

SOMO
Annual Report
2015

Colophon



Stichting Onderzoek Multinationale Ondernemingen
Centre for Research on Multinational Corporations

Annual Report 2015

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About SOMO

The Centre for Research on Multinational Corporations (SOMO) is an independent, not-for-profit research and network organisation working on social, ecological and economic issues related to sustainable development. Since 1973, the organisation has been investigating multinational corporations and the consequences of their activities for people and the environment around the world.

MISSION

SOMO strives toward global economic development that is sustainable and fair and toward the elimination of the structural causes of poverty, environmental problems, exploitation and inequality. Through research targeted at achieving sustainable change and strengthening cooperation, SOMO seeks to offer social organisations worldwide, especially those in developing countries, the opportunity to promote sustainable alternatives and to provide a counterweight to unsustainable strategies and practices of multinational corporations. This countervailing power takes shape through strong CSOs (civil society organisations).

VISION

In SOMO's vision, strong civil society organisations are the initiators and drivers of positive change. Such change is initiated on the basis of reliable information and close cooperation and is guided by the principles of social and economic justice, sustainable development, transparency and fair distribution of power.

STRATEGY

In order to realise its mission, SOMO aims to strengthen the position of civil society organisations, workers and local communities. SOMO achieves this by integrating knowledge and action with regard to multinational corporations.

SOMO presumes that in order to affect positive social change, it must employ four interrelated strategies:

- provide civil society with access to reliable alternative information;
- strengthen networks between like-minded organisations to create a broad societal base;
- build the capacity of civil society organisations to conduct critical research and integrate the resulting knowledge with action and
- engage relevant target groups with prospects for action:
 - governmental policy makers
 - corporate board members and managers
 - other stakeholders, such as consumers, employers, shareholders, journalists and educators.

Report from the Supervisory Board

2015 began with auspicious news for SOMO. In February, we learned that the Dutch Ministry of Foreign Affairs had selected two consortia of which SOMO is a member— Oxfam Novib and the Fair, Green, and Global Alliance—as strategic partners in its new 'Dialogue and Dissent' programme. Aimed at strengthening the lobbying and advocacy capacity of civil society in low- and middle-income countries, the programme fits perfectly with SOMO's longstanding sustainable development strategy that seeks to enhance the role and influence of civil society on multinationals. Within the Dialogue and Dissent programme, SOMO's theory of change takes centre stage: the idea is to transform global dynamics that set the local conditions for workers and communities from below.

Enhance the role and influence of civil society on multinationals

The Ministry highly appreciated the consortia's two-tier strategy of cooperative dialogue and of fundamental dissent as a way to achieve democratic control over labour, natural resources, capital, and ensure inclusive decision-making and equal access to justice. The partnerships provide SOMO with exciting new opportunities for collaboration and a solid funding base for the next five years. At the same time, the nature of SOMO's relationship with the Ministry also poses risks of government interference in SOMO's work. From the outset, SOMO insisted that it is and will remain a critical watchdog signaling loud and clear, and without hesitation,

problems in corporate conduct and in government policies and proposals that help determine how multinationals behave, and how society deals with the consequences (SOMO's ground-breaking work on the Dutch government's role in facilitating corporate tax avoidance through mailbox companies is but one good example). Throughout the process of finalising the partnership, SOMO underscored the importance of maintaining its independence and delineating clearly what its role and the role of the Ministry will be. Thanks to Minister Ploumen's public assurances and the fine print of the contract, we are satisfied that the Minister is serious about her commitment of accepting the strategy of SOMO and its partners in terms of constructive 'dialogue' and 'dissent'.

While we are very pleased by SOMO's success in securing support from the Dutch Ministry of Foreign Affairs, we are also attentive to the risk of SOMO relying too much on one donor only. The need for SOMO to diversify its funding base was a recurring topic of discussion during our four meetings in 2015. SOMO's new fundraising strategy, which amongst others includes a greater focus on raising funds from other European governments, private funds and the delivery of professional services, aims to remedy the risk of overreliance. Indeed, diversifying the fundraising strategy is part of SOMO's new five-year strategic plan, which we approved in December. In addition, throughout the strategic planning process, we emphasised the need for SOMO to preserve its focus on research that contributes to the evidence base necessary for change. A close cooperation between SOMO and other specialists—journalists, academics, social movements, trade unions, campaigning organisations — is very much welcomed, but SOMO should also always maintain its unique role as the Centre for Research on Multinational Corporations. The new strategic plan, Evidence for Empowerment and Accountability, appropriately reflects this focus.

In September we bid farewell to long-time board chair, Dick De Graaf. Over four decades, Dick served SOMO in many roles. He holds the honor of being SOMO's very first employee. A few years later he moved to the FNV, and in 1997, he joined SOMO's board. Dick inspired us with his high level of engagement, his thorough knowledge on civil society struggles against the abuse of power by multinationals and governments, and his dedication to workers and workers' rights worldwide. His insights and advice will be sorely missed.

To preserve its focus on research that contributes to the evidence base necessary for change

At the same time, we were pleased to welcome our new member, Jasper Teulings, General Counsel at Greenpeace International. The board officially assumed its new role as Supervisory Board (Raad van Toezicht) this year, and decided to expand its membership from three to five. Recruitment of two new members is already underway.

The board met four times in 2015. Apart from these board meetings, the chair also met with SOMO's auditors in 2015 to discuss the annual report and the corresponding audit. In January the chair of the board had a performance interview with the managing director of SOMO.

Ronald Messelink
Chair

Director's report

INTRODUCTION

As this annual report shows, 2015 was a year of intense activity for SOMO and our partners worldwide. Alongside of the regular work of our programmes, networks, and services, SOMO staff was engaged in intense and lively discussions about our theory of change*, the current context of our work, and future directions. These discussions gave form to our new strategic plan, as well as to two strategic partnerships with the Dutch Ministry of Foreign Affairs as part of its 'Dialogue and Dissent' policy framework. Both the strategic plan and the partnerships cover a period of five years, beginning in 2016.

Corporations have a responsibility to respect human rights

SOMO's new strategic plan reflects significant changes and windows of opportunity related to our work. We have made enormous strides in recent years in making the case that multinational corporations have a responsibility to respect human rights wherever they operate, both in their own operations and in those to which they are linked through business relationships. This principle, once so vigorously contested, has now gained widespread acceptance.

But it is up to us to ensure that this important change in thinking is accompanied by enforcement power and real change in practice. Going forward, SOMO will intensify its focus on the need to complete corporate self-regulation—which we have decisively shown to be ineffective—with laws and legally binding agreements that include strong sanctions. We made that point very clearly this year

in our innovative report. *From moral responsibility to legal liability?* which details Zara's resistance to Brazil's efforts to stamp out modern day slavery in its supply chain. We also responded to a promising new opportunity at the international level, making an important intervention at the first meeting of the UN Human Rights Council's new working group on transnational corporations. We are pleased to be part of a diverse coalition of civil society groups and movements around the globe pushing for a strong, legally binding treaty that would impose international human rights obligations on multinational corporations.

Another welcome change can be seen in the area of trade and international development. For many years, SOMO has shown how policies on trade profoundly impact development goals like poverty alleviation and environmental sustainability. Five years ago, SOMO and its partners in the Fair, Green, and Global Alliance were virtually alone in the Netherlands in calling attention to trade's impact on development and pushing for better coherence of trade policy with development policy. Now there is a large and growing recognition in the Netherlands, and in other donor countries, that trade and development are inextricably linked: the two issues now fall under one Ministry in the Dutch government. Another example: five years ago the problem of investor-state dispute settlement (ISDS) in trade agreements was virtually unknown. Now it is the subject of vigorous debate in both policy and public arenas. The fact that the issue was featured on the Dutch comedy news programme 'Late Night with Lubach' shows just how far we have come in raising awareness. The fact that Minister Ploumen declared ISDS 'dead and buried' shows just how powerful our collective impact can be.

These cases demonstrate a key lesson we have learned over the years: change is never linear, nor constant. It is a complex process that requires equal parts patience and agility, a vision for both short-term shifts and long-term impact, and an array of different strategies. Awareness of this complexity informs our commitment to building strong, heterogeneous civil society networks and to providing

external services to civil society groups and public institutions with diverse approaches.

It also informs the different strategies, stakeholders, and decision-makers addressed in our own programmes. For example, citizens and governments take centre stage in our programme on Economic Justice, focused to support mobilisation to counter dynamics that lead to private gains and public losses. Workers and multinational corporations at the top of supply chains feature most prominently in our programme on Production and Consumption, which addresses labour rights issues by applying a multiple pressure point strategy that involves consumers, sectoral initiatives, investors and management. In our Human Rights and Grievance Mechanism programme, we engage with affected local communities on the one hand and high-level policymakers at the United Nations, the Organisation for Economic Co-operation and Development, and development banks on the other. SOMO's added value is the ability to link the different levels of influence, from the local grassroots level to the global institutional level. Similarly, some of our work—like our briefing on the European Commission's Capital Markets Union Action Plan or our research on the financialisation of Apple—is intended to plant seeds of awareness raising from which change will grow. Other work, like the collaboration with Senegalese partner Lumière Synergie pour le Développement to support communities that have been adversely affected by the construction of a coal-fired power plant—is intended to secure material change, as swiftly as possible, for people suffering from corporate human rights abuses.

SOMO's programmes use diverse strategies and approaches, yet they all reinforce each other to help strengthen civil society to claim their rights, challenge the unsustainable strategies and practices of multinational corporations, and promote sustainable alternatives. In the new strategic plan, we will adjust the programme structure slightly, bringing together under one umbrella our programmes on

Energy and Extractives and Multinationals in Conflict-Affected Areas, along with our work on land, into a programme on Democratic Control of Natural Resources. Other programmes will be renamed to better reflect their aim: Human Rights and Grievance Mechanism will become Rights, Remedy, and Accountability, while Production and Consumption will become Sustainable Supply Chains. Our work on food will be integrated into this latter programme.

From grassroots level to the global institutional level

Other organisational adjustments have also been made. The work on corporate research will be integrated into the services unit of SOMO. The members of the communication team are more involved in the programme teams. The processes of planning, control and fundraising that used to be organised in different functions are more integrated in one planning and control team which is responsible for process management from sourcing to reporting. Finally, SOMO also changed its governance structure. The staff and board decided in December to change the board structure, introducing a formal supervisory board. We are pleased that our three former board members will continue to lend their expertise to SOMO as members of the new supervisory board.

But before we move on to the future, it's my pleasure to present all that we've accomplished in 2015. Our achievements this year confirm the value of our role as an international expert on multinational corporations and a critical watchdog.

Ronald Gijsbertsen
Managing Director

* Theory of Change is a new, specific type of methodology for planning, participation and evaluation to promote social change. A Theory of Change defines long-term goals and maps backward to identify necessary preconditions.

Highlights

Progress towards SOMO's objectives in 2015

Knowledge is a powerful driver of change. To achieve lasting change, knowledge should be integrated in all kinds of actions, from awareness-raising to case support of complaints. This is the work of SOMO: to integrate knowledge with action. Achievements toward SOMO's three objectives are possible through close cooperation with hundreds of partners and allies, working together in coalitions and networks toward common goals. Each result represents years – sometimes decades – of work. A simple activity focused on a seemingly narrow topic may evolve into a global campaign involving a wide range of stakeholders, which create the pressure for real change. SOMO's contribution to these achievements varies: most were collective efforts with other organisations and within networks.

These 2015 highlights reflect the successful mix of SOMO's four strategies:

Knowledge building	Strengthening civil society organisation (CSO) cooperation and information-sharing
Capacity building	Advocacy for policy change toward government policymakers, corporate actors and other stakeholders

SOMO Objective 1
Civil society organisations contribute to sustainable development through increasing influence on multinationals: (Groups of) people are able to influence their own living and working conditions (in particular in the global South).

- SOMO and allied organisations throughout the Netherlands and Europe informed a wide variety of organisations, and people and policymakers about the threat TTIP poses to labour and environmental standards, inspiring more than 100,000 Dutch and three million European citizens to sign the citizen's initiative to Stop TTIP.
- Over 200 organisations and individuals from more than 40 countries endorsed the 'Challenge to the electronics industry' (organised by the GoodElectronics Network, together with the International Campaign for Responsible Technology) to adopt safer and more sustainable manufacturing practices and to proactively reduce and eliminate chemical and physical hazards through the development and adoption of safer alternatives.
- With SOMO's support, South Sudan Law Society brought together 18 South Sudanese and international experts for two days of deliberations on how oil issues might feature into the agenda of a transitional government in South Sudan. The strategy meeting resulted in a collective call on the government to put in place a moratorium on future oil contracts until the Petroleum Act is properly implemented.
- An unusually broad group of stakeholders, including SOMO and other members of the MVO Platform, the Confederation of Netherlands Industry and Employers (VNO-NCW) and the Dutch entrepreneurs' organisation, MKB, cooperated in calling on the Dutch Minister of Economic Affairs to remove obstacles that prevent businesses from collaborating on sustainability and human rights initiatives. In response, the Minister committed to finding ways to make room for sustainability initiatives within the rules on competition.

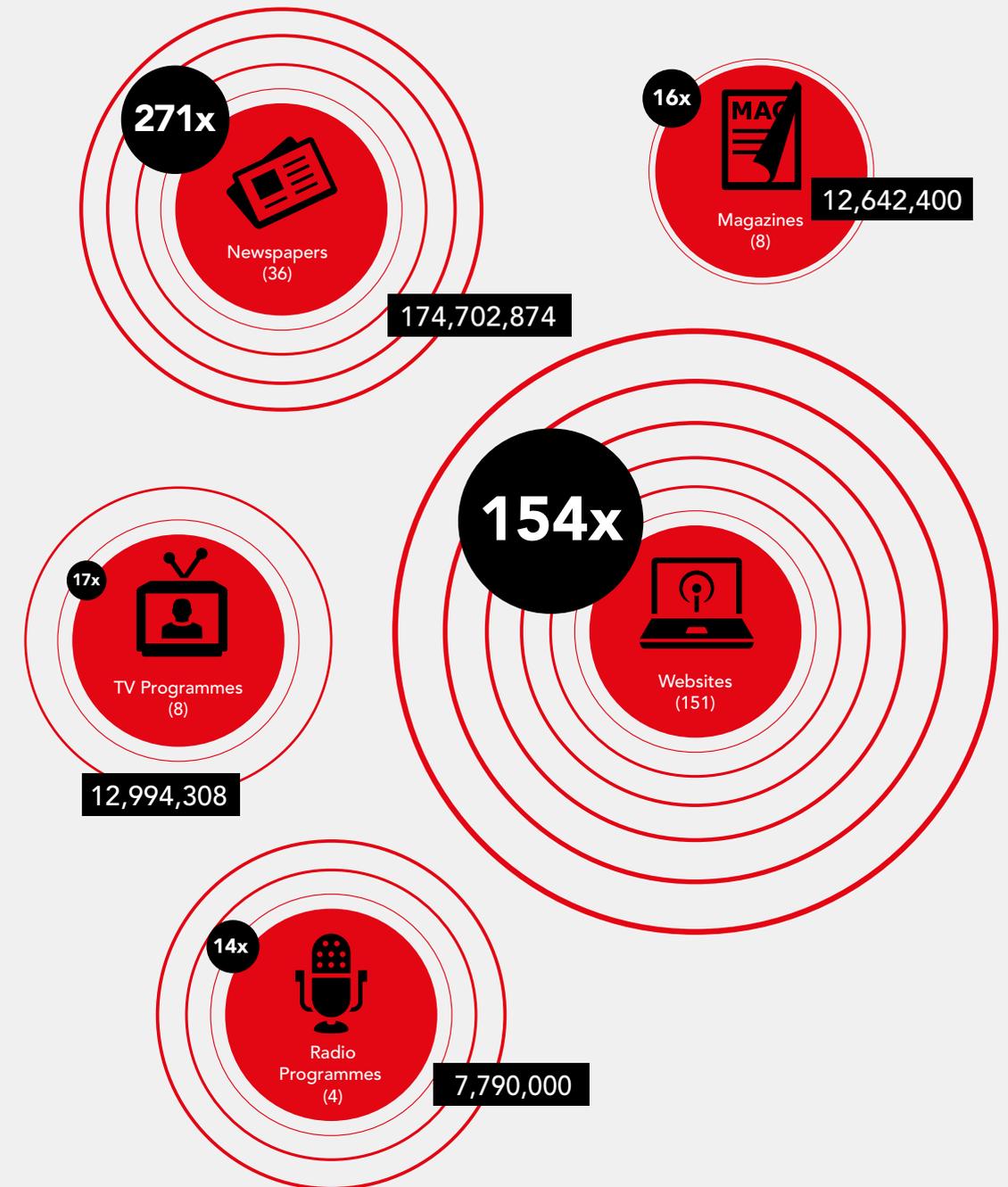
SOMO Objective 2
Corporate conduct and policies serve sustainable development.

- Following pressure from SOMO and other civil society organisations, five Dutch power companies released the most detailed information yet about their coal suppliers.
- In response to coverage of dangerous and indecent living and working conditions at tea estates in Assam, India, Rainforest Alliance announced an action plan for improving health and safety, wages and improved auditing of child labour.
- In its elaborated guidance on responsible business conduct in the agriculture and extractives sectors, the OECD included the vitally important principle of Free, Prior, and Informed Consent (FPIC), which holds that communities have the right to decide about projects which affect their lands.

SOMO Objective 3
Government regulation serves equitable distribution of wealth and sustainable development.

- The Dutch Minister of Foreign Trade and Development publicly expressed her agreement with key concerns raised in SOMO's *Socialising Losses, Privatising Gains* report and committed to taking measures to stop mailbox companies from abusing Dutch investment agreements.
- Leaders of the G7 publicly declared their commitment to strengthening the effectiveness of National Contact Points (NCPs) as part of promoting responsible supply chains. Germany, the United States, Denmark and the Netherlands, among others, have already taken positive action, including measures to ensure more multi-stakeholder involvement in their NCP's structure and improved links between the NCP and higher levels of government.

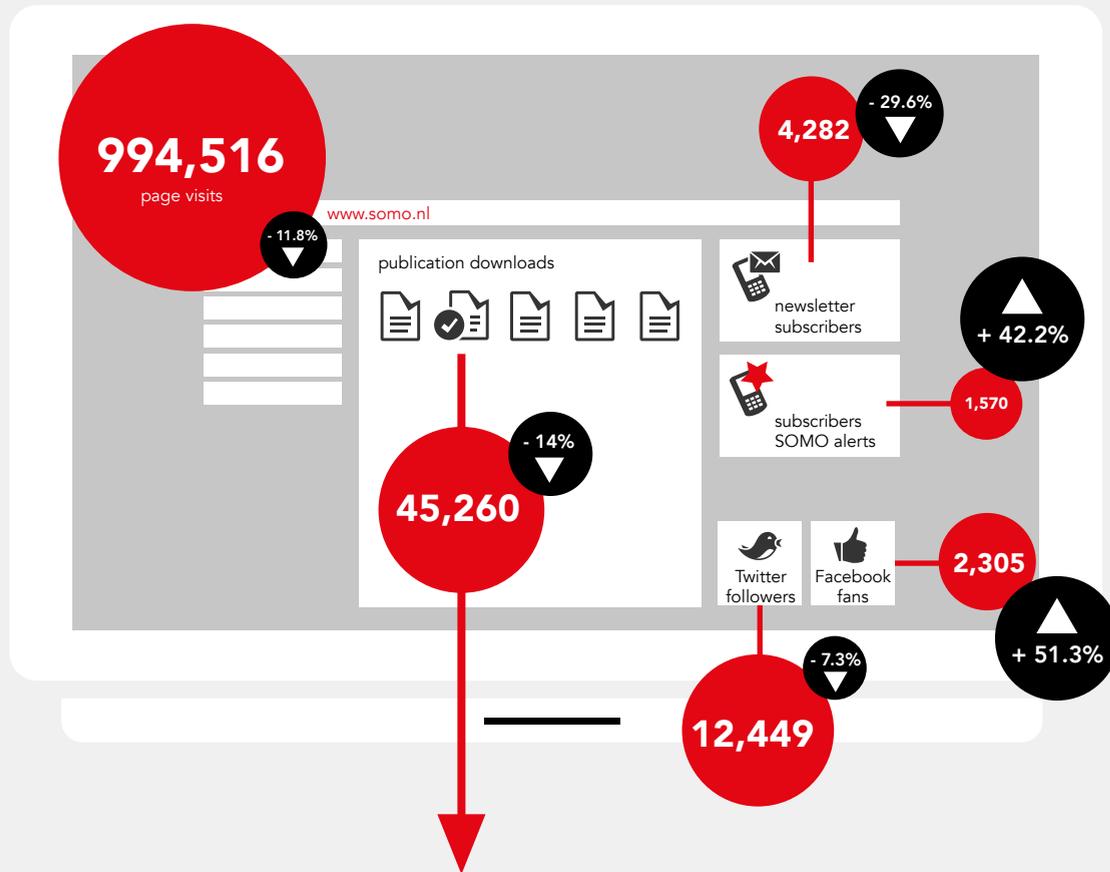
- The Colombian Ministry of the Interior announced that it would suspend the granting of a free trade zone license to palm oil company Poligrow until its impacts have been investigated.
- The government of Panama temporarily suspended construction of the Barro Blanco dam and convened a dialogue with leaders of the Ngäbe-Bugle people, an indigenous group whose land would be flooded by construction and operation of the dam.
- The European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation launched independent audits of Ukrainian poultry company Myronivsky Hliboproduct (MHP) in response to exposure of the company's harmful social and environmental business practices.



X = number of mentions

XXX,XXX = individuals reached

The numbers in this infographic are calculated on the basis of numbers in the Handboek Nederlandse Pers 2013 and numbers provided by the broadcasting stations themselves. SOMO tried to be as accurate and as cautious as possible. We used nett numbers: for every titel, readers were only counted once. The outreach numbers for websites were too unreliable so we only state mentions here.

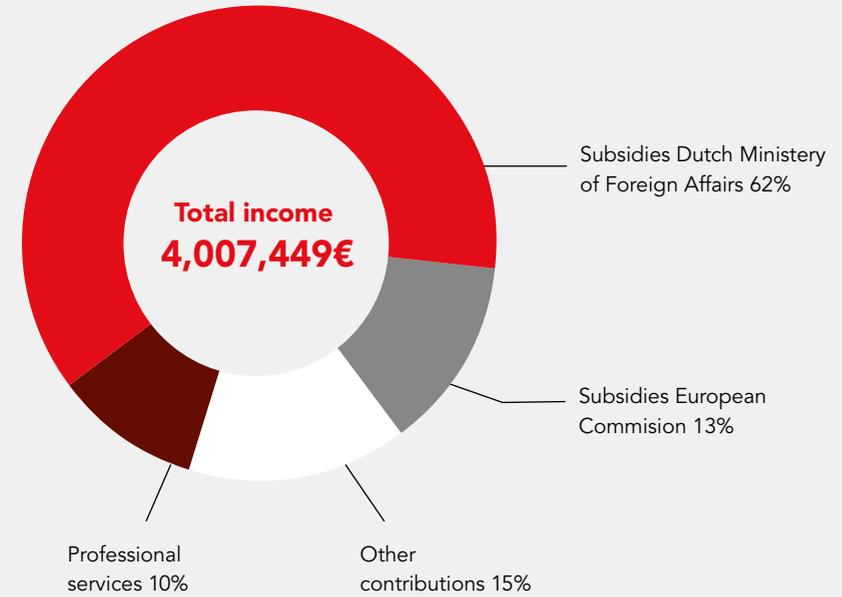


MOST POPULAR PUBLICATIONS

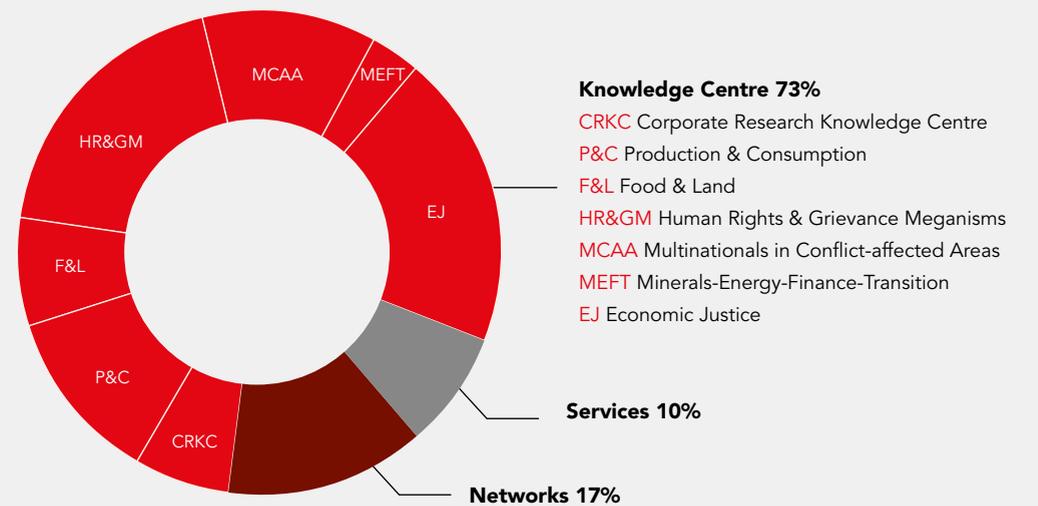
1 Apple – CSR Company Overview	6 From moral responsibility to legal liability?
2 Fool's Gold (Eldorado Gold)	7 Mobile Phone Production in China
3 Flawed fabrics	8 Captured by Cotton
4 The Netherlands: A tax haven?	9 Fact Sheet child labour - Focus on the role of buying companies
5 Examples of unethical trials	10 Sustainability Issues in the Tea Sector

▲ X% = related to 2014 numbers. Lower page visits and lower download number can be explained through a lower number of overall publication in 2015 (compared to 2014), and to the ending of the makeITfair website in 2015.

INCOME BY FUNDING SOURCE



DIVIDED OVER SOMO'S 3 TYPES OF WORK



Fifty shades of tax dodging

This report reveals the state of money laundering, tax avoidance and tax evasion, and the extent of government action against them, across 13 EU member states.

**There is more than 3TG**

This paper argues that the European Commission's decision to limit 'conflict-minerals' to tin, tantalum, tungsten and gold is arbitrary and far too limited to achieve the objective of reducing the financing of armed groups in conflict-affected areas.

**Tax-free profits**

This publication and the accompanying website tells the story of the world of tax avoidance and mailbox companies. And just how much money is involved, which countries this money flows through, and who pays the bill.

**Reconquering and dispossession in the Atillanura**

SOMO and INDEPAZ investigated the activities of the Spanish-Italian palm oil company Poligrow in Colombia. The research shows the many adverse impacts of the company, related to land rights, community engagement, transparency, tax and the environment.

**Gold from children's hands**

This research reveals that the amount of children working in artisanal gold mining is rapidly increasing. Case study: Mali.

**Brazil, the new manufacturing for electronics?**

The report is a mapping study based on public information about the electronics sector. It is a co-production of Repórter Brasil and SOMO, commissioned by the GoodElectronics Network.

**Mobilising the financial sector for a sustainable future**

This report provides an insight into the search for a financial system that is not only financially stable but also serves the needs of societies and economies that develop in an equitable, inclusive and environmentally sustainable way.

**Post-trial access to treatment**

The paper offers an insight into current corporate policies and corporate best practices relating to the provision of PTA in low and middle income countries, based on company sources.

**European Capital Markets Union**

This briefing paper explains what the CMU project is about and what the European Commission's stated intentions and reasons are. It also provides a critique of the CMU by questioning its effectiveness as well as the Commissions motives for embarking on this project.

**Bittersweet**

This report provides an overview of different sustainability issues in the production of sugar cane globally. Based on new field research.

**Feiten en Fabels**

This publication is an update from the June 2014 publication 'Fabels en Feiten. 7 Claims over TTIP'. This publication was a joint production by the Platform Authentic Journalism, TNI and SOMO (in Dutch only).

**Fool's Gold (Eldorado Gold)**

This report looks at the negative human rights impact of the Canadian mining company Eldorado Gold Corporation in Halkidiki, Greece. It identifies the potential and actual revenue losses that the Greek state suffers as a result of the company's Dutch tax avoidance structure.

**Chicken Run**

This report examines The business strategies and impact of poultry producer MHP in Ukraine and the role the Netherlands play in the growth of the company.

**Resource Guide 'Engaging the Private Sector to End Human Trafficking'**

This guide, written by SOMO and La Strada Internatioal, aims to provide NGOs working on trafficking and forced labour, with knowledge and tools to engage the private sector in their work.

**Fact sheet: Hidden subcontracting in the garment industry**

This fact sheet addresses the problem of hidden subcontracting in the textile and garment industry. It offers buying companies (clothing brands and retailers) a set of recommendations to minimise the risk of unauthorised subcontracting.

**Socialising losses, privatising gains**

This paper gives a critical civil society perspective on the clear tension between BITs protections and the democratic right and duty of the state to regulate in the broader public interest.

**Rich corporations, poor societies (The financialisation of Apple)**

Critical paper on the way in which Apple is short-changing societies by acting as a financial investor when handling its enormous company profits instead of reinvesting it into the real economy.



2015

Trading settlement products and the role of Dutch supermarkets in human rights violations

This paper gives insights into the responsibilities of supermarkets regarding settlement trade by focusing on the impact of the settlements on human rights.



African Minerals in Sierra Leone

How a controversial iron ore company went bankrupt and what that means for local communities and the way the adverse impacts are linked to specific corporate strategies and the global iron ore market.



Unable to connect

Research on the labour disputes at NXP. This former Philips company is a key supplier of chips and semiconductors that are used in billions of passports, mobile phones, tablets and cars.



Goodness Guaranteed

Through field study in Kenya (tea, flowers) and in Indonesia (tea, coffee) and though extensive literature study, 14 sustainability certifications were studied on their impact on labour conditions of farm workers in the Global South.



Liberia Back in Business?

Private sector investments in Liberia so far have delivered only limited development to the majority of Liberian citizens. Businesses operating in Liberia should conduct enhanced due diligence to identify risks to human rights violations.



Making financing for development more accountable?

Proposals for strengthening corporate accountability in the Norwegian Financing for Development 'outcome document'.



From moral responsibility to legal liability?

Modern day slavery conditions in the global garment supply chain and the need to strengthen regulatory frameworks. The case of Zara Brasil.



TCO Certified Smartphones versus Fairphone

This research compares TCO Certification for Smartphones with Fairphone to help socially conscious public buyers and consumers in Europe to make an informed buying decision when it comes to mobile phones.



Nokia Disconnected

This company profile provides an alternative corporate history of Nokia from a workers' perspective.



Katanga Calling

This brochure documents the human and environmental costs of cobalt extraction in Katanga in the DRC.



African Minerals in Sierra Leone
How a controversial iron ore company went bankrupt and what that means for local communities

Tim Steinweg | Indra Römgers

Bittersweet
Sustainability issues in the sugar cane supply chain

Vincent Kizebirihi, Same van der Wal, Marije Theeuwé | Paul Kachua

Brazil, the new manufacturing hotspot for electronics?

By Hans van Wetering, Marcel Groot, Irene Schipper
August 2015

Chicken Run
The business strategies and impacts of poultry producer MHP in Ukraine

Tim Steinweg

European Capital Markets Union False promises of growth and risks to financial stability?

SOMO Paper | September 2015

FEITEN & FABELS
10 CLAIMS OVER TTIP

Fifty Shades of Tax Dodging
The EU's role in supporting an unjust global tax system

2015

A report coordinated by Eurodad

Fool's Gold
How Canadian firm Eldorado Gold destroys the Greek environment and dodges tax through Dutch mailbox companies

March 2015

From moral responsibility to legal liability?
Modern day slavery conditions in the global garment supply chain and the need to strengthen regulatory frameworks: The case of Inditex-Zara in Brazil

Repórter Brasil | SOMO
May 2015

Gold from children's hands
Use of child-mined gold by the electronics sector

Irene Schipper & Esther de Haan & Mark van Dorp

November 2015

Goodness guaranteed
Assessing the impact of sustainability certification on the labour conditions of farm workers

Samme van der Wal & Fleur Scheele

May 2015

Fact Sheet
Hidden subcontracting in the garment industry
Zooming in on the role of buying companies

September 2015

Hidden subcontracting in the garment industry

Post-Trial Access to Treatment
Corporate best practices

February 2015

Pharmaceutical sector

Reconquering and dispossessing in the Altillanura
The case of Poligrow

SOMO & INDEPAZ

November 2015

From moral responsibility to legal liability?
Modern day slavery conditions in the global garment supply chain and the need to strengthen regulatory frameworks: The case of Inditex-Zara in Brazil

Reporter Brazil & SOMO

July 2015

Congolese Cobalt and Consumer Electronics

Katanga Calling

Published by Friends of the Earth Netherlands & SOMO, The Good Electronics Network

Liberia Back in Business?
Conflict and human rights issues in a post conflict environment

SOMO Paper | July 2015

Making financing for development more accountable?

Proposals for strengthening corporate accountability in the Financing for Development (FfD) process

By SOMO, Centre for Research on Multinational Corporations

April 2015

Engaging the Private Sector to End Human Trafficking
A Resource Guide for NGOs

Suzanne Hoff & Katrin McGauran

October 2015

The financialisation of Apple

Rich corporations, poor societies:

By Rodrigo Fernandez (SOMO) and Rajar Hunkiska

October 2015

Socialising losses, privatising gains
How Dutch investment treaties harm the public interest

July 2015

Mobilising the financial sector for a sustainable future
Mapping existing approaches to promote social and environmental sustainability goals in the financial sector

Myriam Vander Stichele

October 2015

Nedærzættingshandel og de rol van Nederlandse supermarkten bij mensenrechtenschendingen in de Palestijnsje gebieden

SOMO Paper | mai 2015

Nokia Disconnected
A corporate history from a workers' perspective

By Ceresai, Cividip India, SOMO

May 2015

TCO Certified Smartphones versus Fairphone
A comparison of sustainability criteria

By Ceresai, Cividip India, SOMO

May 2015

There is more than 3TG
The need for the inclusion of all minerals in EU regulation for conflict due diligence

SOMO Paper | January 2015

Unable to connect
Research on labour disputes at NXP

By Mieke Meesters & Irene Schipper

June 2015

SOMO's publication *Bittersweet* was followed by a speaker tour featuring Paul Kachusa, from the Malawian NGO CARER. CARER does advocacy for human rights, such as good labour conditions, and looks at laws and regulations that infringe on people's rights. "On the one hand we engage with parliamentarians and government officials, but we also teach vulnerable people how to engage with the government."



Following years of community protest, in February 2015, the Government of Panama temporarily suspended the construction of the Barro Blanco dam. Two Dutch and German development banks, FMO and DEG respectively, have each invested USD 25 million in this project. They invested in this controversial dam despite the fact that local communities and civil society had raised concerns about the project with them.

After critical reports by the UN Development Programme and the UN Special Rapporteur on the Rights of Indigenous Peoples, the current suspension is yet another very strong signal that FMO and DEG largely underestimated the adverse human rights and environmental impacts of the project.



Part I: SOMO as Knowledge Centre

SOMO as Knowledge Centre

SOMO's own research is organised into six 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.

Food & Land Programme

SOMO's Food and Land programme promotes respect for labour rights, community rights, and the right to food, drawing connections between the food system's various stakeholders, including workers, farmers, food corporations, and supermarkets. The programme aims to reorient corporate policies and standards, and develop national and international regulatory frameworks to support a fairer and more sustainable food system.

SUGAR SUPPLY CHAIN

Sugar has become a dirty word in recent years, as more is understood about its contribution to skyrocketing obesity and other major public health problems. In 2015, SOMO exposed social ills associated with sugar in its report *Bittersweet*. The report describes the negative environmental and socio-economic consequences of sugar cane production, featuring a case study on the Malawian sugar industry, and its sole producer, Illovo Sugar (Malawi) Limited, a subsidiary of UK-headquartered Associated British Foods. SOMO exposed violations of labour rights, human rights, and community rights linked to sugar production, including occupational safety and health hazards, precarious employment, union busting, and land-grabbing.

Bittersweet is the first such investigation of the sugar supply chain, and puts the issue on the radar of large sugar buyers, including Dutch supermarkets. To better understand the dynamics in the sector and the possibilities for addressing problems, the report analysed international trade and governance, identified important corporate actors, and analysed supply chain policies of leading Dutch retailers. The report was covered in the Dutch press and was featured in the global solidarity magazine, *OneWorld*. Alongside of the report's publication, SOMO organised a speaker tour with the report's co-author, Paul Kachusa of the Malawi Centre for Advice, Research and Education on Rights (CARER). Aldi Netherlands responded to *Bittersweet* by

stating it was open to discussing improvements in its sugar sourcing policy. A fact-finding trip to investigate sugar production in Kenya laid the basis for future research on the issue.

SOMO's work on the sugar supply chain is part of an on-going effort to address unfair trading practices of European supermarkets and sub-standard working conditions in retail supply chains. SOMO collaborates with a broad coalition of European civil society organisations—farmers, consumer groups, labour unions and fair trade organisations among others—to insist that supermarkets take responsibility for, and improve, impacts in their

Urgent need for more research on the actual impact of certification schemes

supply chains. SOMO has also played a key role in developing an informal network of organisations in the Netherlands united around this goal. The group convened twice in 2015 to exchange information and discuss strategies. When the Dutch Minister for Trade and Development announced the need for a so-called "covenant" aimed at addressing international corporate social responsibility risks in key sectors, SOMO intervened with other NGOs to push for a clear and non-partisan process towards a sustainable food covenant involving all relevant civil society stakeholders.

SUSTAINABILITY CERTIFICATION

SOMO's Food and Land programme has long played an important watchdog role, monitoring and exposing the disappointing truth behind the sustainability certification scheme Rainforest Alliance. This year, SOMO published a comprehensive literature review of 14 sustainability certifications, supplemented by field research involving interviews with employees of certified and non-certified companies in the tea, coffee, and cut flower sectors in Kenya and Indonesia. The report, *Goodness Guaranteed*, found that while certification schemes indeed benefit workers, conditions on certified farms do not meet international labour and human rights standards. Workers on certified farms report being denied fundamental rights, such as a living wage, freedom of association, the right to collective bargaining, and security of employment. They face discrimination and violations of health and safety. The report pointed up the urgent need for more research on the actual impact of certification schemes, and included recommendations for both stakeholders and the schemes themselves. This formed the basis of SOMO's input into stakeholder consultations of Rainforest Alliance, Fair Trade International, and SAI International, three major certification programmes.

SOMO staff was invited to share its expertise in a number of forums this year, including the 'Make Food Fair' coalition in Latvia, and to public audiences in an event about tea production organised by the Association of Fair Trade Shops in Switzerland. SOMO's expertise was also sought by the BBC World News, which aired a story about dangerous and indecent living and working conditions at tea estates in Assam, India, all of which have been certified by the Rainforest Alliance. In response, Rainforest Alliance announced an action plan for improving health and safety, wages and improved auditing of child labour.

Economic Justice Programme

SOMO's Economic Justice programme aims to fundamentally change the economic system so that it serves the public interest and facilitates equitable distribution of resources. In case studies and other research, SOMO illustrates how the current economic system is rigged to ensure private gains while socialising losses. SOMO exposes the negative impacts of mechanisms and frameworks—taxation, trade, investment, and finance—that undergird the system. In all of its work on economic justice, SOMO aims to ensure that its research and analyses are accessible and useful to a broad audience, citizens and social movements, as well as to technical experts, policymakers, and regulators.

TAX JUSTICE

This year, SOMO made important new contributions to its growing body of research on the role of the Netherlands in facilitating international tax avoidance, and the effect of corporate tax avoidance on economies and societies. In April, SOMO published the report *Fool's Gold* which showed how Canadian mining company Eldorado Gold is destroying the Greek environment while dodging taxes through the use of a complex web of Dutch and Barbados mailbox companies. Among other things, the report showed how fiscal and investment regimes in the Netherlands, Luxembourg, and the EU are facilitating erosion of Greece's tax base, denying Greece much-needed domestic resources to pay for basic social services, with devastating consequences. As part of SOMO's commitment to open data, the methodology and data used for *Fool's Gold* were published on SOMO's website. As hoped, it has already been put to use by another organisation—based in Ireland—that is working on tax avoidance.

Fool's Gold, which was released simultaneously in Greece, Canada and the Netherlands, received widespread media attention and sparked critical debate in the European Parliament. The European

Parliament's special committee on tax rulings, Taxe, praised the report, making use of it in development of its own recommendations on EU tax regulation. Meanwhile, an official investigation by the European Commission of certain tax rulings in the Netherlands, Ireland, and Luxembourg involving large corporations bolstered the case against government facilitation of tax avoidance. In October, the Commission announced that two of these rulings (including the Netherlands' ruling on Starbucks) were in violation of EU competition rules.

The Netherlands in facilitating international tax avoidance

In another report, *Tax-free Profits*, SOMO showed how mailbox companies shape the geography of foreign direct investments (FDI), with relatively small economies like the Netherlands seemingly leading the way. In reality, much of this investment simply flows through the country via mailbox companies of large corporations which push the tax burden onto workers and smaller companies, and deprive countries of much-needed revenue. The *Tax-free Profits* report was accompanied by an interactive website developed in cooperation with the OneWorld Data Atlas.

In the lead-up to the handover of the European Presidency to the Netherlands, SOMO drove home the need for policymakers to deal with key problems in EU tax policy. SOMO participated in a public debate about the Dutch presidency, focusing

on the role of the Netherlands as a tax haven. SOMO published a series of booklets outlining measures the Dutch government could take to address problems of lack of transparency, inequality between citizens and corporations, mailbox companies, and the 'race to the bottom' in competition for investment.

INVESTMENT AND TRADE

In 2015, SOMO played a key role in intensifying the debate around international investment and investment protection, including the investor-state dispute settlement (ISDS) mechanism which enables foreign investors to bring investment claims against states for public interest measures that may affect profits. Along with members of the Fair, Green, and Global Alliance, SOMO published a report in January highlighting the Netherlands' role in the problem. *Socialising Losses, Privatising Gains* showed how more than 10% of all known investment treaty claims are filed using Dutch Bilateral Investment Treaties (BITs), the vast majority brought by mailbox companies with no substantial operations in the Netherlands. In a significant victory, the Dutch Minister of Foreign Trade and Development publicly expressed her agreement with key concerns raised in the report and committed to taking measures to stop mailbox companies from abusing Dutch investment agreements. The government announced a review of all Dutch bilateral investment treaties with developing countries.

The report was just one piece of a broad collaborative effort to inform the public and policymakers about ISDS, especially in relation to its proposed inclusion in the Transatlantic Trade and Investment Partnership (TTIP). Throughout the year, SOMO participated in numerous actions, public debates, and lectures around both ISDS and TTIP. Highlights include a week of action in February in Brussels, organised with the Seattle to Brussels network and others, which helped build support among civil society against ISDS and for a fundamental rethinking of the current investment framework. By the summer, a chorus of European trade ministers and leading members of the European Parliament responded to the pressure by publicly declaring ISDS 'dead'. The public Investment Court System

subsequently proposed to replace ISDS in TTIP and other agreements—although it fails to address the fundamental problem of investor protection—represents a modest step toward more public oversight, transparency, and accountability.

Meanwhile, TTIP negotiations moved forward. In the Netherlands, SOMO co-organised and participated in dozens of events throughout the year to raise awareness about TTIP and the threat these negotiations pose to hard-won social and environmental protections, as well as the potential for robust reform of financial markets. For example, at the invitation of the European United Left/Nordic Green Left European Parliamentary Group, SOMO spoke at an expert meeting at the European Parliament on the issue of TTIP, trade, and regulatory cooperation, showing how TTIP proposals for the financial sector will undermine reforms and raise the risks of a financial crisis. A TTIP action week, organised in April with partners in the Fair, Green, and Global Alliance, included, among other events, the sold-out live-streamed debate, *Would you like a cup of TTIP?* which focused on TTIP's impact on the Netherlands, European employees, and the environment. Later in the year, SOMO and Transnational Institute published an update of *Feiten en Fabels* (in Dutch), an easy-to-read analysis of ten key claims about TTIP. The two groups also teamed up to produce the *Great ISDS & TTIP Quiz*, an online game which tests people's knowledge about both TTIP and the investment protection mechanism.

Awareness-raising by SOMO and organisations throughout the Netherlands and Europe inspired more than 100,000 Dutch and three million European citizens to sign the citizen's initiative to Stop TTIP. In October, SOMO collaborated with twenty other Dutch organisations in a national demonstration against TTIP, where the groups called on the Minister to push for a halt to TTIP negotiations as well as rejection of CETA, the EU trade agreement with Canada.

SOMO continued to make a unique contribution in 2015 to building understanding and debate around the impact of trade and investment policy on the financial sector. SOMO co-hosted a training of

more than 50 European civil society organisations focused on the impact of TTIP on financial services. And along with the Brussels-based Finance Watch, SOMO voiced its concerns about TTIP's effect on financial services in a meeting with the EU's chief negotiator. Similarly, SOMO provided the Dutch parliament a briefing on the little known Trade in Services Agreement (TiSA)—currently being negotiated between the EU and 22 other World Trade Organisation members—which aims to liberalise trade and investments across almost all service sectors. SOMO's intervention prompted critical questions to the Dutch Minister of Foreign Trade and Development from members of parliament.

Would you like a cup of TTIP?

At the European level, SOMO coordinated a declaration, signed by a dozen trade unions and civil society organisations, criticising the lack of transparency and accountability in TiSA negotiations, detailing the major threats posed by the proposed agreement, and calling for an end to the negotiations. SOMO's work on the relevance of TiSA to financial services helped inform a resolution interventions by the Parliament's Economics and Monetary Affairs Committee (ECON) on TiSA's financial components. The civil society declaration and SOMO's coordination of NGO actions towards the European Parliament in the run-up to discussions and a vote on a TiSA resolution helped generate pressure to incorporate safeguards around key issues. Due to NGO pressure, including SOMO's conversations and tweets, the EC provided some more information about the negotiations at the end of December.

FINANCIAL SECTOR

In addition to the work on finance related to trade and investment, SOMO made important contributions to knowledge and debate around the financial sector more broadly. SOMO provided sessions and trainings for NGOs on the continuing problems in the financial sector, including at the World Social Forum in Tunis and the Eurodad conference. Together with New Rules on Global Finance (US) and WEED (Germany), SOMO co-organised a seminar in September focused on financial sector reform and joined more than a dozen organisations in signing a declaration to the G20 insisting that it should address systemic risks in financial markets, continue the financial reform process, and find solutions for the sovereign debt crisis. The seminar, as well as a new report, *Mobilising the financial sector for a sustainable future*, helped inform civil society organisations and decision-makers about key issues and initiatives for alternative reforms—everything from government regulation of banks to investor incentives to grassroots campaigns—aimed at integrating social, environmental and governance goals into the financial sector.

SOMO's specific work on EU financial sector regulation and reform continued apace in 2015. SOMO monitored and together with a few other NGOs exposed efforts to weaken recent regulation intended to prevent speculation in food prices. SOMO also cast a critical eye on a little known development, the European Commission's (EC) proposal for a new Capital Markets Union (CMU). SOMO provided input into the EC's public consultation on the CMU and published a briefing paper highlighting the risks the CMU poses to the financial and economic system in general and challenging the arguments given by the EC for a CMU. At the time of the launch of the CMU Action Plan, SOMO joined Finance Watch and other European civil society organisations in a joint statement calling on policymakers to seriously consider the risks of the CMU and shift its focus to ensuring financial stability so as to create sustainable jobs and growth. Alongside of lobbying EU officials, SOMO and its allies broadcast their message to a wide audience in opinion pieces published in the Financial Times and Euractiv.

Human Rights & Grievance Mechanisms Programme

SOMO works to improve access to remedy for people who experience adverse impacts resulting from business activities. SOMO devotes particular attention to non-judicial grievance mechanisms—a key element of the UN Guiding Principles on Business and Human Rights (UNGPs)—as a potential avenue for remedy. Along with the OECD Watch network, which SOMO hosts, SOMO provides civil society organisations the tools and information they need to understand and make use of non-judicial grievance mechanisms of development banks, and the OECD Guidelines for Multinational Enterprises. SOMO presses to improve the accessibility and effectiveness of non-judicial grievance mechanisms.

Working closely with Fair, Green and Global Alliance partner Both ENDS, in 2015 SOMO supported representatives of the Ngäbe-Bugle people, an indigenous group in Panama, in a complaint regarding the Barro Blanco dam, the construction and operation of which would flood Ngäbe-Bugle land. The complaint, filed by the Panamanian organisation Movimiento 10 de Abril (M10) and the Cacica General of the Ngäbe-Bugle, was the first to make use of the new joint grievance mechanism of the Dutch and German Development Banks (FMO and DEG respectively), which have helped finance the dam. In April, the mechanism's independent panel issued its report, concluding that the banks had violated their own policies, failing to adequately assess the risks to indigenous rights and the environment before approving the loan. The two groups co-hosted a representative from the M10 in Europe in June, providing him an opportunity to speak directly with representatives of the banks and the Dutch and German governments about the impact of the dam and to make the case for divestment. Meanwhile, thanks to mounting pressure, the government of Panama temporarily suspended the dam's construction and convened a dialogue with Ngäbe-Bugle leaders.

In collaboration with Transnationals Information Exchange Netherlands and the Dutch Trade Federation, FNV, SOMO supported Turkish union Birle ik Metal in its efforts to challenge violations of freedom of association by the company Türk Traktör. SOMO conducted a training on grievance mechanisms for the union's members and assisted Birle ik Metal in filing a complaint to the European Bank for Reconstruction and Development (EBRD), which has provided a €75 million loan to the company. The case—the first labour rights complaint to be filed with the EBRD—was officially accepted and is now being investigated. The complaint attracted significant media attention in the local press, as well as in Italy, home to Türk Traktör's principal owner, Fiat.

Improving the accessibility and effectiveness of non-judicial grievance mechanisms

Experience and lessons learned through casework underpins SOMO's advocacy aimed at improving the accessibility and effectiveness of non-judicial grievance mechanisms. In November, SOMO brought this message to government and business representatives at the annual UN Forum on Business and Human Rights in Geneva.

SOMO staff co-organised and participated in several panels, making the case for the critical importance of improved access to remedy – the third and arguably least developed of the UNGP’s three pillars of ‘respect, protect, and remedy’. The following month, SOMO participated in the annual meeting of the grievance mechanisms administered by the development banks, the Independent Accountability Mechanisms Network. SOMO, together with ten co-authoring organisations, presented the findings of a report (to be published in 2016) that evaluates the extent to which the development banks and their complaint mechanisms are equipped to provide remedy to those who have been harmed by the activities they finance. SOMO co-organised a roundtable discussion involving more than 50 participants from both the IAMs and civil society focusing on the recommendations in the report, including best practices that can be adopted in the short-term, as well as necessary long-term structural changes. Taken together, the IAM report, *Glass Half Full? The State of Accountability in Development Finance*, and the OECD Watch publication *Remedy Remains Rare* present the most comprehensive assessment of non-judicial grievance mechanisms yet available.

SOMO participated in two collaborative efforts this year to enhance support for communities in addressing corporate human rights abuses. SOMO and the International Corporate Accountability Roundtable (ICAR) convened two expert meetings aimed at developing recommendations and tools to strengthen collaboration between practitioners using judicial and non-judicial grievance mechanisms. The aim is to provide more comprehensive advice and support to communities seeking remedy for corporate-related human rights abuses. In February, SOMO co-hosted an expert meeting in Amsterdam with EarthRights International to discuss a model for a community-driven operational level grievance mechanism. The meeting—part of a longer process in which SOMO has been involved—included civil society organisations, as well as members of diverse mechanisms, and the chair of the OECD Working Party on Responsible Business Conduct. The new mechanism is now being piloted by EarthRights in Myanmar.

SOMO’s work on grievance mechanisms fits within a broader effort to address the global governance gaps that allow multinational corporations to operate with impunity. SOMO advocates for strong corporate accountability frameworks, including a binding international instrument on business and human rights. To that end, SOMO staff attended the first meeting of the UN Intergovernmental Working Group (IGWG) tasked with preparing an international treaty on transnational corporations and other business enterprises with respect to human rights. SOMO contributed to a written submission to the IGWG, and presented several proposals from the floor on behalf of a coalition of seven civil society organisations. Among other things, the coalition advocated for broad coverage of the treaty, clarification and creation of legal liability provisions for companies that are associated with human rights abuse, and creation and support for a mutually reinforcing remedy regime including different adjudicative mechanisms at both the domestic and international level.

Multinationals in Conflict-Affected Areas Programme

SOMO’s programme on Multinational Corporations in Conflict-affected Areas raises awareness of the role and responsibilities of companies operating in the context of conflicts, pushing them to act responsibly and in a conflict-sensitive way. Often companies are unaware – or choose to ignore the fact – that they have an impact on the dynamics of a conflict simply as a result of their presence. Working with local partners, SOMO aims to build the knowledge and capacity of communities in areas affected by conflict to claim and defend their rights, and to monitor companies and hold them to account.

In 2015, SOMO worked extensively with three partners in the Democratic Republic of Congo – Actions Contre l’Impunité pour les Droits de l’Homme (ACIDH), PREMICONGO and Afrewatch – on issues related to mining and extractives in the country. Congo’s rich mineral resources have been a catalyst for on-going conflict, and impunity and weak public institutions are the norm. SOMO’s partners are calling for implementation of Congolese law, including transparency around mining contracts, and pressing companies to operate more responsibly. ACIDH’s and Afrewatch’s direct engagement with mining companies has produced some positive results: one company subsequently installed a community engagement officer to liaise with communities around its mines, while two others started organising community consultations. SOMO’s partners also raised awareness among communities adversely affected by mining, informing them of their rights and helping them organise and develop strategies to seek redress. In cooperation with the partners, during the year SOMO conducted in-depth research on the mining sector in Katanga. Preliminary results of the research featured in the joint publication, *Katanga Calling*, published by SOMO, GoodElectronics and Friends of the Earth Netherlands (read more about the report on page 34). Meanwhile,

Premicongo published *Les investissements miniers chinois au Katanga et la détresse des communautés locales and Cas de la Minière de Kalumbwe Myunga (MKM) et de Huachin*, describing how two Chinese mining companies are polluting the environment and neglecting the rights of the communities living adjacent to the mines.

In cooperation with the partners, during the year SOMO conducted in-depth research on the mining sector in Katanga

In Liberia, SOMO cooperated with partner Green Advocates on a briefing paper on human rights issues related to businesses operating in the country. Among other things, *Liberia Back in Business?* documents numerous disputes over land resulting from the rapid rise of large-scale natural resource concessions in the country. The paper was published in advance of the Dutch government’s trade mission to the country. SOMO and Green Advocates called on the Dutch and other governments to promote only positive private sector development—that which enhances employment, combats inequality, and encourages sustainable growth, among other things.

They also urged companies operating in Liberia to operate with caution and conduct heightened due diligence to make sure they and their business partners do not violate human rights. In Liberia, during the Dutch trade mission, Green Advocates personally reinforced the paper's recommendations in a meeting with the Dutch Minister of Foreign Trade and Development.

In South Sudan, SOMO supported its partner South Sudan Law Society in conducting workshops and trainings aimed at educating other civil society organisations about corporate accountability issues and the country's Petroleum and Mining Acts. SOMO staff participated in one such training in March, sharing knowledge about the UNGPs, grievance mechanisms, and corporate research. South Sudan Law Society is pushing for full implementation of the Petroleum Act and a regulatory framework to ensure that oil revenues are fairly distributed and support promotion of peace. With SOMO's financial support, the group brought together 18 South Sudanese and international experts for two days of deliberations on how oil issues might feature into the agenda of a transitional government in South Sudan. The strategy meeting resulted in a collective call on the government to put in place a moratorium on future oil contracts until the law is properly implemented.

SOMO's work with partner Indepaz in Colombia contributed to significant results. In November, the groups published the joint report *Reconquering and dispossession in the Altillanura: The case of Poligrow*, about the Spanish-Italian palm oil company Poligrow and its involvement in a local conflict. The report describes how land-intensive sectors like palm oil risk creating renewed conflict in Colombia. It shows how Poligrow failed to operate with caution, thereby contributing to human rights violations and instability in an already fragile context. The report received media attention in Colombia and the United States, as well as in Spain and Italy. Representatives of the government and embassies, as well NGOs, journalists, community members, and academics, attended the launch of the report in Bogota. At the launch, the Roundtable on Sustainable Palm Oil (RSPO), a multi-stakeholder sustainability initiative in which

Poligrow is a member, announced an investigation into the activities of the company in Colombia. The Colombian auditor's office also launched an investigation into Poligrow's acquisition of land, while the Ministry of the Interior announced that it would suspend the granting of a free trade zone license to the company until its impacts had been investigated.

Be attentive to gendered power dynamics and gendered impacts of business activities

In the Netherlands, SOMO drew attention to the sale by supermarkets of products originating from Israeli settlements in Occupied Palestinian Territories. The settlements involve serious human rights violations and are considered illegal by the international community, including the Dutch government. The paper showed how the import and marketing of settlement products is in contradiction with OECD guidelines. SOMO called on supermarkets to take steps to prevent and terminate their involvement in human rights violations. The paper also included recommendations to the Dutch government on how to address the problem.

Throughout the year, SOMO contributed its expertise and analysis to broad policy debates and discussions around private sector involvement in conflict-areas. In the report, *Risks and challenges around human rights and conflict*, SOMO provided a comprehensive analysis of risks of business-related human rights abuses in conflict areas and detailed recommendations on how to reduce them. Among other things, the paper proposes a role for the International Criminal Court in investigating criminal liability of companies. In May, SOMO teamed up with

Oxfam Novib and Tilburg Law School to convene an expert meeting on the private sector and conflict-sensitivity. The event, held in The Hague, was supported by the Knowledge Platform Security & Rule of Law and included practitioners, policy-makers and academics with various backgrounds and interests.

Another paper, *There is more than 3TG*, examined proposed European Community regulation on the sourcing of minerals from conflict areas, making the case that a limited focus on 3TG – tin, tantalum, tungsten and gold – will not achieve the proposal's objective of preventing international trade in minerals from intensifying or perpetuating conflict. SOMO engaged with Dutch policymakers on the issue and urged the European Commission to expand the regulation to include all conflict minerals and all types of companies, as well as to make the regulation binding.

In December, SOMO published *Reality Check*, which explores the gender dimensions of multinational companies' operations in fragile and conflict-affected areas, offering recommendations to civil society organisations working with or conducting research in communities affected by such operations. The paper includes research questions that can help CSOs reveal and be attentive to gendered power dynamics and gendered impacts of business activities.

Production & Consumption Programme

Many common products—from mobile phones to computers to t-shirts—are made under inhumane and dangerous conditions without regard to labour rights or environmental standards. SOMO's Production and Consumption programme works closely with organisations and partners to ensure that companies are held accountable for the conditions and impacts of their supply chains. SOMO advocates for improved regulation, practices, and policies that advance respect for the rights of workers and communities involved in production processes.

GARMENTS

SOMO continued to draw attention to widespread exploitation in the garment industry, calling for stronger regulatory frameworks throughout garment sector supply chains. In cooperation with Repórter Brasil, SOMO published *From moral responsibility to legal liability?* which explores the history and current state of affairs around cases of modern day slave labour uncovered by Brazilian labour inspectors in 2011. The cases involved workshops that were producing clothes for Zara, a brand of Inditex. The company was subsequently fined for 48 different infractions and faced the possibility of inclusion on Brazil's 'dirty list', a public registry of individuals and enterprises caught employing workers under conditions analogous to slavery. Zara Brasil launched a lawsuit against the labour inspection and is challenging the legitimacy of the list, despite that fact that the ILO, among others, have described the list as an exemplary effort to help end modern day slave labour. SOMO showed how Inditex's actions are not only inconsistent with its own claims about corporate responsibility (including implementation of the UNGPs), but also seriously threaten the efforts of Brazil and other countries to combat forced labour. The report concluded with recommendations aimed at the Brazilian government, as well as at companies like Inditex, on strengthening their approaches to the problem.

The report generated significant media attention in Brazil and the Netherlands. On the same day of its publication, the Brazilian labour inspection reported new findings of serious labour violations in Inditex's supply chain, sparking debate within the Brazilian government about the need for strengthened regulation around subcontracting. In July, the UN Special Rapporteur on Contemporary Forms of Slavery cited SOMO and Repórter Brasil in her annual report, describing Zara's lawsuit as a challenge to Brazil's efforts to ensure business accountability in supply chains.

Practical guidance to help improve working conditions along the supply chain

Problems around subcontracting were also highlighted in SOMO's fact sheet *Hidden subcontracting in the garment industry*, the latest resource published as part of the WellMade programme, a joint initiative by SOMO, Fair Wear Foundation (FWF), and others. The programme shows European brand employees the full impact of their decisions and provides them practical guidance to help improve working conditions along the supply chain.

ELECTRONICS

As part of the GoodElectronics Network (see page 44, SOMO played a crucial part in building evidence and knowledge around key problems in electronics supply chains. The report *Nokia*

Disconnected, co-authored with CIVIDEP-India and CEREAL-Mexico, tracked key decisions made by Nokia throughout three phases of its recent history. The report illustrated how workers at Nokia's manufacturing sites and its supplier companies were systematically unable to benefit from the company's success, while facing the most difficult consequences of its decline. In another joint publication with GoodElectronics, as well as Friends of the Earth Netherlands, Actions Contre l'Impunité pour les Droits de l'Homme, and PREMICONGO, SOMO helped expose the adverse impacts of cobalt mining on people in the Democratic Republic of Congo. The report, *Katanga Calling*, showed how mining for cobalt—an important raw material in the electronics supply chain—comes at a great cost to the lives and health of workers and communities, as well as the environment. The report provided vital evidence of the urgent need for electronics companies and governments to take serious action toward responsible sourcing of conflict minerals.

SOCIALLY RESPONSIBLE PUBLIC PROCUREMENT

Alongside of research and exposure of problems in supply chains, SOMO is committed to promoting effective solutions that can improve sustainability and respect for human rights. SOMO advocates for adoption and implementation of socially responsible public procurement (SRPP) policies. In 2015, SOMO continued to play a key role in the development of Electronics Watch, an independent monitoring organisation working to achieve respect for labour rights in the global electronics industry through socially responsible public purchasing in Europe. The Electronics Watch model differs from traditional, superficial social auditing by employing local knowledge of working conditions and emphasising long-term monitoring and improvement. This year, SOMO met with Electronics Watch monitors from China, India, and South Korea to discuss problems facing civil society in exposing labour rights violations in their countries.

Following the GoodElectronics' report *Servants of Servers*, which revealed forced student labour in the supply chain of electronics companies supplying European universities, SOMO stepped up pressure

on the Dutch public sector to improve their procurement practices. In an open letter signed by ten other organisations, including several university student groups, SOMO called on public institutions to affiliate and pay into Electronics Watch's factory monitoring programme. By the end of the year, the city of Utrecht and its university hospital, UMC Utrecht, had formally affiliated with the initiative, and several other institutions expressed a commitment to joining. Momentum for Electronics Watch is building across Europe: London's public transport agency, with a budget of more than €15 billion, also joined in 2015.

Momentum for Electronics Watch is building across Europe

HUMAN TRAFFICKING AND LABOUR EXPLOITATION

In a joint project with La Strada International, SOMO contributed its unique expertise on corporate accountability issues in an analysis of the variety of roles that businesses can and do play in the problem of human trafficking – from being directly responsible for labour exploitation through coercive recruitment practices to being an important partner in prevention. On the occasion of the European day against trafficking in human beings, SOMO and La Strada published a new resource guide for NGOs, *Engaging the Private Sector to End Human Trafficking*. The guide explains UN, ILO and EU business and human rights frameworks and highlights their relevance to anti-trafficking work. It also provides information and examples of strategies NGOs can pursue to engage or pressure the private sector in preventing or addressing human trafficking.

Energy & Extractives Programme

SOMO's Energy and Extractives programme reveals the overlapping interests and mutual dependency of energy companies, mining companies, and their investors. Working with allies and partners around the world, SOMO exposes the adverse social, economic, and environmental impacts of the energy and extractives sectors, and demonstrates the urgent need for a transition to energy provision and natural resource governance that is democratic, transparent, and sustainable.

In 2015, five Dutch power companies released the most detailed information yet about their coal suppliers

SOMO has long insisted that Dutch and European power companies take responsibility for conditions in their supply chains and provide greater transparency about their sourcing of raw materials, particularly uranium, coal, and biomass used for electricity production. Following pressure from SOMO and other civil society organisations, in 2015, five Dutch power companies released the most detailed information yet about their coal suppliers. While the information marks an important step toward more transparency, the data intentionally excluded key information connecting the buyer to its supplier:

the Netherlands Competition Authority deemed the release of such information a conflict with competition rules. With other sustainability initiatives encountering the same barrier, SOMO joined its allies in MVO Platform in calling on the government to address the problem. Several members of the Dutch parliament echoed SOMO's concerns, introducing a motion to that effect. Meanwhile, through MVO Platform, SOMO contributed to a letter signed by a diverse group of stakeholders, including the Confederation of Netherlands Industry and Employers (VNO-NCW), asking the Dutch Minister of Economic Affairs to review the matter. The Minister responded, stating that he would look for ways to make room for sustainability initiatives within the rules on competition.

At the other end of the supply chain, SOMO worked with Senegalese partner Lumière Synergie pour le Développement to provide essential support to communities outside Dakar that have been adversely affected by construction of a coal-fired power plant. SOMO provided research and tactical advice to the communities and assisted them in filing a complaint with the OECD National Contact Point in Sweden, which is home to Nykomb Synergetics, one of the companies involved in the development of the power plant. The Swedish government has accepted the complaint as legitimate, and the case is now being processed. The complaint has already had a positive impact: since its submission, the company has, for the first time, sought to establish a dialogue with local community members.

SOMO also supported Brazilian partner Institute for Greater Democracy (IMD) in researching the key actors behind large infrastructure projects—primarily large hydroelectric dams—in the Brazilian Amazon. SOMO assisted IMD in delving deep to reveal not only the key energy companies behind such projects, but also mining, construction, and

financial companies, and state actors like Brazilian development bank, BNDES. IMD presented the research in a report and an engaging video aimed at helping local communities develop effective strategies to defend their rights.

Aimed at helping local communities develop effective strategies to defend their rights

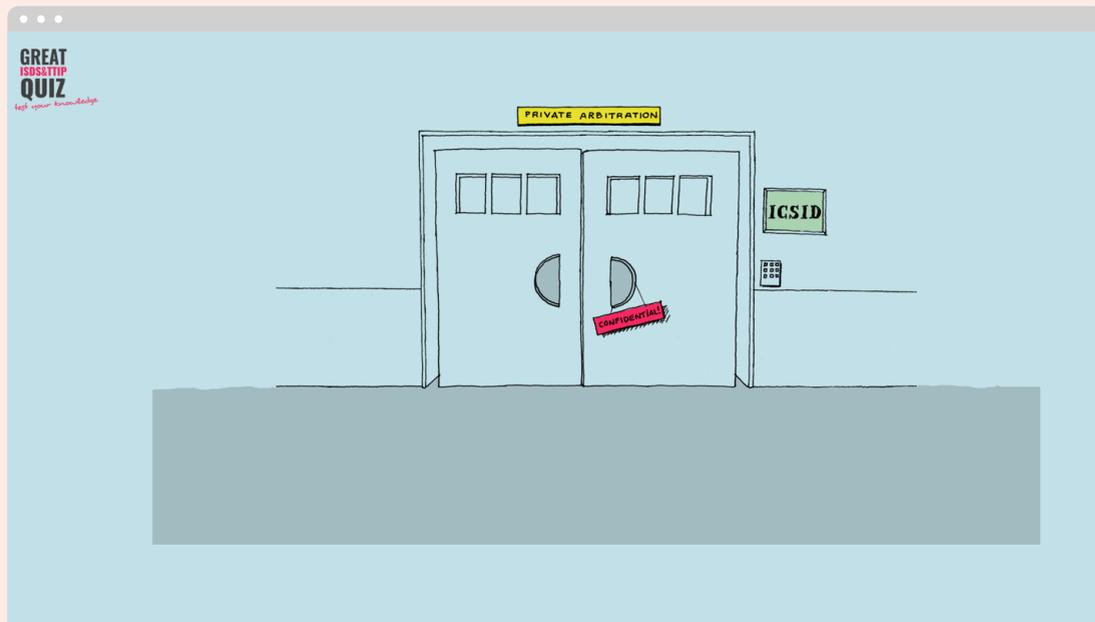
SOMO's energy and extractives team continued to develop its innovative systems-based methodology, launching several new research projects in 2015. In a study of 21 major mines around the world, to be published next year, SOMO researchers took a comprehensive approach in their investigation of the impacts of the mines, looking not only at the mines themselves but also the impacts of their electricity supply chains. Similarly, Emerging Power(s), a study of major electricity companies in China and South Africa, is also due out next year. The study traces the impact of the Chinese and South African companies' operations in Cambodia and Laos, and Mali and Uganda, respectively.



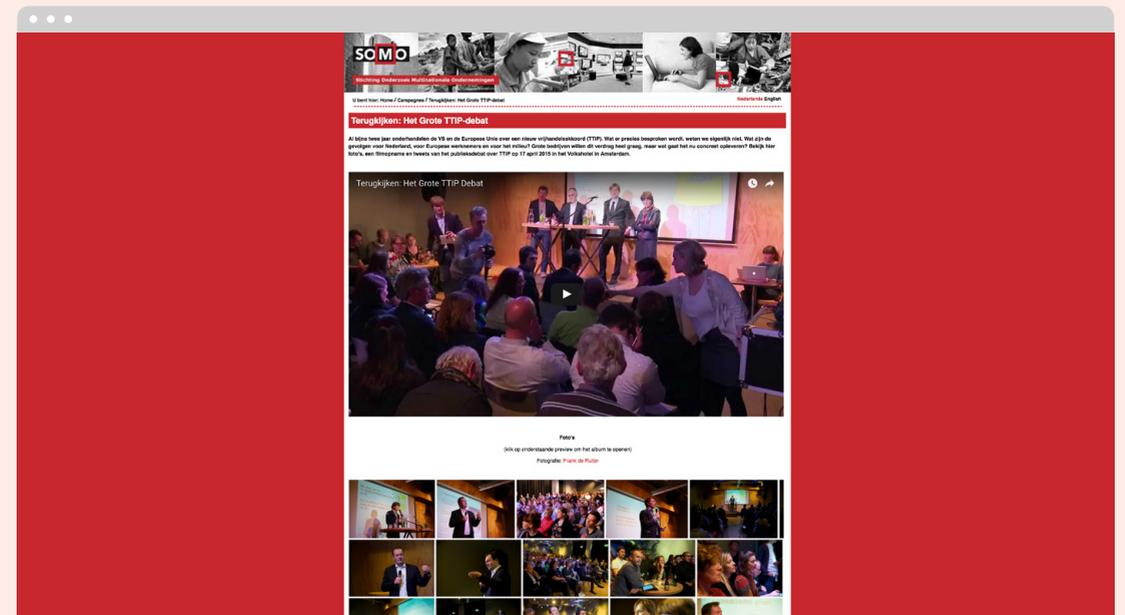
SOMO teamed up with other partners from the FGG Alliance, political parties and unions, and organised a big demonstration against TTIP in Amsterdam. Over 7,000 people were present.



On April 17th, SOMO and other partners organised a big debate on TTIP in De Volkshotel in Amsterdam.



With the Great ISDS & TTIP Quiz, participants can check their knowledge on these subjects.



<http://www.somo.nl/campagnes/ttip>

Part II: SOMO & NGO Networks

SOMO as a member and host of NGO Networks

SOMO participates in a number of coalitions and networks. For some networks it plays a coordinating role, in others it is a member of the steering committee. SOMO hosts three (inter)national NGO networks: the Dutch MVO Platform, OECD Watch and Good-Electronics. For these networks, it hosts the coordination.

SOMO also informs members of the public who are interested in their specific activities on behalf of the networks. SOMO's goal is to strengthen cooperation between NGOs in order to influence the social, environmental, human rights and economic impact of multinationals and their contribution to sustainability and poverty eradication. Knowledge developed by members of the networks can easily be shared with other members and common strategies are developed to influence policymakers, corporations and other stakeholders. SOMO's aim is to provide other NGOs with information that can be used in their lobbying and advocacy work. When SOMO plays a role as host for a network, it is also involved in advocacy and lobby work on behalf of this network.

MVO Platform

MVO Platform is a coalition of 30 Dutch organisations that share a common interest in promoting corporate accountability. Hosted by SOMO, MVO Platform includes a wide range of organisations, from labour unions to human rights groups to environmental and consumer organisations. MVO Platform stimulates, facilitates, and coordinates activities among participating organisations. The coalition focuses primarily on improving corporate accountability in developing countries.

MVO Platform played an important role in 2015 in bringing together an unusually broad group of stakeholders, including the Confederation of Netherlands Industry and Employers (VNO-NCW) and the Dutch entrepreneurs' organisation, MKB, in calling on the Dutch Minister of Economic Affairs to remove obstacles that prevent businesses from collaborating on sustainability and human rights initiatives. In a letter to Economic Affairs Minister Henk Kamp, the groups criticised the Netherlands Authority for Consumers and Markets (ACM) for taking a hard line against business collaboration in sustainability and corporate social responsibility initiatives, making Dutch businesses more reluctant to participate in them. In response, the Minister committed to finding ways to make room for sustainability initiatives within the rules on competition. The Social and Economic Council of the Netherlands (SER), which advises the Dutch government, subsequently formed an ad hoc commission on competition and sustainability to provide the Minister with advice on the issue. At SER's request, MVO Platform provided input into its preliminary consultation process.

MVO Platform also gave vital support to coalition members and other organisations that are monitoring or participating in the Dutch government's efforts around "covenants" aimed at addressing international corporate social responsibility risks in key sectors. MVO Platform organised capacity building workshops, meetings, and exchange to assist organisations in understanding the

challenges and opportunities of the process, and helping them develop their own strategies for engagement. Meanwhile, in two letters to the government, the coalition outlined recommendations on how to ensure that both the processes and the final results of the covenants are meaningful. Among other things, MVO Platform highlighted the importance of the covenants' conforming to OECD Guidelines on human rights due diligence.

Human rights due diligence was also a central issue in MVO Platform's interventions toward the Dutch parliament on other key issues, including policy coherence for development and sourcing of conflict minerals. The coalition highlighted the need for all companies, including those receiving government funding and those operating in conflict areas, to conduct human rights due diligence in their supply chains. MVO Platform reinforced this point in relation to Dutch trade missions, calling on the government to ensure that companies invited to attend such missions demonstrate their commitment to due diligence, for example by publicly reporting on their due diligence efforts. In a letter to parliament, MVO Platform pressed the government to, among other things, ensure that corporate accountability issues feature more prominently in the agenda of trade missions and that civil society organisations are involved. In response, members of parliament asked critical questions of the Minister of Foreign Trade and Development about the issue.

In an open letter to the Dutch Foreign Affairs Minister, MVO Platform's European allies pressed the government to make use of the EU Presidency—a position it will hold in the first half of 2016—to advance the European agenda on business and human rights. In response, the Ministry agreed to co-organise a high-level conference on the issue with MVO Platform and others to take place in May 2016.

OECD Watch

OECD Watch is a global network with more than 100 member organisations in 50 countries, that share a common goal of improving corporate accountability. OECD Watch focuses on the OECD Guidelines for Multinational Enterprises, tracking and evaluating their effectiveness as a corporate accountability tool within a broader effort to strengthen international regulatory frameworks for corporate conduct. OECD Watch is a key source of information for civil society on the OECD Guidelines and its mechanism for resolving conflicts involving alleged corporate misconduct.

To coincide with the 15th anniversary of the OECD complaint mechanism this year, OECD Watch published an analysis of all 250 complaints filed by communities, individuals, and NGOs since the mechanism's creation. The report, *Remedy Remains Rare*, was officially launched at the OECD's annual Forum on Responsible Business Conduct. As the title suggests, the report concludes that precious few complaints resulted in any kind of positive outcome, and only one per cent resulted directly in improved conditions for the victims of corporate misconduct. The report provided detailed recommendations to National Contact Points (NCPs) – the government agencies tasked with handling complaints – for more effectively ensuring access to remedy and promoting adherence to the Guidelines. In the report and during panel discussions at the Forum, OECD Watch drove home the urgent need for NCPs to make the complaint process more accessible, impartial, transparent, and predictable.

The report bolstered efforts by OECD Watch members to advocate in their own countries for improvements to NCP processes. Several NCPs actively sought input from OECD Watch as part of their evaluation and restructuring processes. Meanwhile, at a summit in Germany in June, leaders of the G7 publicly declared their commitment to strengthening the effectiveness of National Contact Points as part of promoting responsible supply chains. Germany, the United States, Denmark

and the Netherlands, among others, have already taken positive action, including measures to ensure more multi-stakeholder involvement in their NCP's structure and improved links between the NCP and higher levels of government.

As the lead civil society representative on the advisory group on the OECD's so-called Proactive Agenda projects, OECD Watch monitored and gave input on proposals for sector-specific guidance on responsible business conduct. As a result of this effort, the elaborated guidance for the agriculture and extractives sectors included the vitally important principle of Free, Prior, and Informed Consent (FPIC).

It reinforces the principle that financial actors are accountable for their business relationships

During the year, OECD Watch documented 13 new cases and monitored the progress of many others in its detailed online database of complaints. Many of the complaints were filed or supported by OECD Watch members. For example, OECD Watch provided strategic and tactical advice on a case involving fishing and farming communities in Suape, Brazil that have lost their homes and livelihoods due to the operations of Dutch dredging company Van Oord. OECD Watch, in close cooperation with Both ENDS, supported Forum Suape in filing a complaint to the NCP in Brazil, which is now exploring the

possibility of facilitating dialogue between the communities and Van Oord. Meanwhile, another complaint was filed in the Netherlands concerning Dutch export credit agency Atradius DSB, which provided Van Oord with insurance for its operations in Suape. The complaint, which has been accepted, is the first under the revised OECD Guidelines to be directed toward an export credit agency. The NCP's acceptance of the complaint is important, not only because it reinforces the principle that financial actors are accountable for their business relationships, but also because Atradius DSB is essentially a semi-public institution, controlled entirely by the Dutch government.

In May, 25 OECD Watch members from across the world participated in the network's General Assembly in Cambodia, reaffirming their commitment to the network, refining its goals, and identifying future priorities. A public outreach event, co-hosted by Equitable Cambodia, helped to raise awareness about the OECD complaint mechanism among more than 50 Cambodian civil society organisations. The event focused on current cases involving a Cambodian sugar plantation and hydroelectric dams along the Mekong River.

GoodElectronics

GoodElectronics is an international network of some 90 organisations, unions, activists, researchers, and academics who share an interest in improved protection and respect for human rights and the environment in the global electronics industry. GoodElectronics calls on companies and governments to take action to improve the electronics production cycle, from the mining of minerals used in electronics products to the manufacturing process to the recycling and disposal of electronics waste. SOMO hosts the network and serves on its Steering Committee.

The network kicked off the year in January with a meeting and roundtable discussion in San Francisco, focused on the irresponsible use of chemicals in the global electronics supply chain. The event was attended by more than forty people from around the world, including GoodElectronics members, as well as occupational health and safety experts, chemical experts, and industrial hygiene professionals. Together, participants formulated concerns, views, and demands on the industry with regard to the responsible use of chemicals during the production process. On the final day of the meeting, the network and its allies presented the draft demands to companies alongside reports from network members about actual cases of harm caused by chemicals. Among the cases presented were those documented by GoodElectronics member Labour Action China, which has compiled extensive data on benzene poisoning in factories supplying major electronics brands. (The full results of this research are due out in 2016).

With the draft as its starting point, the GoodElectronics Network, together with the International Campaign for Responsible Technology (ICRT), issued a formal 'Challenge to the electronics industry' to adopt safer and more sustainable manufacturing practices and to proactively reduce and eliminate chemical and physical hazards through the development and adoption of safer alternatives. The 'Challenge' was presented at the annual meeting

in Brussels of the Electronic Industry Citizenship Coalition (EICC), an industry body of electronics brands and manufacturers. The 'Challenge' was endorsed by over 200 organisations and individuals from more than 40 countries.

The 'Challenge' was endorsed by over 200 organisations and individuals from more than 40 countries

In June, to coincide with a meeting of the UN's key chemical safety programme, known as the Strategic Approach to International Chemicals Management (SAICM), GoodElectronics and ICRT published *Meeting the Challenge*, elaborating on the recommendations made in the 'Challenge'. The document focused on six key areas upon which industry action is urgently needed, including protection of workers and their increased involvement in decision-making around management of chemicals and wastes. The document was publicly supported by the UN Special Rapporteur on hazardous substances and wastes.

Thanks to pressure from GoodElectronics, ICRT and others, the EICC called chemical management a priority issue in 2015. EICC responded to *Meeting the Challenge* by admitting the need to improve management of chemical hazards in supply chains, better protect workers from chemical exposure, and reduce use of harmful chemicals. Throughout the year, GoodElectronics and ICRT engaged in dialogue with the EICC around these issues, challenging companies to address the cavernous gaps between the EICC's Code of Conduct and

the reality in electronic supply chains. A GoodElectronics survey of the electronics industry and its record on the six areas outlined in *Meeting the Challenge*, to be published in 2016, has helped make the case for serious action.

In 2015, GoodElectronics, along with SOMO and Dutch Trade Union Federation FNV, concluded its participation in a five-year electronics programme of the Sustainable Trade Initiative (IDH). Throughout the programme, GoodElectronics played a vital role—as a member of the steering committee and as an advisor—in ensuring that the voices of local civil society were heard in both the development and implementation of the multi-stakeholder initiative. In December, GoodElectronics brought civil society organisations involved in the programme together in a meeting in Hong Kong to collect their views on the results of the IDH programme. At the IDH closing conference in Shenzhen, GoodElectronics presented its evaluative findings to an audience of over 400 Chinese supplier factories and the brands that participated in the IDH programme.

In addition to advocacy addressing the electronics sector as a whole, throughout the year the GoodElectronics Network helped pressure specific companies in relation to cases of workers' rights violations. An easy-to-read on-line timeline helped raise awareness about union-busting at a Philips factory in Indonesia. In June, GoodElectronics and SOMO jointly published *Unable to Connect*, a detailed account of labour-related conflicts in the supply chain of NXP, a key supplier of chips and semiconductors based in the Netherlands. The report, which was published on the occasion of NXP's annual shareholder meeting, found that the company violated workers' rights, especially regarding freedom of association and working hours, in factories in Thailand and the Philippines. In response, questions about the report's findings were raised in the Dutch Parliament. The Dutch Minister for Foreign Trade and Development Cooperation responded by clearly reinforcing NXP's responsibility to respect international labour standards and comply with the OECD Guidelines for Multinational Enterprises. The Minister asked Dutch embassies in Thailand and the Philippines

to follow up on the cases. NXP subsequently made a modest effort to reach out to the local unions involved in the cases.

GoodElectronics and SOMO also teamed up on the ground-breaking report *Rich Corporations, Poor Societies: The financialisation of Apple*, a case study showing how a multinational corporation can shrewdly accumulate profits far beyond its capacity to reinvest in the real economy. The report was among the first to examine the social impact of corporate conduct in the context of financialisation. A five-minute animation video that accompanied the report was viewed by more than 7,000 people.

Several others reports, authored by network members with GoodElectronics' support, focused on labour conditions and labour rights in production countries. Among these were *Paying the price for flexibility: Workers' experiences in the electronic industry in Mexico* by CEREAL-Mexico and *Brazil, the new manufacturing hotspot for electronics?* co-authored by Repórter Brasil and SOMO. Following up on this research, GoodElectronics convened a strategy meeting which involved 34 representatives of Brazilian organisations and trade unions. The meeting helped strengthen links between the groups and build their awareness about global civil society efforts focused on electronics supply chains.

The meeting helped strengthen links between the groups and build their awareness

Servants of Servers, authored by Danwatch and published by GoodElectronics, revealed how young Chinese students are forced to work on the assembly lines of some of the world's biggest electronics manufacturers to make servers that are likely to end up at European universities. Following the report, which was featured in an article in the Guardian, HP and Dell acknowledged several violations. Meanwhile, in India, network member CIVIDEP published new chapters in the GoodElectronics-supported Worker Education Series which includes vital information for Indian factory workers on the country's laws on minimum wage, maternity benefits, contract labour, and employees state insurance.

SOMO is also member of a wide range of international civil society networks and. In 2015, SOMO was member of the following networks: Agribusiness Accountability Initiative (AAI), Bank Track, Clean Clothes Network, Dutch Social Forum, Dutch Working Group on Sustainable Natural Stone, Eurodad, Global Alliance for Tax Justice, GATS Platform, Seattle to Brussels Network (S2B), Tax Justice Nederland, The Global Union Research Network (GURN)

SOMO as a Member of Consortia

SOMO is a member of two alliances that received subsidies through the Dutch Medefinancieringsstelsel (MFS2): the IMPACT Alliance and the Fair Green and Global Alliance. Both alliances aim to contribute to sustainable development and poverty eradication by building the capacity of CSOs worldwide, to influence the behaviour and activities of corporations and the international regulatory framework in which they operate. The subsidy period for MFS II ends in 2015. Oxfam and SOMO, and the FGG Alliance will continue their alliance in two new strategic partnerships with the Ministry of Foreign Trade and Development Cooperation.

In 2015, SOMO was also a member the European Coalition for Corporate Justice (ECCJ) and of the Tax Justice Network.

IMPACT Alliance

The IMPACT Alliance (Innovative Mitigation of Poverty Actions) is made up of small innovative development organisations working together with Oxfam Novib. The aim of the alliance is to use innovative tools for poverty eradication and to fight for justice. Other partners in this alliance include 1%Club, Butterfly Works, HIRDA Foundation and Fairfood International.

The IMPACT Alliance provided co-financing for a large number of sectoral studies undertaken by SOMO, as well as capacity building and lobby and advocacy on corporate accountability. The IMPACT Alliance works in a programmatic way and through a rights-based approach. Its five programmes are:

1. Right to a sustainable livelihood
2. Right to basic social services
3. Right to life and security
4. Right to social and political participation
5. Right to an identity

In the last five years the partners in the IMPACT alliances complimented each other in their research and campaigning activities. It was a fruitful partnership in which SOMO became an integral part of Oxfam Novib's work, most notably on tax justice and land issues.

With regards to the new policy agenda of the Ministry of Foreign Trade and Development Aid, Oxfam Novib and SOMO teamed up to work together in the next coming years in a partnership with the ministry. The work will focus on: Fragile States, Food & Land and Financing for Development.

Fair Green Global Alliance

Like the IMPACT Alliance, the Fair Green Global Alliance (FGG) is an alliance of Dutch NGOs: Both ENDS, CCC, Milieudefensie, Action Aid, the Transnational Institute (TNI) and SOMO. The overall objective of the FGG programme is to contribute to poverty reduction and socially just and environmentally sustainable development by enhancing the capacity of civil societies in the South. The programme focuses on enhancing civil society's capacity in relation to four strategic areas:

- to develop, promote and upscale exemplary policies and practices for sustainable development
- to ensure effective corporate accountability measures to reorient trade and investment policies and
- to reorient financing policies.

The alliance's Southern partners play a fundamental role in the programme by bringing their knowledge of the needs and capacities of the target group, their networks and their expertise and experience in civil society building, influencing policy and developing alternatives to the preparation of the context analysis, and the design and implementation of the programme. In the last five years, the FGG alliance gained political agency which coincided with the realisation of a new Ministry for Foreign Trade and Development Aid. Within the alliance, broad subjects are addressed and brought further. The best example in this case is the discussion over the Transatlantic Trade and Investment Partnership (TTIP), which gained huge momentum in the Netherlands in 2015.

By formulating a new Theory of Change together for the new partnership with the Ministry, the partners of the FGG Alliance integrated their different strategies which resulted in a very close cooperation and a more integrated and professional organisation.

ECCJ

The European Coalition for Corporate Justice (ECCJ) 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 CSOs in 15 European countries. SOMO is a board member of ECCJ.

ECCJ believes corporate accountability should be based on international legal frameworks and principles, serving as the foundation for corporate justice. ECCJ aims to increase European cooperation among NGOs working on corporate accountability issues. In 2015 the main focus was on Human Rights Due Diligence, which has been confirmed as the next big issue for the coalition. Many ECCJ members plan in the years to come to push for the introduction of mandatory due diligence at the national level. Following the successful campaign of ECCJ's French member, which resulted in the adoption by the French parliament of a legal requirement for companies to conduct due diligence, the Swiss Coalition for Corporate Justice launched a popular initiative to introduce a similar rule in Switzerland. ECCJ's role is to support this initiatives and to organise exchange and capacity building.

ECCJ has developed several papers such as a statement on the future EU strategy on CSR and a statement on the EU Staff Working Document on the implementation of the UNGPs by the EU. Furthermore an internal briefing was developed for national groups on the transposition of the Non-Financial Reporting Directive. ECCJ approved the external communication by a new leaflet, regular external newsletters and regular publication of articles in relevant Brussels media.

Tax Justice

SOMO is an active member of Tax Justice Nederland, 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. The Tax Justice Network was strengthened in 2015 by a Make Tax Fair fund, made available by Oxfam Novib, through which the various members organised several activities to raise awareness among the Dutch public for the issues and solutions of tax avoidance. Within this context, SOMO published for example a website where FDI data is related to money flowing through mailbox companies, making this information available to a broader audience. Various debates and other publications also contributed to not only raising public pressure, but also the strengthening and knowledge building of the network itself.

In 2015, SOMO also continued its membership of Eurodad. Through active 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.

With a group of 16 other European organisations, and coordinated by Eurodad, SOMO published for the third year in a row a report on the current state of play regarding tax matters in the EU.



In January 2015, the European Development Bank accepted the complaint submitted by Mongolian herders about iron ore mining company Altain Khuder. The complaint, filed by seven individuals on 29 December 2014 at the EBRD's Project Complaint Mechanism (PCM), alleges that the environmental and social impacts of Altain Khuder's mine are inconsistent with EBRD's policies. Herders have brought these impacts to the attention of the company on numerous occasions but rather than solving the problems the company has reacted with intimidation and legal action.



Catarina Marinho from Portugal won the European Supplychange photo competition. With her picture 'I Care', she won a trip to Milan. "You can count on me and on my generation to make things better", she said during the awards ceremony. Over 600 people over Europe participated in the contest. The contest is part of a big European project to make supermarket store brands (sometimes known as 'own brands' or 'private labels') fairer and more sustainable.

More information on www.supplychange.org

Part III: SOMO's Services to CSOs

SOMO's Services to CSOs

Independent, reliable research on corporations – information and analysis about their practices and policies, structures and investors, financial flows and tax payments – is essential for civil society in its efforts to improve corporate conduct.

SOMO's corporate research specialists provide external clients with the facts and analytical information they need to make informed and strategic decisions about dialogues, campaigns, or partnerships involving companies. The corporate research team also provides technical research assistance to other SOMO programmes, making use of corporate databases such as Bloomberg, Reuters Eikon, Orbis and LexisNexis to gather and analyse data, and to develop new research methodologies.

Help them make strategic decisions about anything and everything related to corporations

EXTERNAL SERVICE PROVISION

SOMO offers external clients a wide range of services to help them make strategic decisions about anything and everything related to corporations. Clients engage SOMO to help them assess or develop policies around corporate partnerships or sponsorships, to advise them about involvement in multi-stakeholder initiatives or negotiations with companies, to identify leverage points (financiers, suppliers, buyers) for campaigns and other purposes, or simply train them to conduct their own research on companies.

Organisations and public institutions are increasingly aware of the risks posed by engaging in partnerships with companies. They seek SOMO's assistance in making well-informed decisions that take into account both the opportunities that such partnerships can offer and the risks they pose. In the last several years, SOMO has developed an effective methodology for evaluating corporate sponsorship. In 2015, five clients – including a museum and a television network – commissioned SOMO to conduct a Quick Scan Risk Analysis to assist them in evaluating a potential sponsorship. Quick Scans provides a snapshot of the company's corporate structures, shareholders, controversial business and labour practices, media coverage, governance and sustainability policies. The Quick Scan includes recommendations about potential risks as well as suggested follow-up steps in the client's decision-making process.

SOMO's Corporate Research programme also engaged in several major studies in 2015. Among these was an extensive value chain study conducted for LEI, an agriculture and economics research institute affiliated with Wageningen University. The study identified and analysed major companies, and their financial backers, in four global food supply chains – shrimp, tuna, soy, and beef. The research provides invaluable information for developing effective strategies to influence financial actors. The programme also began a substantial study of corporate tax avoidance, looking at more than a hundred Dutch companies over ten years. The research, which is still underway, will be the largest of its kind in the Netherlands, and will generate a new methodology for aggregated tax research on a large scale.

A report commissioned by Südwind compared the sustainable and social standards of the Fairphone with TCO Certification of smartphones. The report, which was released on the heels of the pre-order campaign for Fairphone 2, found that TCO Certified smartphones are little better than non-certified phones, while Fairphone scored beyond industry standards. The report included recommendations to both Fairphone and TCO Certified, and will be used to assist socially conscious public buyers and consumers in Europe in making an informed decision when buying a mobile phone. Subsequent to the report, both Fairphone and TCO Certified announced some improvements to their sustainability criteria.

BUILDING RESEARCH CAPACITY FOR SOMO AND ITS PARTNERS

The Corporate Research programme also serves as SOMO's research laboratory: the team continuously explores new sources of data and develops new methodologies to answer vital questions about corporations and their conduct—not only questions of who and how, but also why companies act as they do. In recent years, the programme has developed an innovative new way of using business strategy analysis—traditionally used to determine the financial viability of a company—to better understand the root causes behind a company's behaviour, more accurately predict how a company will respond to pressure, and identify more effective strategies to influence it. Alongside of this, the Corporate Research programme has developed and refined a methodology for mapping corporate finance with the goal of improving strategies to bring about positive change. In December, the programme conducted a workshop for all SOMO staff describing in detail what can be learned from using these analyses.

The Corporate Research programme assisted SOMO's other programmes on a variety of projects in 2015, including several case studies involving companies. Among these was a case study in conjunction with SOMO's programme on multinationals in conflict-affected areas on the iron ore company African Minerals in Sierra Leone. By considering the company's competitive strategy as well as market dynamics related to iron ore, SOMO was able to gain unique insight into the mining company's decision-making and the subsequent impact of its choices on the local community.

Similarly, in a case study of Ukrainian poultry company Myronivsky Hliboproduct (MHP), *Chicken Run*, SOMO used a business strategy analysis to understand the context around the aggressive conduct of the company. MHP has received support from the European Bank for Reconstruction and Development (EBRD) and the Dutch export credit insurance agency Atradius. SOMO showed how the

company's business strategies have been shaped by International Financial Institutions (IFIs) and the European Union. These strategies, which include large-scale operations and rapid expansion, help explain the company's harmful conduct around its Vinnytsia complex, the largest chicken farm in Europe. In addition to creating problems related to air quality and heavy traffic, the company has applied relentless pressure on landowners to lease their land. The details of the company's impact on the community—described in an article in the *Guardian* as a “quiet land grab”—were exposed in a report by partner Bankwatch, who collaborated with SOMO on the project. Exposure of MHP's conduct resulted in decisions by the EBRD and the International Finance Corporation to launch independent audits of the company. Questions were also raised in the Dutch parliament. This resulted in acceptance of a motion not to support future EBRD loans to the company. In addition, other key shareholders have put pressure on the company to improve its practices.

To gain unique insight into the mining company's decision-making

SOMO's corporate research experts also assisted in a project involving the Turkish union Birlik Metal, the Dutch Trade Federation (FNV), and Transnationals Information Exchange. SOMO helped identify possibilities for effective collaboration between unions in the Netherlands and those in Turkey by investigating links between companies in the two countries.

In 2015, SOMO responded to 21 requests from partners for support in identifying such things as corporate financiers or actors in supply chains. The programme conducted three trainings on corporate research in tandem with other SOMO programmes and partners. These included a joint training with the Human Rights and Grievance Mechanisms programme organised by the human rights organisation Al-Haq in Palestine, as well as trainings for PhD students and researchers of the University of Leuven and the University of Amsterdam's International Development Studies programme. For their part, members of the team attended a multi-day training in London on the issues of illicit finance and tax evasion co-organised by the International Consortium of Investigative Journalists and the Tax Justice Network.

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 non-judicial grievance mechanisms. We can advise on:

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

A total of 51 organisations have become SOMO clients over the past five years:

Development organisations

ActionAid
ActionAid NL
CARE Nederland
Cordaid
Finn Church Aid
Hivos
ICCO
Mensen met een Missie
Oxfam International
Oxfam Novib
SNV
Südwind
Terre des Hommes
Wilde Ganzen

Campaign and lobby organisations

Aim for human rights
Al Haq
Amnesty International
Eurodad
Fair Food
FIAN Germany
ForUM
ICN
PAX (voorheen IKV Pax Christi)
Stop Kinderarbeid Campagne
WEED

Governmental organisations

Agentschap NL
CBI
Danish business Authority/ Danisch NCP
European Commission
European Parliament
SER
Norwegian Council on Ethics
Vibrant Europe Forum (United Nations University)
VROM (Dutch Ministry for Housing and Environment)

Social entrepreneurs

FairPhone BV
Stichting Butterfly Works
Return to Sender

International organisations

ILO
UNIDO
UNI Global Union
OECD

Consumer organisations

Consumentenbond
Consumers International

Labour Unions

ABVAKABO
CNV Int
EPSU
ETUC
FNV Bondgenoten
FNV Bouw
FNV Mondiaal
IG Metall

Environmental organisations

FoE Europe
Greenpeace Italy
Greenpeace Nederland
Milieudefensie
Shift Project
Stichting Dier&Recht
WWF International
WWF International
WWF Nederland

Research and media

Fondation Beyeler
LEI
Novethic
Stichting DOEN
Sustainable Finance Lab
Trouw
VPRO

clients 2011 – 2015

Organisational Structure at SOMO

ORGANISATIONAL DEVELOPMENT

In 2015 SOMO was able to finalise two important processes for the future development of the organisation. In February, SOMO, together with partners in two alliances, was selected by the Dutch Ministry of Foreign Affairs to join in partnerships to build the lobby and advocacy of civil society organisations worldwide. In 2015 the programmes for these partnerships were developed for the period 2016-2020. Parallel to this, SOMO finalised its strategy plan for the same period.

To align the internal organisation with SOMO's strategic ambitions, the emphasis in the annual strategy conference and staff meetings was on innovation in the strategies SOMO applies and adjustments within the internal organisation. This led to the following changes and adjustments:

- **Innovation in research:** SOMO wants to innovate its research methods by applying and implementing new technologies, and by working more closely with journalists and academics. Several staff members started a working group to guide this process. Furthermore, SOMO entered into several partnerships both with journalists and academics to source and analyse data in new ways.
- **Awareness raising and outreach:** Following the trends of big data and social media, SOMO is focussing more on additional communication means surrounding the launch of publications and activities. SOMO started renewing its website and (social) media strategies. By increasing SOMO's presence in different media, by using data visualisation, and by presenting data sets and information packages related to publications, SOMO aims to enlarge its international outreach and effect.

- **Programme teams:** In 2015, SOMO staff decided more programmatic focus was needed, and the former seven programmes were merged to four, plus a services unit which includes the Corporate Research Knowledge Centre. From 1 January 2016 onwards, the programme teams are:
 - Economic Justice
 - Sustainable Supply Chains
 - Rights, Remedy and Accountability
 - Democratic Control over Natural Resources

- **Support teams:** The support teams will also be reorganised. Communications officers will be an integral part of the different programme teams. This means they will be both responsible for the strategic communication by the programmes, and responsible for SOMO's overall communication and profiling.

The financial officer together with the Planning, Monitoring, Evaluation & Learning officer (PME&L), the HRM officer and the Fundraising Coordinator will form a new Planning & Control team focussed on supporting the process from sourcing to reporting and evaluation.

- **Strategic learning:** In the second half of 2015 the consultancy firm Avance conducted a quick scan to evaluate SOMO's planning, monitoring and evaluation procedures. Avance concluded SOMO has a solid PME system with all the different elements for a good system in place. To improve the PME&L practices Avance advised to make the system less bureaucratic and heavy, and to focus more on learning on outcome level instead of focussing on output level. In 2016 SOMO will redefine the PME&L function and use Avance's advice.

COOPERATION IN ALLIANCES

Following the partnerships with, and funding from, the Dutch Ministry of Foreign Affairs, SOMO renewed its cooperation in two alliances. The IMPACT alliance is followed by a partnership with Oxfam Novib. The FGG alliance will continue with the present partners Transnational Institute, ActionAid Netherlands, Clean Clothes Campaign, Milieudefensie and BothEnds (lead organisation). In both alliances the Theory of Change is geared towards capacity building for lobby and advocacy for civil society organisations worldwide. The organisational structure of both partnerships is adjusted accordingly.

RESOURCES

In 2015, fundraising became a substantial part of SOMO's activities, notably through the creation of a permanent position of a fundraising coordinator. Also, more and more staff members have become actively engaged in fundraising activities. The number of fundraising activities has increased subsequently. In 2015, SOMO staff submitted over 70 proposals to potential funders and donors.

SOMO was especially proud to have been assigned two 5-year partnerships with the Dutch Ministry of Foreign Affairs. One partnership is with the FGG Alliance, the other one is with Oxfam Novib. These partnerships will secure a large part of SOMO's income base for the next five years.

Furthermore, SOMO work on diversifying its funding base by applying for project funding with such different parties as the European Commission, embassies, unions, the Open Society Foundation, WWF, the Antipode Foundation, Oxfam Novib and Norad.

Donations

In 2013, SOMO introduced a donation button on the website. Visitors of the website see this button before they access a publication. In 2015 €782 was donated through this channel.

EXTERNAL EVALUATIONS

In 2015, SOMO was involved in several external evaluations. SOMO's work related to trade and

investment was evaluated in an extensive MFSII evaluation coordinated by Partos and WOTRO. Also, SOMO was part of an IOB evaluation focusing on Lobby and Advocacy. A third evaluation was SOMO's own initiative: SOMO hired an external evaluator to look at the Human Rights and Grievance Mechanisms programme. The results will be presented in 2016 and will give input in the process to improve SOMO's cooperation with Southern partners and the sustainability of those relationships.

PROCESS MANAGEMENT AND QUALITY

SOMO holds the ISO 9001 certification (first issued in 2011). The audit for this certificate is repeated annually. In 2015, no critical issues were identified by the auditor.

SUSTAINABILITY AND ACCOUNTABILITY

In order to promote sustainable purchasing in its business operations, SOMO has a sustainability policy for travelling and office supplies, including furniture. SOMO employees are reimbursed for commuting costs by public transport. In the case of work-related travel, no use is made of air travel within a radius of 700 kilometers from Amsterdam. In the case of work-related travel for which air travel is necessary, SOMO compensates for the emissions using GreenSeats.

For its purchases, SOMO ensures that the products and services it buys are of the most sustainable nature possible, or a recycled alternative. Wherever possible, SOMO chooses Fairtrade, green or organic products. For the inventory, SOMO first tries to buy second-hand products, as far as possible. In the case of hardware, for example, the choice of supplier is based on the best CSR score.

SOMO also wants to be held accountable for its research and network-related activities. In 2006, SOMO implemented a Code of Conduct and Complaints Procedure. SOMO continues to strive for the highest possible standards and procedures in research, including maintaining an open dialogue with companies, academics and lawyers to carry out proper reviews of its practices. This is to ensure that SOMO's work and services are up to date and

of the highest quality possible. In 2015, SOMO did not receive any complaints related to the Code of Conduct. SOMO did receive several letters from lawyers asking for rectification or withdrawal of publications. SOMO answered these letters explaining the research and the review process. None of the lawyers or companies continued with a further procedure.

In 2015, SOMO continued its official status as a registered charity, the so called ANBI status (Algemeen Nut Beogende Instellingen). As a consequence, financial gifts to SOMO are deductible from taxable income.

RISK MANAGEMENT

Together with both the staff and the board SOMO organised a broad discussion on the possible risks SOMO is facing. In 2016 SOMO will give more attention to the management of risks. The main risks identified related to:

- **Safety:** two trends play a role in the improvement of SOMO's safety policies. First, the first space for Human Rights Defenders (HRDs) is shrinking. This is dramatically illustrated by recent killing in Honduras and Colombia. At the same time SOMO aims to support HRDs and improve access to justice. Second, SOMO, with attention for conflict affected areas, is more involved in cases related to violence. Both in the training of staff members, developing safety procedures and in sourcing for support of HRDs, SOMO tries to mitigate the risks.
- **Security:** related to the safety issues is ICT security. The uses of communications technology and data-storage with the current development of technology asks for a raised awareness among staff and partners and needs new measures to secure the storage of digital information.

- **Fundraising:** although the financial position of SOMO is good and the secured incomes for the coming years cover about 70% of the annual budget, SOMO needs to diversify its sourcing to lower the financial dependency on a few large funders.
- **Legal:** every year SOMO receives several letters from lawyers representing companies targeted by SOMO research, asking for the withdrawal of a publication. Although SOMO implemented its code of conduct many years ago, accompanied by a strict procedure for company reviews (right to reply); libel claims remain a risks related to the work of SOMO. SOMO will continue to train staff and partners in complying with the code of conduct.
- **HRM:** In different meetings SOMO concluded that our work is focused too much on outputs, instead of on outcomes. This leads to complaints regarding unhealthy work pressure and a lack of organisational learning. By implementing new instruments for HRM and PME&L (related to the Theory of Change) SOMO aims to develop team cooperation focused on strategic learning.

GOVERNANCE AND ORGANISATIONAL STRUCTURE

Over the past ten years many organisations similar to SOMO, have switched to a Supervisory Board model. SOMO's governing board and staff indicated that this was their preference as well and so, in December 2015, they decided to amend SOMO's statutes per January 2016.

Important decisions regarding strategy and policy frameworks at SOMO are made collectively. SOMO values a flat organisational structure, which includes participatory policy development and a horizontal organisational structure. That's why the role of the collective staff is also included in the new statutes. The day-to-day management of the organisation is in the hands of the management team, which consists of Esther de Haan, Gerhard Schuil and Roos van Os and is chaired by Ronald Gijsbertsen, who is also managing director.

The governance structure of SOMO and its networks can be summarised as follows:

- The responsibility of the supervisory board is explicitly to supervise the organisation. On the 31th of December 2015 the supervisory board consisted of three members. Two additional members will be selected in 2016.
- The managing director is the only member of the executive board. Together with three programme managers, the managing director forms the management team of SOMO. Members of the Management Team are part time responsible for management tasks and part time involved in activities of the knowledge centre, the networks and services.
- The steering committees of the networks and coalitions hosted by SOMO are responsible for the strategy and plans of the networks. The members of the network are represented in a steering committee. The management and board of SOMO are responsible for the organisational and managerial context.
- SOMO's staff remains the most important decision-making body regarding strategy and annual plans.

SOMO as an organisation is board member of the European Coalition for Corporate Justice (ECCJ).

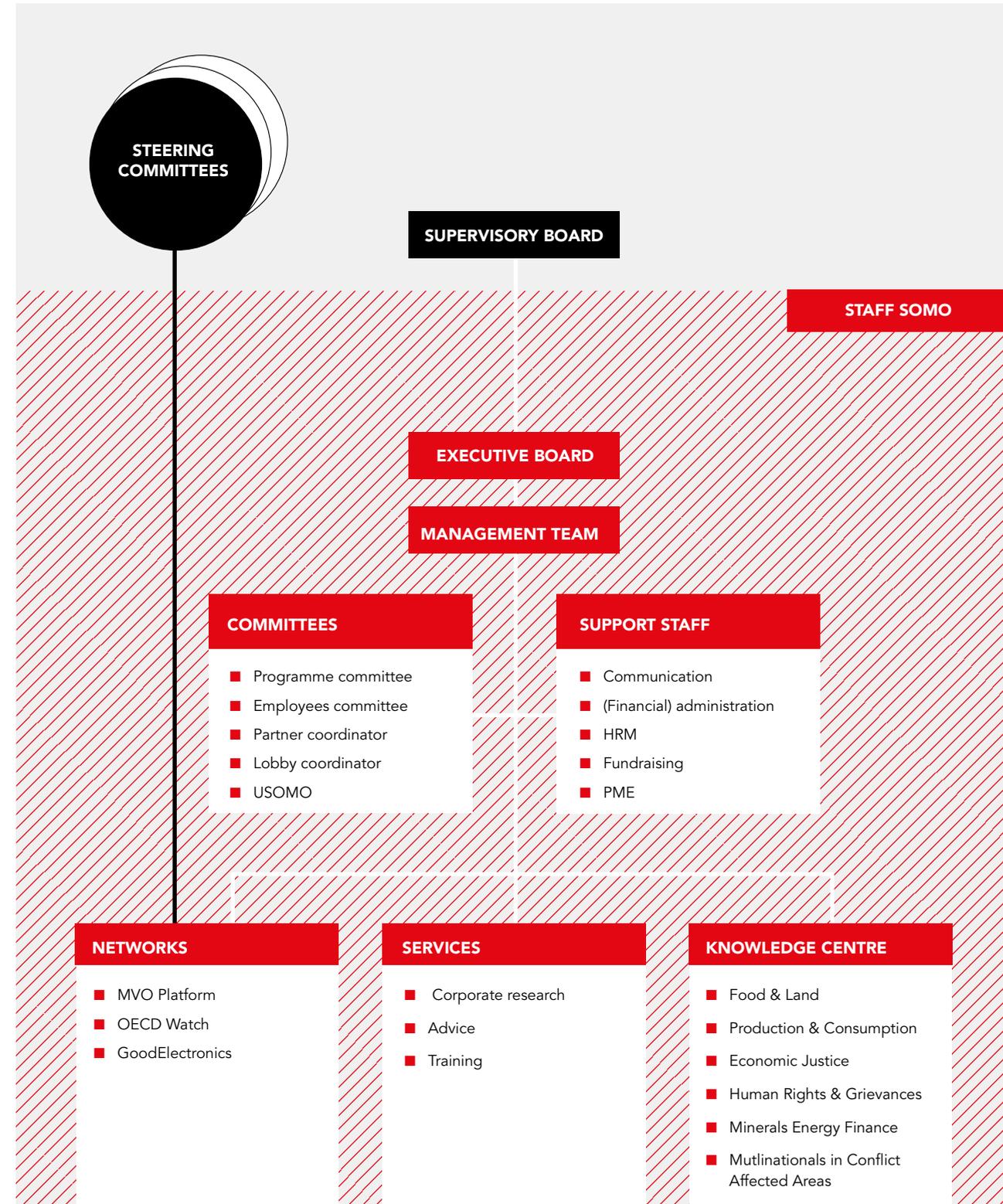
HUMAN RESOURCE MANAGEMENT

Relevant Personnel Statistics for SOMO in 2015:

- At the end of 2015, SOMO employed 39 people (2014: 38) at 30.8 FTE (2014: 28.5 FTE).
- 33 people have permanent contracts.
- 6 have temporary contracts for a period of at least one year.
- SOMO has flexible personnel to expand its temporary capacity. In total, 10 freelancers and 1 flexible staff member was working for SOMO at the end of 2015.
- The caretaker (0.35 FTE) is hired from Pantar, an organisation that provides work for people with a distance to the common labour market.
- SOMO trained 7 interns in 2015.
- Absence caused by illness was 3.1 % in 2015 (2014: 3.4%).

The costs for fundraising consists of personnel costs and costs for consultancy. In 2015, 7.6 % of the time available was spent on fundraising (2014: 5.5%). The total costs for fundraising are 5.7 % of SOMO's total income in 2015 (2014: 5.0%).

The salary of the Managing Director was € 77,465 in 2015. The VFI (the sector organisation of charities) developed a calculation to relate the salary of the Managing Director to the size of the organization, the complexity of the organization, the organisational context and the applied management model. According to this model, SOMO's salary for the MD could maximally be € 98,257.



Forecast 2016

	2016 Forecast	
Income	€	€
Government grants		
Dutch Ministry of Foreign Affairs	2,500,000	
Other Dutch Government grants	30,000	
European Commission	410,000	
Other Government grants	100,000	
Total Government grants		3,040,000
Other contributions		
Membership contributions	160,000	
Grants and other contributions	480,000	
Total other contributions		640,000
Professional services		400,000
Other income		30,000
Total income		4,110,000
Expenditure	€	€
Direct project costs	1,050,000	
Direct costs of professional services	30,000	
Personel costs	2,500,000	
General expenses	500,000	
Total expenditure		4,080,000
Operating result before interest and taxation		30,000

Financial Statements

Balance Sheet as of 31st of December, 2015 (after appropriation of result)

	31-12-2015	31-12-2014
	€	€
Assets		
Fixed assets		
Tangible fixed assets		
Other equipment	54,975	71,073
Current assets		
Receivables, prepayments and accrued income		
Trade debtors	178,458	19,311
Subsidy receivable	272,377	286,243
Taxation and social securities	17,948	22,364
Prepayments and accrued income	139,589	97,806
	608,372	425,724
Cash and bank balances	1,972,550	1,495,925
Total assets	2,635,897	1,992,722
Liabilities		
Equity		
General reserve	632,179	604,083
Appropriated reserves	66,581	66,581
	698,760	670,664
Provision		
Provision personnel	-	44,451
Current liabilities, accruals and deferred income		
Creditors	331,234	369,678
Advanced payments/ advances received on subsidies	1,133,232	425,026
Taxation and social securities	135,169	124,023
Accruals and deferred income	337,502	358,880
	1,937,137	1,277,607
Total liabilities	2,635,897	1,992,722

Statement of Income and Expenditure, 2015

	2015 realization	2015 budget	2014 realization
	€	€	€
Income			
Government grants/contributions			
Government grants	3,016,934	2,990,000	2,705,388
Other contributions	608,285	450,000	557,189
	3,625,219	3,440,000	3,262,577
Professional services	382,230	400,000	274,778
Other income	-	20,000	16,001
Total income	4,007,449	3,860,000	3,553,356
Expenditure			
Direct project costs	1,127,164	1,200,000	958,779
Direct costs of professional services	67,202	40,000	35,054
Personnel costs	2,409,735	2,240,000	2,209,205
General expenses	374,696	350,000	319,260
Total expenditure	3,978,797	3,830,000	3,522,298
Operation result before interest and taxation	28,652	30,000	31,058
Financial income and expenses			
Interest income	8,089	-	8,618
Financial expenses	-1,264	-	-4,088
	6,825	-	4,530
Result on ordinary activities before taxation	35,477	30,000	35,588
Taxation on ordinary activities	-7,381	-	-7,184
Result after taxation	28,096	30,000	28,404

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

Tangible fixed assets: 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:

- 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.

Provision: Provision personnel: this provision is based on the 'Conditions of employment', formed for personnel with a right to build up 'pension' and 'holiday rights' during uncompensated absence. The provision for personnel has been formed for the amount expected to be due in the future and is built up during the labour period to a maximum amount. The amounts paid during the absence period are deducted from this provision. As consequence of the new pension arrangement of SOMO the provision personnel is not needed anymore. Because the pension fees are based on the real paid salaries, personnel don't build up "pension" during uncompensated absence. The amount of the provision is released in 2015.

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

	2015	2014
Assets	€	€
Other equipment (rebuilding, computer/office equipment)		
Purchase value at historical cost	219,658	209,538
Accumulated depreciation	-148,585	-122,972
Balance as of 1 January	71,073	86,566
Movements		
Investments	8,560	10,120
Desinvestments	-	-
Depreciation	-24,658	-25,613
Desinvestment depreciation	-	-
Total movements	-16,098	-15,493
Purchase value at historical cost	228,218	219,658
Accumulated depreciation	-173,243	-148,585
Balance as of 31 December	54,975	71,073
Trade debtors		
Trade debtors	178,458	19,311
Minus: allowance for doubtful receivables	-	-
Total trade debtors	178,458	19,311
Subsidy receivable		
BothENDS (MFS II Fair, Green & Global Alliance)	31,944	132,590
BUZA (Human Rights and Grievance Mechanisms)	79,161	-
Oxfam Pakistan (Fragile States)	-	33,373
BUZA (Fragile States)	107,240	90,985
EuropeAid (ECCJ)	1,710	1,710
SETEM (EuropeAid ProcureITFair)	10,561	12,091
Fair Wair Foundation (EuropeAid Creating Change Agents in the European Garment Industry)	7,534	3,562
TIE (EuropeAid Human Rights at Work)	35,937	1,932
Norwegian Forum (OECD Watch)	-	10,000
Subtotal subsidy receivable	274,087	286,243
Minus: doubtful subsidy receivable (projects)	-1,710	-
Total subsidy receivable	272,377	286,243

	2015	2014
Assets	€	€
Taxation and social securities		
Taxation (corporate tax)	4,432	10,445
Social Securities Belgium	-	2,846
Value added tax (V,A,T)	13,516	9,073
Total taxation and social securities	17,948	22,364
Prepayments and accrued income		
Professional services to invoice	71,171	13,856
Rent	4,991	4,973
Interest	10,762	12,203
Pension contributions	13,989	11,727
Short term loan EU partner	-	20,500
Other prepayments and accrued income	38,676	34,547
Total prepayments and accrued income	139,589	97,806
Cash and bank balances		
Current accounts	387,551	293,562
Interest accounts	1,584,056	1,201,393
Stocks	943	970
Total cash and bank balances	1,972,550	1,495,925

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 from third parties. SOMO does not buy shares as an investing policy.

	Begin financial year 2015	Movements 2015	End financial year 2015
Liabilities	€	€	€
Equity			
General reserve	604,083	28,096	632,179
Appropriated reserve housing	30,000	-	30,000
Appropriated reserve organisation development	36,581	-	36,581
Total equity	670,664	28,096	698,760
Provision			
Provision personnel	44,451	- 44,451	-

EQUITY

In 2014, SOMO hightened the norm regarding the necessary amount for the general reserve. The minimum norm for the general reserve used to be 50% of the fixed personnel costs of the employees with a contract for an indefinite period. To bring the norm more in line with other organisation using the guidelines of the VFI, SOMO changed its general reserve policy in 2014. The necessary amount now needed equals 50% of the fixed organizational costs. This contains the fixed personnel costs (gross salary, social charges, allowances, pension) and other fixed organisational costs. The norm for 2015 is € 1,146,053 (2014: 1,025,000). The actual general reserve for 2015 is € 632,179 (2014: € 604,083). 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 new norm, we annually budget 1 – 2 % of the total annual turnover for the general reserve. Because of the good funding base for the coming five years, no additional steps need to be taken at this moment.

In 2007 SOMO started a general housing reservation. That first year € 20,000 was added to this reserve. SOMO will add € 10,000 to this reserve annually from any positive results that exceed the result needed to reach the necessary general reserve.

Any residual positive results above the minimum norm for the general reserve will be added to the reserve for organisational development and can 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.

PROVISIONS

As consequence of the new pension arrangement of SOMO the provision personnel is not needed anymore. Because the pension fees are based on the real paid salaries, personnel don't build up "pension" during uncompensated absence. The amount of the provision is released in 2015.

	2015	2014
Liabilities	€	€
Creditors		
Creditors	173,684	124,357
Contract obligations project partners	157,550	245,321
Total creditors	331,234	369,678
Advanced payments/ advances received on subsidies		
Oxfam Novib (MFS II IMPACT Alliance)	-	170,806
BothENDS (Partnerschappen Fair, Green & Global Alliance II)	839,422	-
BUZA (Human Rights and Grievance Mechanisms)	-	46,252
La Strada (EuropeAid Trafficking Human Beings)	-	2,115
TNI (EuropeAid EU Investment Coherence for Sustainable Development)	4,944	37,814
CIR (EuropeAid Fair Super Brands)	30,048	-
Oxfam Pakistan (Fragile States)	59,929	-
The Sigrid Rausing Trust	34,906	24,347
MVO Platform advanced payments	48,570	46,730
EuropeAid (Good Electronics Network)	21,377	25,770
Royal Norwegian Ministry of Foreign Affairs (OECD Watch)	-	16,867
Bread For All (ProcureITfair)	24,749	6,052
Fastenopfer (ProcureITfair)	14,659	-
Oxfam Novib	-	30,051
Fidelity Charitable (Righting Remedy)	24,733	-
Dutch Embassy Colombia	29,895	-
Other advanced payments	-	18,222
Total advanced payments	1,133,232	425,026
Taxation and social securities		
Social securities (payroll tax)	133,698	124,023
Social Securities Belgium	1,471	-
Total taxation and social securities	135,169	124,023
Other accruals and deferred income		
Holiday pay	72,070	68,181
Holiday days	93,878	97,836
Prepayments professional services	43,458	61,658
Audit fee	23,000	16,250
Administration fee	-	1,700
Development contract supervision	4,560	4,560
Salaries	75,116	71,482
Transfer costs pension	9,000	9,000
Landelijke India Werkgroep	-	12,000
Dividend to be paid to charity organisation	175	74
Other	16,245	16,139
Total other accruals and deferred income	337,502	358,880

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 2015, 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 2015: € 59,783). The lease for Sarphatistraat 30 SOMO signed in 2007 starts from 1 July 2007 – 30 June 2012. This year 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

	2015	2014
Income	€	€
Government grants		
Subsidies Dutch Ministry of Foreign Affairs		
Oxfam Novib (MFS II IMPACT Alliance)	1,222,929	1,078,006
Both Ends (MFS II Fair, Green & Global Alliance)	541,147	541,910
BUZA (Human Rights and Grievance Mechanisms)	392,412	397,271
BUZA (Fragile States)	324,158	372,437
Total subsidies Dutch Ministry of Foreign Affairs	2,480,646	2,389,624
Other Dutch Government grants		
Agentschap NL (Duurzame Pleinen)	-	805
Total other Dutch Government grants	0	805
Subsidies European Commission		
EuropAid (Good Electronics Network)	337,509	191,939
Traidcraft (EuropeAid Pro-development supermarket supply chains)	-	12,814
Fair Wear Foundation (EuropeAid Creating Change Agents in the European Garment Industry)	7,534	12,243
TNI (EuropeAid EU investment coherence for sustainable development)	47,778	36,034
La Strada (EuropeAid Trafficking Human Beings)	10,583	17,212
SETEM (EuropeAid ProcureITFair)	30,160	42,789
CIR (EuropeAid Fair Super Brands)	68,716	-
TIE (EuropeAid Human Rights at Work)	34,008	1,928
Total subsidies European Commission	536,288	314,959
Total Government grants	3,016,934	2,705,388

	2015	2014
Income	€	€
Other contributions		
Contributions of partners (EuropeAid Good Electronics Network)	27,028	25,056
The Sigrid Rausing Trust	156,965	146,061
Oxfam Novib	30,050	16,918
OECD Watch (membership contributions)	8,091	4,881
MVO Platform (membership contributions)	153,518	137,734
Getting EU Business and Human Rights implementation back on track (contributions)	22,305	-
Oxfam Pakistan (Fragile States)	7,314	45,225
Oxfam Novib (Make Tax Fair)	69,677	-
Open Society Foundation	-	109,029
Bread For All (ProcureITFair)	5,000	14,498
Lentenfund (ProcureITFair)	6,974	-
Royal Norwegian Ministry of Foreign Affairs (OECD Watch)	27,366	20,000
Norwegian Forum (OECD Watch)	10,091	10,000
Consumers International (Supermarket Survey)	-	505
Fedility Charity (Righting Remedy)	20,275	-
Dutch Embassy Colombia	5,215	-
Milieudefensie	13,455	-
Crowdfunding and gifts	782	6,685
Other contributions	44,179	20,597
Total other contributions	608,285	557,189

FUNDRAISING

The total of income received not from own fundraising of SOMO but as part of cofunding of project partners for 2015 is € 108,111 (2014: € 100,758)

EXPLANATION ONLINE FUNDRAISING AND DONATIONS

In 2014 SOMO started with different kinds of online fundraising. In 2015 SOMO received € 782 in donations (2014: € 2.230). In 2015 SOMO did not start a crowd funding project, no amount is received for crowdfunding in 2015 (2014: € 4,455).

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.

	2015	2014
Income	€	€
Professional services		
Quick Scans	12,610	37,655
Corporate research	42,294	9,906
Sector research	153,862	46,240
Country and policy research	59,211	6,818
Supply chain research	24,000	38,640
Trainings	17,428	34,052
Consultancy	50,314	59,422
Expert contribution	20,443	19,531
Other services	2,068	22,514
Total professional services	382,230	274,778
Expenditure	€	€
Direct project costs		
Travel costs	256,184	162,145
Office expenditure	90,079	72,751
Telephone and postage	2,279	4,463
Printed matter	146,615	63,727
Contracted work	572,234	603,500
Other direct project costs	59,773	52,193
Total direct project costs	1,127,164	958,779
Direct costs of professional services		
Travel costs	12,043	14,339
Office expenditure	2,071	6,622
Telephone and postage	100	-
Printed matter	7,043	6,508
Contracted work	45,374	7,510
Other direct costs of professional services	571	75
Total direct costs of professional services	67,202	35,054

	2015	2014
Expenditure	€	€
Personnel costs		
Salaries		
Gross wages	1,596,119	1,473,826
Social securities	274,433	272,358
Pension contributions	195,369	190,445
Total salaries	2,065,921	1,936,629
Remaining personnel expenditure		
Study	45,666	11,837
Change in debt holiday pay	3,889	6,237
Change in debt holiday days	-3,958	22,010
Insurance	28,033	34,925
Travel costs	28,567	27,515
Thirteenth month	134,913	123,481
Freelance costs support staff	16,740	39,653
Freelance costs project staff	124,084	63,399
Provision personnel	-44,451	3,910
Other personnel costs	29,821	31,437
Total remaining personnel expenditure	363,304	364,404
Subtotal personnel costs	2,429,225	2,301,033
minus: received payments for illness	19,490	79,407
minus: charged for (project) personnel expenditure	-	12,421
Total personnel costs	2,409,735	2,209,205

PERSONNEL COSTS

At the end of 2015, SOMO was employing a total of 39 people (2014: 38) and 30.8 FTE (2014: 28.5 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 in 2015, the income of top officials in the (semi) public sector may not exceed the maximum of 100% of the minister's salary. For 2015 the maximum amount is € 163,000 including taxable allowances and employer pension contributions.

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

2015

Title	Managing Director	Programme Manager	Programme Manager	Programme Manager
Name	Ronald Gijsbertsen	Esther de Haan	Gerhard Schuil	Roos van Os
FTE	36 hours a week	36 hours a week	36 hours a week	36 hours a week
Months worked in 2015	12	12	12	12
Gross salary including thirteenth month holiday allowance and holiday pay	€ 77,465	€ 66,719	€ 53,424	€ 50,064
Pension premium paid	€ 9,383	€ 8,288	€ 6,661	€ 5,701
Travel expenses home-work	€ 3,546	€ 0	€ 0	€ 0
Total	€ 90,394	€ 75,007	€ 60,085	€ 55,765

	2015	2014
Expenditure	€	€
General expenses		
Software and hardware		
Software and development	93,277	36,347
Software and hardware	9,526	11,561
Depreciation software and hardware	9,105	10,343
minus charged for project costs ICT/ Software	- 410	-
Subtotal software and hardware	111,498	58,251
Housing expenses		
Rent and energy	64,278	69,812
Insurance and taxes	2,305	2,387
Maintenance and cleaning	24,400	22,492
Depreciation rebuilding	11,823	11,721
Other housing expenditure	6,851	10,994
Subtotal housing expenses	109,657	117,406
Office expenses		
Catering	8,268	9,206
Telephone	6,135	7,492
Postage and dispatch	964	390
Printed matter	4,174	5,651
Office supplies	5,172	6,232
Internet/ website	2,086	4,746
Contributions	4,477	7,765
Literature	1,012	656
Databank	43,700	37,551
Representation	6,172	2,093
Travel	6,089	1,733
PR and publicity expenditure	21,525	11,212
PR dissemination knowledge	49,845	71,436
Translation/ interpreter expenditure	2,348	3,074
Depreciation equipment	3,730	3,549
minus charged for project costs office expenses	- 64,457	- 59,923
Subtotal office expenses	101,240	112,863

	2015	2014
Expenditure	€	€
Organisation and administration expenses		
Advice	10,424	17,978
Audit fee	27,000	17,000
Administration costs	4,627	9,760
Insurances	6,836	4,655
Fines	-	340
Allowance for incollectable grants	1,710	-19,894
Other general expenses	1,704	901
Subtotal organisation and administration expenses	52,301	30,740
Total general expenses	374,696	319,260

EXPLANATION OF DIFFERENCES BETWEEN REALIZATION AND BUDGET 2015

Result

The positive result for 2015 was almost at the expected level. The budgeted result for 2015 was € 30,000 before taxation. The actual positive result is € 28,652 before taxation. The actual result is in line with the aim to meet the minimum norm for the general reserve the coming years slowly. The turnover was higher than expected. This didn't affect the result because the (flexible) personnel costs were also higher than budgeted.

Income

The income from professional services was on budgeted level. In December 2014 SOMO approved a new strategy for professional services as part of the goal to diversify the sources of income. This resulted in the increase of income from professional services of 39% compared with this income in 2014. SOMO was able to acquire different large researches mainly related to child labour with regard to different extractives, and research into corporate structures in relation to tax avoidance.

The income from government grants is almost on the expected level. Compared with 2014 both the income from the Dutch Ministry of Foreign Affairs and the European Commission are higher. 2015 was the last year of different subsidy programmes. In 2014 there was a slight underspending because SOMO was not able to carry out all planned activities. In 2015 SOMO was able to correct this and finalise the 2014 activities and carry out all the planned activities for 2015. This explains the higher income from Dutch governmental sources. The higher amount of funding from the European Commission mainly relates to the GoodElectronics Network. After the start-up phase in 2014 this project is now up and running in its second year.

Although the income from other contributions is almost at the same level as 2014, this income is higher than expected, caused by additional funding for different work areas like Multinationals in Conflict Affected Areas, Awareness raising regarding Tax Evasion and the effectivity of Grievance Mechanisms.

Finally, as explained under the accounting principles, the provision personnel, related to pension costs during uncompensated absence, was removed as consequence of a change of the labour conditions and pension arrangement within SOMO.

Expenditure

The direct project costs were almost at the budgeted level. Because SOMO moved some budget from 2014 to 2015 to finalise activities, the direct project costs are a bit higher compared to the level of direct project costs in 2014. This is in line with the higher incomes described above.

The personnel costs are higher than expected and higher than in 2014. This can be explained by a more study costs and by the extra costs related to hiring freelance researchers. These higher study costs are a direct consequence of two policy decisions within SOMO. Firstly Human Resource Management receives more attention within SOMO with the emphasis on both personal and team development. Secondly, related to the higher risks during field visits and the shrinking space for Human Rights Defenders, SOMO invests in training for all staff members as part of its safety policy. Because 2015 was the last year of three multi-annual subsidy programmes SOMO had to finalise all its activities and deliver the planned outputs before the end of the year. As explained in the annual report of 2014, some activities and budget moved to 2015. To be able to finalise all the planned activities, SOMO had to hire some temporary staff members. This led to higher costs for freelance project staff.

The general expenses are a bit higher than budgeted and also higher compared with the expenses in 2014. This is caused by higher costs for software development. Both in 2015 and 2016 SOMO will invest in software development to upgrade its systems for content management, for resource planning and project administration and for its digital work space and knowledge management.

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 2015

The result after taxation 2015 is € 28,096 positive (2014: € 28,404 positive). The supervisory board of SOMO has decided to add this result to the general reserve.

April 20th 2016

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.

We have audited the accompanying financial statements 2015 of Stichting Onderzoek Multinationale Ondernemingen (SOMO), Amsterdam, which comprise the balance sheet as at 31 December 2015, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Board's responsibility

The Board is responsible for the preparation and fair presentation of these financial statements and for the preparation of the director's report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code and the legal provisions of and in accordance with the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT). Furthermore the Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing as well as the Audit Protocol WNT. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Onderzoek Multinationale Ondernemingen (SOMO) as at 31 December 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code and the legal provisions of and in accordance with the WNT.

Amsterdam, 22 April 2016

Dubois & Co. Registeraccountants

Signed on original:
A.P. Buteijn RA and R.W.J. Bruinooge RA

