The actual general reserve for 2017 is € 670,442 (2016: € 666,709).

SOMO wants to meet this norm eventually, but does not want to raise of the costs of activities immediately. In order to have a slow growth of the general reserve towards the norm, we annually budget 1-2% of the total annual turnover for the general reserve. Because of the good funding base for the coming three years, no additional steps need to be taken at this moment.

Appropriated reserves: Appropriated reserves: Any residual positive results above the minimum norm for the general reserve will be added to the reserve for organisational development and be used for different types of projects serving the goals of SOMO. This reserve can be used to hire extra capacity when needed, or to start research for which there are no funds available yet but which must start at a particular moment for reasons of urgency. In addition to this kind of strategic deployment, this reserve can also be used for investments in infrastructure to improve sustainable cooperation with partners in the North or South.

	31-12-2017	31-12-2016
Liabilities	€	€
Creditors		
Creditors	173,493	170,502
Contract obligations project partners	162,139	174,600
Total creditors	335,632	345,102
Advanced payments/ advances received on subsidies		
BothENDS (MoFA Strategic Partnership Dialogue and Dissent)	33,134	233,258
Oxfam Novib (MoFA Strategic Partnership Dialogue and Dissent)	77,297	156,563
MoFA Human Rights Fund - Small Activities 2015-2016	-	19,500
MoFA Human Rights Fund Grant Policy Framework 2017-2020	458,260	-
Netherlands Embassy Bogotá (Colombia)	663	10,388
EuropeAid - NSAED (Good Electronics Network)	113,279	102,850
La Strada International (Human Rights Fund - Small Activities 2015-2016)	8,060	13,563
Transnational Institute (EuropeAid - NSAED)	832	832
Christliche Initiative Romero (EuropeAid - DEAR)	-	26,485
The Sigrid Rausing Trust (Organizational grant)	21,495	32,638
Fastenopfer / Swiss Catholic Lenten Fund (Electronics Watch)	-	6,414
Oxfam Novib (Facility support CSOs international CSR covenants)	1,703	17,939
Open Society Institute - OSIFE - OSI (Lobby Watch NL)	24,432	-
Open Society Institute - OSIFE - OSI (Tackling corporate lobby in the Netherlands)	80,384	-
MVO Platform advanced payments membership contributions	80,829	49,340
University of Nottingham (NWO-WOTRO)	-	498
Brot für die Welt (Make finance work for people world wide)	19,401	-
WWF-International (OECD Watch)	-	60,000
MAVA Fondation pour la Nature	26,683	-
Peace Movement Pax Netherlands Foundation	6,624	13,196
Total advanced payments	953,076	743,464
Taxation and social securities		
Social securities (payroll tax)	147,967	147,728
Social Securities Belgium	2,068	1,232
Total taxation and social securities	150,035	148,960

	31-12-2017	31-12-2016
Liabilities	€	€
Other accruals and deferred income		
Holiday pay	85,979	79,761
Holiday days	89,339	75,663
Pension contributions	-	4,121
Prepayments professional services	28,838	60,704
Audit fee	27,700	30,000
Development contract supervision	-	4,560
Projectmanagement DWO/ Projectconnect	-	14,580
Salaries	3,760	80,316
Thirteenth month	85,280	-
Transfer costs pension	9,000	9,000
Dividend to be paid to charity organisation	103	72
Other	24,558	42,619
Total other accruals and deferred income	354,557	401,396

CONTINGENT ASSETS AND LIABILITIES

SOMO has a defined benefit pension plan for its employees on retirement with the pension fund Zorg en Welzijn. SOMO pays two-third of the premium and one-third is paid by the employee. SOMO has no obligation to pay additional contributions to the pension fund other than higher future premiums. Therefore the premiums due until the end of the period are reported in the financial statements.

SOMO started a capital account in 2007 related to the ING account for a bank guarantee. At the end of 2017, there is one bank guarantee for the sum of € 26,275. This relates to the lease for the building of SOMO at Sarphatistraat 30 in Amsterdam (rent in 2017: € 60,596). The lease for Sarphatistraat 30 SOMO signed in 2007 starts from 1 July 2007 – 30 June 2012. In 2016 the contract is extended to 30 June 2020.

The contracts with project partners refer to short-term debts (maximum of one year) for cooperation in joint projects or subcontracting in services delivery.

The financial commitment for the programmes SOMO conducts with consortium partners is on annual basis. For the period of the programme, SOMO signed a Memorandum of Understanding with the consortium partners. In the case of the programme commissioned by the Dutch Ministry of Foreign Affairs, SOMO also signed a Memorandum of Understanding with the project partners. Financial commitments have only been agreed on an annual basis. The cooperation for the whole program period is conditional on timely delivery of results and reporting.

Notes to the Statement of Income and Expenditure

	2017	2016
Income	€	€
Government grants		
Dutch Ministry of Foreign Affairs		
Oxfam Novib (Strategic Partnership Dialogue and Dissent)	729,267	655,937
BothENDS (Strategic Partnership Dialogue and Dissent)	1,899,977	1,749,825
Human Rights Fund - Small Activities 2015-2016	59,353	43,605
Netherlands Embassy Bogotá (Colombia)	64,540	88,771
Reconstruction fund	-	30,988
Oxfam Novib (Facility support CSOs international CSR convenants)	79,329	30,155
Oxfam Novib (Reconstruction Fund)	-	63,903
Oxfam Novib (Knowledge Platform Security & Rule of Law)	6,392	-
La Strada International (Human Rights Fund - Small Activities 2015-2016)	5,503	6,359
University of Nottingham (NWO-WOTRO)	6,498	33,500
Other	3,945	133
Total Dutch Ministry of Foreign Affairs	2,854,804	2,703,176
Other Government grants		
US Department of State - Bureau of Democracy, Human Rights and Labor	219,734	118,441
Total other Government grants	219,734	118,441
European Commission		
EuropeAid - NSAED (Good Electronics Network)	250,540	280,806
Fair Wear Foundation (EuropeAid - DEAR)	-	2,384
Transnational Institute (EuropeAid - NSAED)	-	4,112
Christliche Initiative Romero (EuropeAid - DEAR)	83,518	42,431
TIE-Netherlands (EuropeAid - CSD-III/PC Turkey)	-	4,005
Total European Commission	334,058	333,738

FUNDRAISING

The total of income received not from own fundraising of SOMO but as part of cofunding of project partners for 2017 is € 24,020 (2016: € 27,248).

EXPLANATION ONLINE FUNDRAISING AND DONATIONS

In 2017 SOMO received € 666 in donations (2016: € 2,001), no amount is received for crowdfunding in 2017 (2016: € 0).

For the use of this income the following rules apply:

1. In case the online fundraising or donations are clearly defined for a specific activity or project the funds will be used for that purpose.
2. In case a donation is received with a clear preference, SOMO will use this income in the program that best fits this preference.
3. In case SOMO receives general donations this income will be used to cover costs for public outreach, (online) popularization of the results of research, lectures and presentations.

	2017	2016
Income	€	€
Private foundations		
The Sigrid Rausing Trust (Organizational grant)	156,474	159,785
Bread For All (Electronics Watch)	-	47,279
Brot für die Welt (Make finance work for people world wide)	599	-
Brot für die Welt (OECD Watch)	-	18,000
Fastenopfer / Swiss Catholic Lenten Fund (Electronics Watch)	6,466	22,121
Fidelity Charitable Gift Fund (Righting Remedy support)	-	24,733
Open Society Institute - OSIFE - OSI (Lobby Watch NL)	4,667	-
Open Society Institute - OSIFE - OSI (Tackling corporate lobby in the Netherlands)	-	93,371
Foundation to Promote Open Society - FPOS (Corporate capture on trade and the investor state dispute mechanism)	3,557	-
Open Society Institute - OSFIE - FOSI (Organizational grant)	85,284	50,000
Rosa Luxemburg Stiftung (Harnessing Private Finance to attain public policy goals)	-	5,000
MAVA Fondation pour la Nature	19,461	-
Other		
Transnational Institute (Lobby Watch)	-	10,000
The Norwegian Forum for Development and Environment (OECD Watch)	-	5,356
WWF-International (OECD Watch)	120,000	4,625
Fair Wear Foundation cofinancing project Myanmar Country Study and Stakeholder mapping	-	10,724
Peace Movement Pax Netherlands Foundation	6,572	11,804
Bank Information Center Europe	4,933	-
Oxfam Novib contribution tax training Indonesia	10,000	-
Membership contributions OECD Watch	12,143	250
Membership contributions MVO Platform	127,131	154,195
Contributions of partners EuropeAid - NSAED (Good Electronics Network)	24,020	39,748
Contributions 'TTIP festival'	-	6,049
Contributions 'Getting EU Business and Human Rights implementation back on track'	-	65,093
Contributions 'The Added Value of a Future Treaty on Business and Human Rights'	6,190	-
Crowdfunding and gifts	666	2,001
Other contributions	7,062	8,555
Total other contributions	595,225	738,689

	2017	2016
Income	€	€
Professional services		
Quick Scans	10,803	8,589
Corporate research	71,869	96,734
Sector research	110,653	112,390
Country and policy research	70,208	25,527
Supply chain research	2,671	20,688
Trainings	855	6,045
Consultancy	24,157	31,281
Expert contribution	8,645	13,706
Other services	4,560	9,287
Total professional services	304,421	324,247
Expenditure	€	€
Direct project costs		
Travel costs	171,755	169,491
Office expenditure	106,201	208,700
Telephone and postage	1,598	2,857
Printed matter	86,718	103,063
Contracted work	686,773	679,393
Other direct project costs	47,075	45,387
Total direct project costs	1,100,120	1,208,891
Direct costs of professional services		
Travel costs	928	1,114
Office expenditure	4,608	1,744
Telephone and postage	-	-
Printed matter	16,574	8,885
Contracted work	1,277	19,712
Other direct costs of professional services	888	5,569
Total direct costs of professional services	24,275	37,024

	2017	2016
Expenditure	€	€
Personnel costs		
Salaries		
Gross wages	1,786,369	1,858,596
Social securities	316,238	302,853
Pension contributions	218,807	209,048
Change in debt holiday pay	6,218	- 72,070
Change in debt holiday days	13,676	-93,878
Total salaries	2,341,308	2,204,549
Remaining personnel expenditure		
Study	33,482	36,323
Insurance	42,447	43,766
Travel costs	30,896	33,377
Thirteenth month	154,721	152,739
Freelance costs support staff	5,790	21,413
Freelance costs project staff	103,213	101,974
Recruiting costs	1,308	1,395
Other personnel costs	22,185	23,179
Total remaining personnel expenditure	394,042	414,166
Subtotal personnel costs	2,735,350	2,618,715
minus: received payments for illness	-57,490	-39,743
minus: charged for (project) personnel expenditure	-	-24,514
Total personnel costs	2,677,860	2,554,458

PERSONNEL COSTS

At the end of 2017, SOMO was employing a total of 41 people (2016: 40) and 31,9 FTE (2016: 31.6 FTE).

Concerning the Wet normering bezoldiging top-functionarissen publieke en semipublieke sector (WNT) below we set out in an overview of the amounts paid (including long-term remunerations) to our executives. The managing director and program managers together are our management team and lead the organization. In accordance with the regulations of the WNT therefore we set out the income of the employees who are involved in the Management Team.

Based on the WNT, the income of top officials in the (semi) public sector may not exceed the maximum of 100% of the minister's salary. For 2017 the maximum amount is € 181,000 including taxable allowances and employer pension contributions.

Our board members are unpaid, they only receive an attendance of € 150 per year.

2017

Title	Managing Director	Programme Manager	Programme Manager	Programme Manager
Name	Ronald Gijbsbertsen	Esther de Haan	Gerhard Schuil	Roos van Os
FTE	36 hours a week	36 hours a week	36 hours a week	32 hours a week
Months worked in 2017	12	12	12	11
Gross salary including thirteenth month holiday allowance and holiday pay	€ 76,142	€ 69,379	€ 65,583	€ 49,178
Pension premium paid	€ 9,623	€ 8,645	€ 8,050	€ 5,489
Travel expenses home-work	€ 3,683	€ 64	€ 0	€ 0
Total	€ 89,448	€ 78,088	€ 73,633	€ 54,667

	2017	2016
Expenditure	€	€
General expenses		
Software and hardware		
Software and development	149,618	95,041
Software and hardware	34,452	22,073
Depreciation software and hardware	7,313	7,952
Depreciation development	28,014	7,101
Subtotal software and hardware	219,397	132,167
Housing expenses		
Rent and energy	75,218	74,492
Insurance and taxes	2,284	2,895
Maintenance and cleaning	21,012	23,426
Depreciation rebuilding	11,948	11,844
Other housing expenditure	1,556	3,680
Subtotal housing expenses	112,018	116,337
Office expenses		
Catering	8,044	8,656
Telephone	5,964	4,790
Postage and dispatch	476	852
Printed matter	4,053	4,926
Office supplies	5,794	8,418
Internet/ website	3,730	2,400
Contributions	8,102	7,603
Literature	781	822
Databank	12,916	16,958
Representation	4,285	2,557
Travel	3,416	4,897
PR and publicity expenditure	19,475	22,426
PR dissemination knowledge	65,229	37,657
Translation/ interpreter expenditure	644	922
Depreciation equipment	5,684	4,648
Indemnification	-	1,250
minus charged for project costs office expenses	-	-7,896
Subtotal office expenses	148,593	121,886

	2017	2016
Expenditure	€	€
Organisation and administration expenses		
Advice	19,071	4,492
Audit fee	19,700	14,750
Administration costs	10,759	9,086
Insurances	8,126	7,857
Other general expenses	1,288	2,025
minus charged for Project costs organisational and administration expenses	-31,610	-24,681
Subtotal organisation and administration expenses	27,334	13,529
Total general expenses	507,342	383,919

TAXATION ON ORDINARY ACTIVITIES

Corporate tax 2017	€
Result on ordinary activities before taxation	1,492
Added: Partly tax-deductible costs	2,466
Added: Non-tax-deductible costs	-
Minus: investment deduction	-15,734
Fiscal result	-11,776
Calculated corporate tax 20%	-2,355
Difference corporate tax 2016	114
Taxation on ordinary activities	-2,241

EXPLANATION OF DIFFERENCES BETWEEN REALIZATION AND BUDGET 2017

Result

The total income was € 47,205 lower than expected. Because the total expenditures 2017 were only € 25,403 lower than budgeted, this has a direct effect on the actual result 2017.

The positive result (before taxation) for 2017 is lower than expected. The budgeted result for 2017 was € 25,000 before taxation; the actual positive result is € 1,492 before taxation. The result after taxation (€ 3,377) was added to the general reserve.

SOMO aims for a general reserve of a certain amount. Because it does not meet this norm yet, we aim for a small positive result every year.

Income

The income 2017 for government grants and contributions was € 43,821 higher than budgeted. This compensated for the lower income of € 75,579 on professional services.

The higher income on government grants was mainly due to small overspendings on the partnership programmes. Also SOMO received more income from private foundations than expected.

In 2017 we calculated a new EU programme assigned to SOMO, but this was not realised. This means that the calculated EU income was much lower than budgeted, which has been covered by more private foundation funding and other contributions.

The professional services income stayed behind on budget because we did not receive larger assignments from new clients, only smaller and follow-up assignments from existing clients.

Expenditure

The direct project expenditures were lower than budgeted; in 2017 we spend less on direct project costs in projects and more on research work internally.

The personnel costs were higher than budgeted due to long term illnesses and maternity leave. SOMO had to hire freelancers to fill in the temporary vacancies.

General expenses were also higher than budgeted because of higher than expected costs for ICT backup, and because of costs for the development of a Digital Work Space and the implementation of a project management system. Also, we invested more in fundraising (actual proposals and future proposals).

Other Information

Benefits

The projects of SOMO are financed by both public and private means. Firstly, there are projects subsidised by the European or Dutch governments. Secondly, different networks of SOMO are financed by funds (subsidies from sources other than governments) and membership contributions. Thirdly, service provision is paid for by clients.

Expenses

Expenses that cannot be related to specific project activities are reported as general expenses.

Appropriation of result 2017

The result after taxation 2017 is € 3,733 positive (2016: € 34,530 positive). The board of SOMO has decided to add this result to the general reserve.

May 02th 2018

INDEPENDENT AUDITOR'S REPORT**INDEPENDENT AUDITOR'S REPORT**

To: the Supervisory Board and the Board of Stichting Onderzoek Multinationale Ondernemingen (Centre for Research on Multinational Corporations), Amsterdam.

A. Report on the audit of the financial statements 2017 included in the annual report**Our opinion**

We have audited the financial statements 2017 of Stichting Onderzoek Multinationale Ondernemingen (Centre for Research on Multinational Corporations), based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Onderzoek Multinationale Ondernemingen (Centre for Research on Multinational Corporations) as at 31 December 2017 and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Policy rules implementation of the Public and Semi-public Sector Senior Officials (Standard Remuneration) Act (WNT).

The financial statements comprise:

1. the balance sheet as at 31 December 2017;
2. statement of income and expenditure over 2017; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Onderzoek Multinationale Ondernemingen (Centre for Research on Multinational Corporations) in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the Board's report (part 1 -3);
- report from the Supervisory Board;
- other information;
- annex 1: financial overview MVO Platform 2017.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the Board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements**Responsibilities of management for the financial statements**

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the Policy rules implementation of the Public and Semi-public Sector Senior Officials (Standard Remuneration) Act (WNT). Furthermore, the Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Dubois & Co. Registeraccountants is een maatschap van praktijkvennootschappen. Op alle opdrachten die aan ons kantoor worden verstrekt zijn onze algemene voorwaarden van toepassing. Deze voorwaarden, waarvan de tekst is opgenomen op de website www.dubois.nl, bevatten een aansprakelijkheidsbeperking.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements as well as the Policy rules implementation WNT, including the Audit Protocol WNT.

Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 17 May 2018

Dubois & Co. Registeraccountants

Signed on original:
A.P. Buteijn RA





The Netherlands. The Dutch Ministry of Finance in The Hague.
By: Roel Wijnants

