

A hand is visible on the left side, holding a red rectangular sign. The sign has a white rectangular area in the center containing the text. The background is a solid blue color.

**SOMO**  
Annual  
Report 2014

# Colophon



Stichting Onderzoek Multinationale Ondernemingen  
Centre for Research on Multinational Corporations

## Annual Report 2014

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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) which can initiate positive change on the basis of reliable information and close cooperation, guided by the principles of social and economic justice, sustainable development, transparency and the fair distribution of power.

## Report from the Board

Now more than ever, SOMO is playing an essential role in supporting global movements that are striving for social and economic justice, sustainable development, transparency and the fair distribution of power. As the negative consequences of unchecked corporate power become increasingly impossible to ignore, policymakers and organisations are turning to SOMO for the knowledge and expertise they need to understand the context and to develop effective strategies for change.

In 2014, interest in SOMO's work came from all corners of the globe – from nomadic herders in Mongolia to the Colombian National Contact Point (NCP) of the Organisation for Economic Cooperation and Development (OECD) Guidelines on Multinational Enterprises; from the European parliament to staff of independent accountability mechanisms of the world's development banks. The fact that these people and many others sought out SOMO for its high-quality research, insightful analysis and well-reasoned policy recommendations shows that SOMO is meeting an important need.

SOMO's board convened four times in 2014. Board members discussed the implementation of SOMO's new programme structure and reviewed in detail each of SOMO's six programmes. One of the board's main concerns is to ensure that SOMO's programmes – as well as the organisation as a whole – maintain sufficient and stable resources. The board focused significant attention on SOMO's funding situation after 2015, which marks the end of the current funding cycle of the Dutch Ministry of Foreign Affairs. For the post-2015 funding cycle, the board supported SOMO's participation in two applications – one with Oxfam Novib and the other with the Fair, Green and Global Alliance (FGG) – for a strategic partnership with the Ministry of Foreign Affairs. Meanwhile, the board is supporting SOMO's efforts to diversify its funding base and to invest in relationships with new donors and partners, including academic institutions and

international donors. The goal is to increase the proportion of funding from sources other than the Dutch Ministry of Foreign Affairs.

The composition of SOMO's board underwent several changes during the year. We were delighted to welcome Angela Wigger to the board in March. Angela is a lecturer on Global Political Economy and International Relations at the Radboud University Nijmegen, specialising in the transnational political economy of the European Union.

Melanie Peters resigned from the board in August. Although she will be missed, we are proud to report the reason behind her resignation: Melanie was appointed to serve as a member of the Dutch National Contact Point (NCP) for the OECD Guidelines, where she will play a key role in promoting observation of the Guidelines. We are also very pleased that Jasper Teulings, General Counsel at Greenpeace, will be joining the board at the beginning of 2015.

Finally, the board officially agreed to become a supervisory board (*Raad van Toezicht*) under Dutch law. The Managing Director will maintain full executive responsibility for SOMO, while the staff will continue to have collective responsibility for strategic decision-making. SOMO's statutes will be changed accordingly in 2015. These changes were initiated on the advice of our accountant and formalise our current practice.

As this annual report demonstrates, 2014 was a year full of energy, passion and perseverance at SOMO. We look forward to maintaining the momentum as we move forward.

**Dick de Graaf**  
Chairman

# Director's report

## INTRODUCTION

Economic justice issues featured heavily in the headlines in 2014 as individuals like Thomas Piketty issued a compelling call for governments and policymakers to take serious action on growing wealth and income inequality. As our 2014 annual report shows, SOMO has made a vital contribution to worldwide efforts to expose and tackle the unsustainable and unjust practices of multinational corporations that contribute to inequality. SOMO has a unique role and responsibility in these efforts: we specialise in examining the structural causes behind inequality, employing an analysis that is holistic and therefore capable of identifying paths toward systematic, long-lasting change. SOMO connects the dots across sectors, across countries, and most important of all, across communities facing the same problems caused by many of the same actors for the same reasons.

It's these communities together with NGOs, trade unions and social movements that SOMO aims to support. They are the countervailing power that can initiate positive change. SOMO puts its research into action by building civil society's knowledge, capacity and skills to exert greater influence on corporations and governments. From trainings on company research to support in drafting OECD complaints to awareness-raising about the threats to democracy posed by the proposed Transatlantic Trade and Investment Partnership (TTIP), SOMO strengthens the power of people to lay claim to their rights, and to defend and promote the public interest. At the same time, SOMO strives to level the playing field by pressing Dutch, European and international decisionmakers for regulation, policies and practices based on transparency and a fair distribution of power. SOMO's work on TTIP illustrates the point. We put TTIP's fine print under the microscope, using a lens crafted from decades of research into the technical aspects and social and environmental consequences of trade agreements. We showed how TTIP's proposed investor-state dispute clause favours large companies and financial organisations at the expense of citizen and consumer interests, parliaments and even the sovereignty of states. SOMO's technical analysis

contributed to the resounding call by social justice movements in the Netherlands, Europe, across the Atlantic and around the world to 'Stop TTIP.'

The importance of in-depth research and knowledge-building was one of the key points we made in our report, *The Strength of Lobbying and Advocacy*, published jointly with partners in the Fair Green and Global Alliance in April. Drawing on the Alliance's collective experiences and lessons learned, the report identified ten key factors for successfully influencing policy. Following the report, Dutch Minister of Trade and Development Cooperation Lilianne Ploumen, announced her plan to create strategic partnerships with sustainable development organisations specialising in lobbying and advocacy. SOMO welcomed the Minister's focus and renewed its collaboration with both Oxfam-Novib and the Fair, Green and Global Alliance, both of which submitted a partnership proposal to the Minister in August.

## Building civil society's knowledge, capacity and skills to exert greater influence on corporations and governments.

The partnership framework offered SOMO a good opportunity to reflect on our successes and challenges, and to reconsider our theory of change. We held an organisational-level strategy discussion in June where we affirmed the strength of our approach: we remain convinced that CSOs are the counterweight to the unsustainable strategies

and practices of multinational corporations. In SOMO's vision, such change is initiated on the basis of reliable information. That's why we maintain a fundamental commitment to research and knowledge-building. It's a feature that not only distinguishes SOMO from other organisations, but makes our contribution to the promotion of sustainable and fair economic development so important. Time and again, partners, policymakers, clients and companies affirm the value of our research and insights.

Of course, revisiting our theory of change also enabled us to identify new directions and ways of working. We will intensify and broaden our cooperation with universities and we will increase attention to effective and promising alternatives and paths to positive transition. We also want to ensure that our research is always firmly embedded in broader analyses of business contexts and strategies – considering factors such as price volatility or the rate of resource depletion, for example, in business decision-making. In this way, we can better understand the logic and interests of companies, more accurately predict their decision-making, and improve our ability to identify the best tactics and targets for influencing them. We will also increase our focus on the key issue of enforcement power in both trainings and our work on cases.

We are committed to exploring innovative ways of knowledge-transfer and interaction with our target groups. To that end, we became a member of Publeaks, an online system (in Dutch) that enables material to be uploaded anonymously and forwarded to journalists and researchers. By joining Publeaks, we can assist people in exposing sensitive information about social injustices in a secure and responsible manner. Meanwhile, SOMO staff explored new, interesting and accessible ways of presenting their research at a storytelling workshop. A short video describing one of SOMO's programmes and a visual representation of a meeting report are just some of the exciting results of this effort.

The breadth of SOMO's work and the sheer size of the organisation have increased over the last few years. In response to this, at the beginning of 2014

we shifted from a project-based structure into six thematic programmes – Food & Land, Production & Consumption, Human Rights & Grievance mechanisms, Multinationals in Conflict-affected Areas, Economic Justice and the Mineral Energy Finance Transition. The new programme structure was designed to foster more strategic thinking and cross-fertilisation of ideas. After one year, the staff is resoundingly positive. We also expanded the management team from three to four members. The management team continues to facilitate horizontal ways of working. Team members carry out their management responsibilities alongside on-going involvement in research and other programme-related work activities. This is an essential aspect of SOMO's management philosophy: the organisation is best guided by individuals who remain directly involved in implementing SOMO's strategies of knowledge-building, civil society cooperation and capacity-building, and advocacy for policy change.

These strategies will lead us down the path toward positive, concrete changes in people's lives.

We believe that these strategies will lead us down the path toward positive, concrete changes in people's lives, however long and circuitous that path may be. I invite you to read SOMO's 2014 Annual Report and learn more about our activities and achievements as we work in tandem with our partners around the world to make the world a more just, more equitable and more sustainable.

Ronald Gijsbertsen  
Managing Director

## Highlights

### Progress towards SOMO's objectives in 2014

Knowledge is a powerful driver for change. To achieve this, 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 2014 highlights reflect the successful mix of SOMO's four strategies: knowledge building; strengthening civil society organization (CSO) cooperation and information-sharing; capacity building; and advocacy for policy change toward government policymakers, corporate actors and other stakeholders.

#### **SOMO Objective 1** **CSOs 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).**

- Organisations and activists in northern Greece were able to piece together their case against a Canadian company Eldorado Gold with SOMO's research on the company's tax avoidance construction.
- Over 60 representatives from CSOs in Latin America, Africa and Asia learned about non-judicial grievance mechanisms this year.
- Workers of various extractives and agribusiness companies in conflict-affected areas (Colombia, Liberia, Sierra Leone and DRC) were supported in their efforts to improve their precarious labour conditions. In these countries, communities affected by the work of multinational companies were supported in holding these companies accountable.
- Over 50 anti-trafficking NGOs learned about corporate practices, accountability standards and grievance mechanisms related to human trafficking, during a training session in Bulgaria.
- Seven communities in Laos were assisted in drafting and filing an OECD complaint against a company that supplies hydropower turbines for a contested hydropower project in the Mekong river.

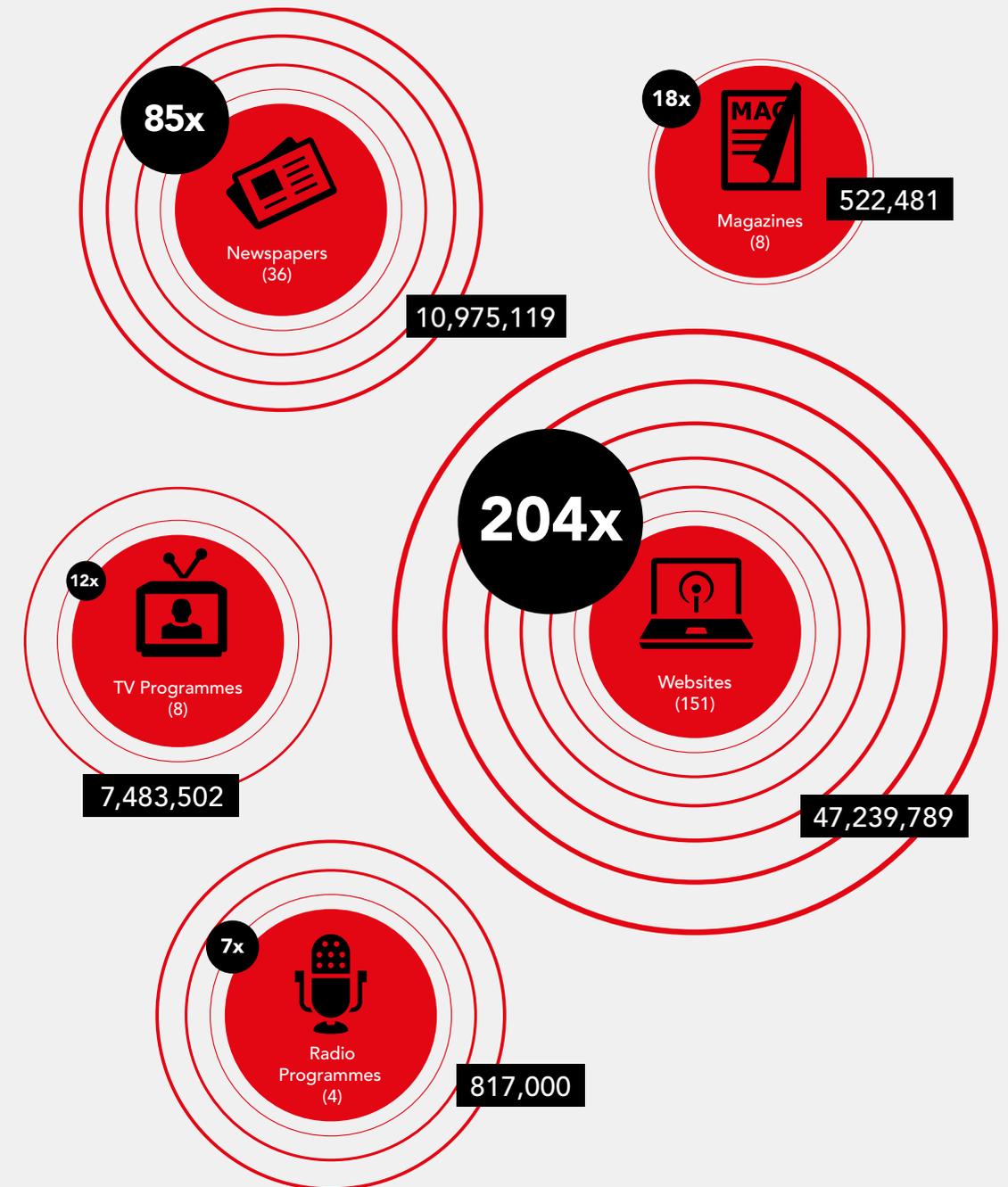
**SOMO Objective 2**  
Corporate conduct and policies serve sustainable development.

- The multinational SOCO ended its operations in Virunga National Park (DRC), Africa's oldest national park and an UNESCO World Heritage Site, due to a complaint filed by the WWF, supported by SOMO-research.
- The Rainforest Alliance announced improvements to its social auditing practices including new protocols such as the use of female auditors, conducting interviews in confidential settings and interviews with high-risk workers.
- Multinational Philips stated its support for initiatives to ban the use of benzene in the electronics' production chain. Furthermore, the EICC announced the formation of a working group focused on chemicals.
- The management of NXP-Philippines signed a collective bargaining agreement with the union after a difficult struggle, which included the illegal dismissals of union leaders.

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

- The Dutch Minister of Foreign Trade and Development Cooperation raised the issue of working conditions in the spinning mills during a trade trip to India.
- Public buyers in the Netherlands sought advice on socially responsible public procurement and specifically on how to operationalise this Dutch policy.
- The Dutch government took SOMO's recommendations into account in the Terms of Reference for an official evaluation of the policy on socially responsible public procurement. SOMO reviewed the implementation of the Netherlands' policy for socially responsible public procurement; the results showed hardly any application of the national sustainability policy.

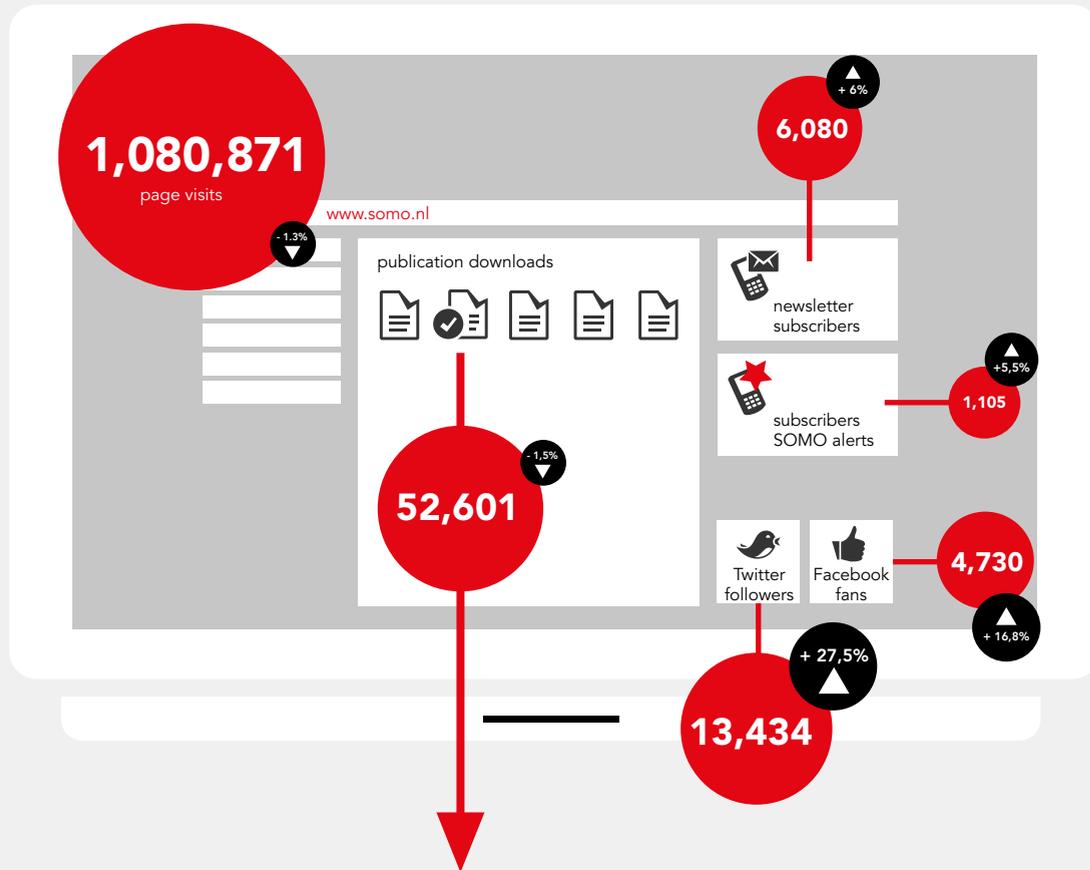
- SOMO contributed to a large extend to the growing public debate around the free trade agreement between the US and Europe (TTIP).
- Future Dutch MEPs discussed development issues in a lively debate in Amsterdam, attended by 200 people.



**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, numbers provided by the websites and 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.

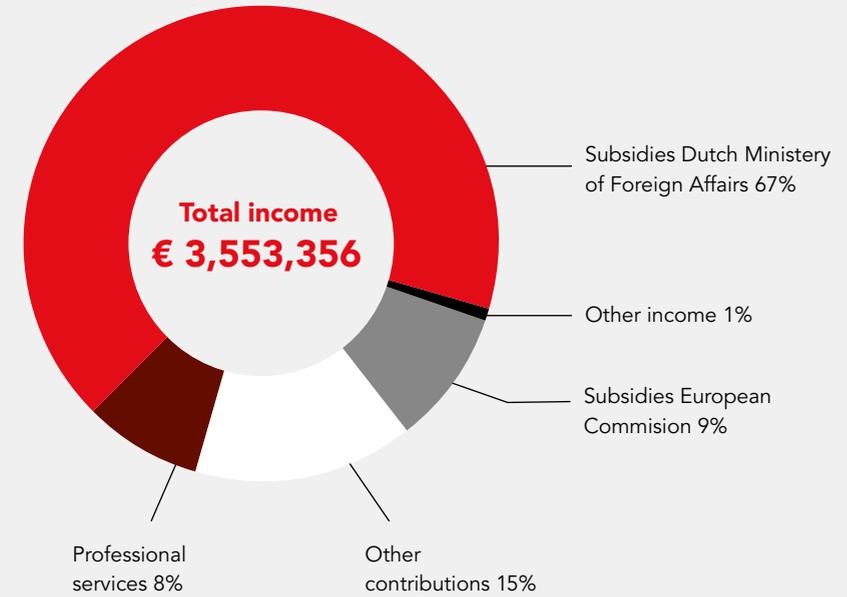


TOP 10 DOWNLOADS

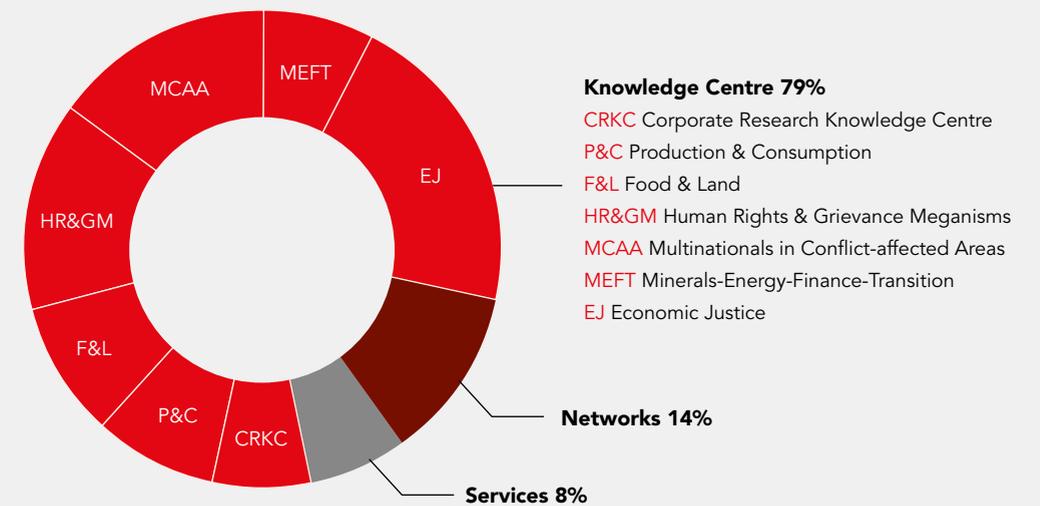
1	Apple – CSR Company Overview (3,951)	6	The Dutch Good Growth Fund (742)
2	Flawed fabrics (1,839)	7	Sustainability Issues in the Tea Sector (662)
3	Examples of Unethical Trials (1,006)	8	Dutch Bilateral Investment Treaties (606)
4	The Netherlands: A tax haven (1,005)	9	Fact Sheet child labour - Focus on the role of buying companies (547)
5	Corporate responsibility instruments (953)	10	How to Use the UN Guiding Principles on Business and Human Rights in Company Research and Advocacy (500)

▲ x% = related to 2013 numbers. Lower page visits and lower download number can be explained through a lower number of overall publication in 2014 (compared to 2013), and to the ending of the makeITfair website in 2014.

INCOME BY FUNDER



DIVIDED OVER SOMO'S 3 TYPES OF WORK



#### A review of Dutch policy for socially responsible public procurement

This study assesses the implementation of the national policy on the national level, within the provinces and lower governing bodies.



#### The strength of lobbying and advocacy

The Fair, Green + Global alliance presents clear insights into the many shapes and forms of policy influencing according to ten factors that lead to success, including recommendations for policy support measures.



#### Colombian Coal in Europe

This briefing paper gives an overview of the continuing mining controversies in Colombia and their links to European power companies.



#### Flawed fabrics

This report highlights serious labour rights and human rights violations faced by girls and young women employed in the Tamil Nadu spinning industry in South India, which is a major hub in the global knitwear sector, supplying some of the big name clothing brands including C&A, Hanesbrands, Mothercare and Primark.



#### Social risks at government construction projects

The Dutch Department of Waterways and Public Works, Rijkswaterstaat, has thus far taken very few steps to avert social abuses on its construction sites.



#### Impacts of the global iron ore sector

This report provides a case study on the Mongolian mining company Altain Khuder, which receives financing from the European Bank for Reconstruction and Development.



#### Fact Sheet child labour - Focus on the role of buying companies

This fact sheet is about child labour in the global textile and garment supply chain, particularly in Asia.



#### Using Grievance Mechanisms

In a research into grievance mechanisms in the electronics industry, SOMO found that very few workers have trust in the grievance mechanisms available in their company.



#### EU action needed for fair supermarket supply chains

Policy and case study research by a European coalition of CSOs shows EU policy action is needed to secure decent work and prevent unfair trading in supermarket supply chains from developing countries.



#### Discussion Paper on Eldorado Gold

This discussion paper has been published as part of SOMO's review process. It has been distributed for expert review at the SOMO strategy meeting on 30-31 October and at a public meeting involving Greek social movements in Thessaloniki, Greece, on 1 November 2014.



#### The Patchwork of Non-Judicial Grievance Mechanisms

The purpose of this briefing note is to describe the current patchwork of existing non-judicial grievance mechanisms and how they function, identify their limitations, and provide recommendations for improving them.



#### Fact sheet - socially responsible public procurement

This fact sheet is the fourth in a series about labour conditions in the textile and garment industry. This one is about the socially responsible public procurement (SRPP) of textiles and garments, especially in Europe.



#### The Swiss Connection

The aim of this report is to highlight how Royal Dutch Shell uses its presence in Switzerland, a notorious tax haven and secrecy jurisdiction, to minimize its tax payments in other countries, including developing countries.



#### Financial instruments and legal frameworks of derivatives markets in EU agriculture

For the first time, new EU laws regulate the agricultural commodity derivatives markets and their participants.



#### Hidden profits

Eurodad report in which 15 European companies are compared on anti-tax dodging measures and on financial transparency.



#### Feiten of fabels. 7 claims over TTIP

Seven key assumptions about the free trade agreement between the US and Europe are examined and critically scrutinized.



#### De invloed van opdrachtgevers op het sociaal beleid van transporteurs

This paper outlines in which way work is tendered in the transport sector, and what impact this has on the social policies of transporters.



#### Multinationals and Conflict

This publication aims to bring together existing knowledge about 24 international principles and guidelines for companies operating in conflict-affected areas.



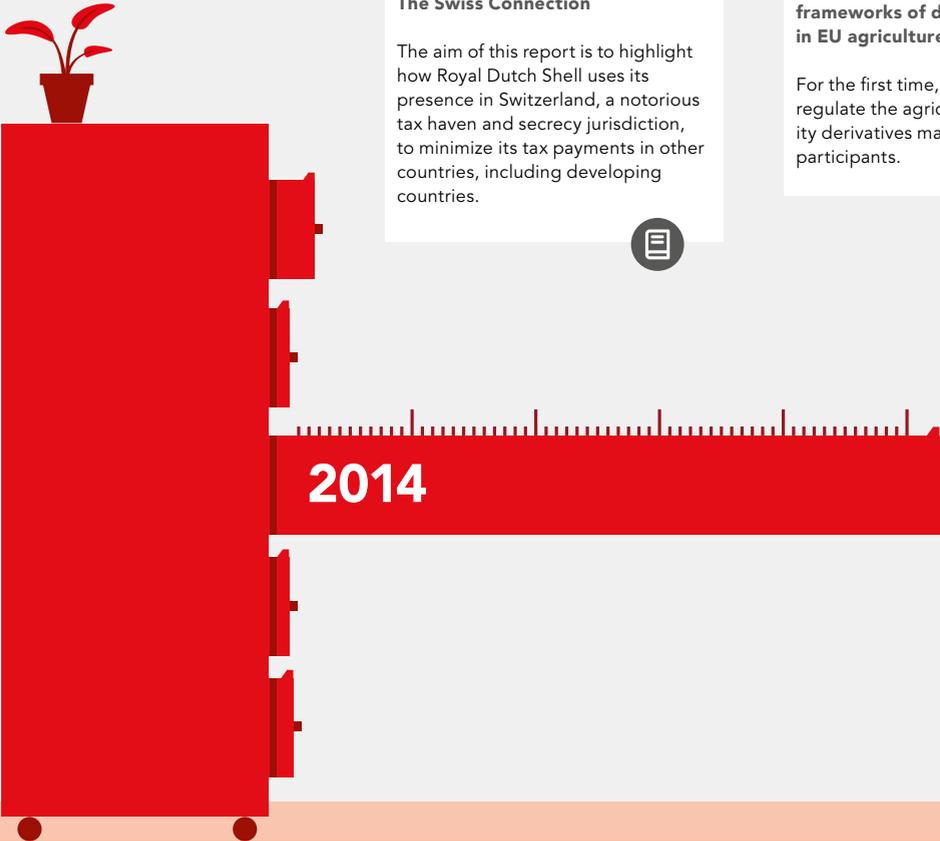
#### Schaduwbankieren en belastingontwijking

This publication focuses on the part of the shadow banking system that is concentrated in tax havens, especially the Netherlands.



#### When the dust settles

Report on the findings of the Fact Finding Mission to Mongolia in August 2014.

2014





Cashew nut processing, India © Jim McDougall



Partner meeting, Greece © Nikos Pilos

# 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 envisions a global food system in which small farmers and workers are justly treated and fairly compensated, biodiversity and ecosystems are protected, land rights of rural communities are respected and improved, and no one suffers from hunger. SOMO works with and draws connections between the food system's key stakeholders – communities, workers, farmers, multinational food companies and supermarkets – with the goal of reorienting corporate policies and standards, and national and international regulatory frameworks, to support a fairer and more sustainable system.

### SUPERMARKET SUPPLY CHAINS

In 2014, SOMO continued to work with a broad coalition of European CSOs – including farmers, consumer groups, labour unions and fair trade organisations – to address the unfair trading practices of European supermarkets and sub-standard working conditions in retail supply chains. An expert meeting in Brussels focused on operationalising European Union (EU) enforcement measures to stop unfair trading practices.

In June, SOMO published a paper detailing the results of a survey of the labour standards and purchasing practice policies of 25 leading food retail chains in seven EU countries. The paper, *EU action needed for fair supermarket supply chains*, found that retailers' current policies on decent working conditions and fair trading practices often lack credibility. It also showed that voluntary, industry-driven corporate social responsibility (CSR) schemes and the European Commission-backed Supply Chain Initiative (SCI) are failing to protect farmers and other supermarket suppliers. SOMO and its coalition partners continued to press for EU-wide coordination of member state-level regulation, including the creation of an ombudsman structure invested with the power to investigate complaints and to fine retailers for abusive purchasing practices.

At the request of Consumers International, SOMO investigated and compared the procurement policies of Europe's largest supermarket chains. SOMO's research on the subject reached a broad public audience with articles published in the magazines of consumer associations in the Netherlands, Portugal, Spain, Italy, Belgium and Sweden. In the Netherlands, questions about supermarket supply chain responsibility were raised in the Dutch parliament as a result of the article. The Dutch Minister of Trade and Development Cooperation responded by promising to take action if the government's CSR sector risk analysis showed the need for it.

## The Rainforest Alliance announced improvements to its social auditing practices.

SOMO also continued to support research into the processed tomato supply chain by the Chinese NGO partner Social Resources Institute. The tale of tomato producers struggling to survive while the multinational food companies, retailers and fast food chains sourcing from them reap huge profits reached a wide audience through an article in the Dutch edition of *One World magazine*.

### FOOD & FINANCE

For several years, SOMO has been active in a European-wide effort to draw the links between food, farmers and finance – specifically the negative effects of trading in agricultural commodities. SOMO's technical expertise on this issue was confirmed by the European Parliament's Committee on Agriculture and Rural Development when it commissioned SOMO to assess the EU legislative framework regulating agricultural commodity derivatives markets from the perspective of EU farmers and the EU agricultural sector. The report described significant loopholes in the legislation and identified measures and factors that should be taken into consideration for a more coherent and comprehensive policy.

### TEA

SOMO's long-term efforts to expose sub-standard working conditions on tea estates produced more results this year. Thanks to previous reports by SOMO and its partner the Kenyan Human Rights Commission revealing violations of labour rights and sexual harassment on Unilever's Kenyan plantation, the company developed a new action plan to improve the safety of female workers. In addition, the Rainforest Alliance, which had certified the plantation, announced improvements to its social auditing practices including new protocols such as the use of female auditors, conducting interviews in confidential settings and interviews with high-risk workers. In light of the increase in large-scale land acquisitions – particularly in Africa – SOMO's Food & Land Programme seeks to ensure that communities are informed about decisions affecting the land they customarily own, occupy or otherwise use, and have the capacity to assert their right to participate in these decision-making processes. The principle – known as Free Prior and Informed Consent (FPIC) – is recognised in international law and conventions. Following up on previous work, SOMO cooperated with a partner organisation in Malawi to support local efforts to promote FPIC in relation to corporate land deals there. SOMO subsequently initiated an investigation into FPIC-related policies and practices, and a resource tool about FPIC – designed for communities – is in the final stages of preparation.

## Economic Justice Programme

From demanding trade and investment treaties that prioritise the public good, to advocating for financial and tax systems that distribute resources equitably, SOMO is playing a part in the ever-growing global movement for economic justice. SOMO's economic justice programme researches the impacts and exposes the underlying assumptions of the neo-liberal system of investment, trade, tax and finance which is institutionalised in laws, international treaties and other instruments. At the same time, SOMO contributes to the rationale behind the development of sustainable, people-centred financial and economic systems, with special focus on developing countries and their populations.

In 2014, SOMO's Economic Justice team made it a top priority to ensure that its research and analyses were accessible, available and useful to a broad audience – not only NGO professionals, academics, policymakers and regulators, but also the activists and ordinary citizens who are the driving force behind movements for change. To this end, SOMO cooperated with a variety of organisations, including both new allies and long-standing partners, to organise a number of successful public outreach events focused on economic justice policies and their consequences both in developing countries, in Europe and around the world. For example, in the run-up to the European Parliament elections, SOMO and its partners in the Fair, Green and Global Alliance (FGG) organised a sold-out debate between party leaders focused on the theme *A greener and fairer way out of the crisis?* At the event, SOMO focused on building awareness about the social and environmental threats posed by financial deregulation, the absence of effective corporate accountability standards and the Transatlantic Trade and Investment Partnership (TTIP).

### TRADE AND INVESTMENT

SOMO directed significant energy this year toward raising awareness about the impacts of proposed EU trade agreements with the United States and Canada which will set a global standard for future investment agreements. In particular, SOMO raised awareness about investor to state dispute settlement (ISDS) mechanisms which enable foreign investors to bring investment claims against states over public interest regulation that may affect profits. Such clauses already exist in many treaties involving developing countries, but their damaging effects were not recognised by European politicians and the public. In March, when the Indonesian government announced that it will terminate its Bilateral Investment Treaty (BIT) with the Netherlands, SOMO joined other organisations in calling on both governments to review their approach of investment treaties to rebalance investor protections with wider social and environmental public interest considerations. Later in the year, SOMO co-organized a four day "school" which brought together members of European CSOs, national and European policymakers, lawyers and international experts to brainstorm about challenges and solutions in the field of investment law and investment arbitrations in the light of current reform proposals put forward by the European Commission, among others.

SOMO joined the Transnational Institute and an association of investigative journalists in publishing [a booklet](#) (in Dutch) detailing in simple terms the facts around TTIP and debunking the myths propagated by industry and governments. This work helped contribute to broaden resistance to TTIP across Europe: the European Commission received more than 150,000 submissions in its public consultation on TTIP and more than 1.3 million people have signed a Citizens' Initiative against TTIP and CETA (the EU trade agreement with Canada).

## Shadow banking – a threat to financial stability worldwide.

### FINANCIAL REFORM

In May, SOMO collaborated with six organisations, including the Dutch trade union federation FNV and consumer organisation, to lay out ten clear recommendations for European reform of the financial sector. The groups co-organised a lively debate in The Hague with candidates to the European Parliament and industry representatives. SOMO also probed the problematic nature of shadow banking – a system of bank-like activities that are not fully covered by current banking rules and regulations and are a threat to financial stability world wide. The resulting report, which focused on the Netherlands, described how the shadow banking system threatens the regular banking system and facilitates tax dodging. SOMO published a short briefing for members of the Dutch Parliament on the little known Trade in Services Agreement which poses serious threats to reform of financial services, public services and data protection.

### TAX JUSTICE

In 2014, SOMO persevered in its efforts to research and reveal to a wide audience the negative impacts of tax dodging and shady holding constructions. For example, in an engaging opinion piece published in the Volkskrant, SOMO researchers described to a lay audience how the Netherlands facilitates not only tax avoidance, but human rights violations, corruption and bribery, especially in developing countries, through secret letterbox companies which have no real business in the country. SOMO's work on letterbox companies in the Netherlands led to an exciting new collaboration with organisations and activists in northern Greece, where the gigantic ore mining plans of the Canadian company Eldorado Gold severely threaten communities and the environment. Together with

Hellenic Mining Watch and SOS to Nero (S.O.S Water) SOMO organised a public meeting in November in Thessaloniki, Greece on the issue, featuring workshops on corporate research and campaigning, and discussions and debate on topics such as tax dodging and human rights violations by mining companies across the globe. The meeting was followed by a strategy session that reflected the truly globalised context in which SOMO and economic justice movements are working. Capacity building is mutual: CSO experts from Southern countries brought their insights on mining campaigns to their European counterparts.

## An exciting new collaboration with organisations and activists in northern Greece.

In November, just days after the release of thousands of secret documents detailing how Luxembourg has helped companies dodge taxes, SOMO joined partner Eurodad in releasing *Hidden Profits*. The report looked at laws and policies related to tax avoidance in 15 EU countries and found that woefully little has been done to stop it and to ensure financial transparency.

## Human Rights & Grievance Mechanisms Programme

Supporting people and communities in preventing, stopping or securing remedy for the adverse impacts of business activities is a fundamental component of SOMO's work. SOMO's Human Rights & Grievance Mechanisms Programme works closely with local communities and workers around the world as they confront and challenge human rights violations, environmental destruction and other corporate misconduct.

Since the adoption of the UN Guiding Principles on Business and Human Rights (UNGPR), the importance and number of non-judicial grievance mechanisms – designed to hold companies to account for human rights violations and adverse environmental impacts – has grown significantly. So too has the need for CSOs to understand them and to consider their use as a potential, albeit imperfect, tool for seeking remedy.

### Working directly with local communities in a variety of cases involving human rights abuses.

At the request of partners and other CSOs, SOMO conducted four training sessions on grievance mechanisms this year. At a commissioned capacity-building workshop with Shift, SOMO provided training to CSOs in Ghana.

In Warsaw, SOMO teamed up with the CEE Bankwatch Network to train activists on the grievance mechanism of the European Bank for Reconstruction and Development (EBRD), a multilateral development bank focused on Central and Eastern Europe and Central Asia. The EBRD also funds in North Africa and the Middle East. The training in Warsaw was specifically for people from this region.

In December, SOMO collaborated with the partner organisation Workers' Assistance Center in the Philippines to provide training to groups there.

At the behest of CNV, the Dutch Christian Federation of Trade Unions, SOMO organised a training session on grievance mechanisms in Colombia. Over 20 representatives from Colombian and other Central American trade unions took part. SOMO also produced a brochure about the Asian Development Bank's Accountability Mechanism (AM) and complaint procedure – in collaboration with Accountability Counsel – adding this to its library of vital training materials on grievance mechanisms. Another brochure, developed with South African-based non-governmental organisation (NGO) Natural Justice, covers the complaint procedure of the African Commission on Human and Peoples' Rights (ACHPR).

Expanding knowledge about grievance mechanisms and building organisations' skills to file complaints is a key objective of the programme. However, training is often only the beginning of the process. SOMO has learned from experience that it is essential to provide technical support and advice to groups throughout each step of the complaint process – from drafting the complaint to giving input during investigations to following up on resulting recommendations. In 2014, SOMO assisted groups on no less than a dozen on-going and new complaints. Among these was a complaint to the Dutch and German Development

Banks (FMO and DEG respectively). This was the first complaint to make use of their new grievance mechanism, which came into effect in January as a result of joint advocacy by SOMO and its Fair Green and Global Alliance (FGG) partner Both ENDS. The complaint was filed by members of the Ngöbe-Buglé people, an indigenous group in Panama whose rights have been violated due to the construction of the Barro Blanco dam, which is financed in part by the two banks.

In collaboration with CEE Bankwatch and the Mongolian NGO Oyu Tolgoi Watch, SOMO also worked extensively on a case involving violations of the rights of nomadic herders in rural Mongolia in relation to a large iron ore mine financed by the EBRD. The case involved fruitful cross-programme collaboration: members of SOMO's Corporate Knowledge Research Centre (CKRC) joined a visit to Mongolia to dig deeper into the details around the company behind the mine (see page 52). Meanwhile staff of the Human Rights & Grievance Mechanisms Programme helped draft an EBRD complaint filed by the herders.

By working directly with local communities in a variety of cases involving human rights abuses and by providing technical assistance on diverse grievance mechanisms, SOMO continues to amass a wealth of knowledge and experience. SOMO endeavours to share its unique understanding and analysis of grievance mechanisms with policymakers, academics and others. In addition to a report on company-level grievance mechanisms in the electronics industry (see page 26), SOMO also published a briefing paper, *The Patchwork of Non-Judicial Grievance Mechanisms: Addressing the limitations of the current landscape*, which provides an overview of various mechanisms, their limitations, and recommendations for improvement. The paper and its findings were presented in a session on the subject co-organised by SOMO at the Third Annual United Nations Forum on Business and Human Rights in Geneva in December.

In June, together with many other members of the treaty alliance, SOMO witnessed the adoption by the United Nations Human Rights Council of a resolution to establish a working group charged with negotiating a binding instrument on business and human rights. Together with FGG partners, SOMO published [an article](#) and met with civil servants about the resolution to advocate at the national level for Dutch participation in the UN's Intergovernmental Working Group.

Throughout the year, SOMO also monitored and gave input on the review processes of grievance mechanisms of the EBRD, the Inter-American Development Bank and the African Development Bank. SOMO co-organised a roundtable for attendees of the annual meeting of the Independent Accountability Mechanisms Network made up of representatives of international financial institutions and development banks. The roundtable featured the experiences of SOMO's Southern partners in Brazil and Mexico and a discussion of achievements and obstacles related to Human Rights & Grievance Mechanisms. Following the roundtable, SOMO organised a meeting with partners and other organisations to take stock of and strategise around developments in the field.

## Multinationals in Conflict-Affected Areas Programme

SOMO's relatively new programme on the role of multinational corporations in conflict-affected areas picked up full steam in 2014. The programme focuses primarily on conflict zones in five countries: Democratic Republic of Congo, Liberia, Sierra Leone, South Sudan and Colombia. SOMO has also supported its partner Oxfam Novib on a project in conflict-ridden Pakistan, providing training and research on corporate accountability issues in that country.

Working with local partners, SOMO aims to build the knowledge and capacity of communities in areas affected or threatened by conflict to claim and defend their rights, and to monitor companies and hold them responsible for their conduct. Meanwhile, SOMO 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 in an area.

The programme invested significantly in research this year, generating country-level overviews that identified key corporate actors and the context of their operations in conflict areas, as well as case studies focused on five different companies in four of the targeted countries. Taken together, the case studies explored a variety of sectors and issues of concern for local communities – from poor working conditions to violations of land rights to environmental harm to equitable distribution of public revenue. For example, in Colombia SOMO and partner Indepaz (Institute for Development and Peace Studies) investigated the circumstances around a palm oil company's operations in an area controlled by former paramilitary forces and surrounded by the FARC. Applying SOMO's unique analytical lens, researchers were able to draw startling links between the conflict and company: one

of the main reasons the company was attracted to the area – its low population density – was in fact a direct result of Colombia's civil conflict.

## Build the knowledge and capacity of communities in areas affected or threatened by conflict.

The case in Colombia is a perfect example of the need for improved corporate accountability in fragile states and conflict zones. Companies planning to or already operating in such areas have a responsibility to make themselves aware of and actively address human rights issues related to their business, a concept known as human rights due diligence. In December, SOMO produced a comprehensive report, *Multinationals and Conflict: International principles and guidelines for corporate responsibility in conflict-affected areas*, which examines and assesses the pastiche of relevant international principles and guidelines. The sheer multitude of guidelines makes it challenging for companies to know just which standards to use and how exactly to apply them. For CSOs – who already face significant obstacles in monitoring notoriously untransparent companies – this lack of clarity presents yet another hurdle in the protection of human rights. Among SOMO's recommendations

is development by the UN Working Group on Business and Human Rights of a specific guidance for fragile and conflict-affected areas that builds on the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises.

Foreign investment is often touted as a valuable source of economic opportunity, especially in conflict-affected areas. But when seen from the perspective of women, nothing could be further from the truth. SOMO is working on a detailed gender analysis of the impacts of multinationals in conflicted-affected areas. The analysis, which already attracted significant interest from the Dutch Ministry of Foreign Affairs, found that the industries most commonly active in conflict-areas – extractives and agribusiness – not only provide few jobs for women, but also commonly deprive women small-holders of their land, livelihoods and power. Moreover, women's voices and opinions are frequently marginalised during consultations and negotiations processes. SOMO will follow up on these findings and push companies and policymakers to focus greater attention on the gendered dimensions of corporate conduct so as to contribute to equality and empowerment.

Work in conflict-affected areas is challenging, unpredictable, even dangerous. The partners and local communities with which SOMO works contend daily with the most difficult circumstances. This year, the Ebola epidemic posed yet another threat to the health and security of millions of people in West Africa. Due to the epidemic, SOMO staff members were prevented from travelling to Liberia and Sierra Leone to conduct trainings. Instead, they held weekly telephone meetings with partners and provided long-distance coaching.

## Production & Consumption Programme

Many common products – from mobile phones to T-shirts – are made under inhumane and dangerous conditions without regard to labour rights or environmental standards. SOMO's Production & 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 regulation, practices and policies – for example, sustainable standards for public procurement – that advance respect for the rights of workers and communities involved in production processes.

The programme mainly focuses on two sectors – garments and electronics – as well as the cross-cutting issue of migrant labour. The programme also researches and monitors developments in the pharmaceutical industry, particularly issues surrounding ethical clinical trials and post-trial access to treatment.

### GARMENTS AND ELECTRONICS

Decades of work by SOMO and many other CSOs has led to increasing recognition that a company's responsibilities encompass its business relationships. An important milestone was achieved in 2013 when more than 100 garment companies finally signed the legally binding Accord on Fire & Building Safety in Bangladesh. Among other things, buyers are obliged to reveal their suppliers to the Accord. Supply chain transparency is essential for achieving corporate accountability, yet companies are generally reluctant to reveal supplier information.

In a new report co-authored with the India Committee of the Netherlands (ICN), SOMO painstakingly pieced together information that linked Indian yarn and fabric suppliers to their customers, Bangladeshi factories and European and American buyers.

Using a mixture of desk research and interviews with workers, *Flawed Fabrics* revealed conditions amounting to forced labour in five textile enterprises in Tamil Nadu. SOMO and ICN criticised companies for failing to take responsibility in accordance with the UNGP on Business and Human Rights for conditions in their supply chains. The report included a detailed set of recommendations for brands, retailers and manufacturers, as well as governments in both production and purchase countries. The report came at the request of local partners in India and has helped contribute to efforts by some key companies to begin mapping, monitoring and improving the activities of their second-tier suppliers.

*Flawed Fabrics* received major media attention in Europe and India, including coverage in *The Guardian*, *The Times*, *Der Spiegel* and the fashion magazine *Vogue*. In the Netherlands, the report was featured on NOS Journaal and the front page of *De Volkskrant* among other leading news outlets. When some companies responded to the media attention by abruptly severing ties with the suppliers, SOMO and ICN pressed them to assume their responsibility to solve the problems.

## Flawed Fabrics received major media attention in Europe and India.

As a result of the *Flawed Fabrics* report, several members of the European Parliament raised the issue with the European Commission. Meanwhile, the Dutch Minister for Foreign Trade and Development Cooperation responded to parliamentary questions about the report's findings and subsequently raised the issue of working conditions

during a trade trip to India. SOMO and ICN joined the Dutch trade union federations and the Clean Clothes Campaign (CCC) in advocating for fundamental change within the industry. The groups called on the Dutch garment and textile industry associations to develop a binding and measurable action plan for sustainability in the sector.

The dynamics and problems evident in garment supply chains closely resemble those in the electronics industry. SOMO's work on electronics is carried out in close cooperation with the Good-Electronics Network (see page 39), which it hosts, and as the Dutch member of the [Electronics Watch](#) initiative. In both networks, SOMO contributes its expertise on corporate research and supply chain accountability to broader efforts to improve the industry's social and environmental impacts.

In March, SOMO applied its expertise on grievance mechanisms to the electronics sector with the report [Using Grievance Mechanisms: Accessibility, predictability, legitimacy and workers' complaint experiences in the electronics sector](#). The report found significant weaknesses in company grievance mechanisms and put forth clear recommendations to ensure that they function effectively as an access to remedy in line with the UNGP on Business and Human Rights.

### **SOCIALLY RESPONSIBLE PUBLIC PROCUREMENT**

Parallel to its 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 the adoption and implementation of socially responsible public procurement (SRPP) policies.

In March, SOMO reviewed the implementation of the Netherlands' policy for socially responsible public procurement. The study assessed the policy's implementation at all levels of government procurement and looked at tenders for products in a variety of sectors, including phones, clothing, coffee and natural stone. The results showed hardly any application of the national sustainability policy: the policy was only mentioned in three out of 25 cases. Following publication of the report, SOMO

was contacted by public buyers across the country seeking advice about how to operationalise the policy. Meanwhile, members of the Dutch parliament referred to the SOMO report in a debate about CSR during which the Minister of Foreign Trade and Development Cooperation promised to address the issue with the Ministry of Internal Affairs, local governments and other stakeholders. At a meeting of government staff in March, it was agreed that SOMO's recommendations would be taken into account in the Terms of Reference for an official evaluation of the policy.

## Millions of migrant workers who are playing a key role in global production.

SOMO also played 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. In 2014, SOMO focused on recruiting Dutch and Belgian public sector organisations to affiliate and pay into Electronics Watch's factory monitoring programme. The Electronics Watch model differs from traditional, superficial social auditing by employing local knowledge of working conditions and emphasising long-term monitoring and improvement.

In November, Electronics Watch held a consultation involving 30 participants from CSOs, trade unions, labour rights groups and improvement initiatives from Hong Kong, China, Malaysia, Cambodia, the Philippines, Indonesia, India, Vietnam, Thailand and the USA. The groups helped to flesh out the operational methodology of Electronics Watch's monitoring and improvement programme in production

countries and exchanged knowledge about current issues in the industry.

### **MIGRANT LABOUR**

SOMO continues to focus attention on the particular problems facing the millions of migrant workers who are playing a key role in global production. Until now, SOMO's work on migrant labour has focused primarily on workers in Asia's garment and electronics sectors. In 2014, SOMO teamed up with La Strada International (LSI) as part of its "[Used in Europe](#)" campaign aimed at addressing human trafficking in Europe. SOMO specifically contributes to the campaign's efforts to understand the responsibility and to improve the role of the private sector and states' due diligence obligations in human trafficking and exploitative labour in Europe.

Simultaneously, SOMO is developing guidelines together with LSI and its member organisations about how best to engage the private sector in their work. To this end, SOMO began developing a toolkit and participated in a campaign meeting in Bulgaria, providing training to more than 50 anti-trafficking NGOs on corporate practices, accountability standards and grievance mechanisms as they relate to human trafficking.

Against the backdrop of the exploitation of Polish migrant workers in the Netherlands, SOMO's [research](#) on a new Dutch law about supply chain responsibility regarding subcontractors and temporary work agencies feeds into this important and exciting new area of work. The research is being conducted by SOMO in close collaboration with the Dutch trade union federation FNV, the Dutch anti-trafficking organisation FairWork and LSI.

# Mineral-Energy-Finance Transition Programme

In today's complex, globalised world, successfully and systematically tackling problems of injustice, poverty and environmental degradation requires a holistic analysis and approach. SOMO's new Mineral-Energy-Finance Transition (MEFT) Programme took shape in 2014 with the express goal of developing, testing and refining a methodology for researchers, campaigners and decision-makers alike to apply a systems-based approach capable of creating sustainable, structural change.

SOMO looks at the complicated web that links the unrelenting demand for cheap, unsustainable energy to the disastrous social and ecological impacts of large-scale mineral extraction that leads to growing economic inequality and financial instability. The programme cooperates with allies and partners around the world who envision a transition to energy provision as well as natural resource and wealth management that is democratic, transparent and sustainable.

The programme hit the ground running with publication in February of an article in the peer-reviewed academic journal, *The Journal of Cleaner Production*, which examined the minerals-energy-finance complex in Amazonia. Using the case of the Belo Monte hydroelectric dam, SOMO researchers showed how the Brazilian minerals and energy sectors are mutually dependent, with particular links to financiers, overlapping interests and decision-making structures. The article used the framework of the UNGPs for Business and Human Rights to examine the state duties and corporate responsibilities of the web of actors – from the dam's financiers to the company supplying its turbines to the mining companies eager to use its electricity – all linked to the adverse human rights impacts of the dam. The article and a subsequent discussion paper laid the foundation for further consultations with partners about the programme's analytical approach. In June, SOMO received

valuable feedback and input from members of the FGG Alliance advisory group. In December, SOMO hosted a meeting involving 25 academics and civil society representatives from around the world with expertise in applying the MEFT methodology. Four case studies were presented at the meeting, which have since prompted further investigation by SOMO.

## The Brazilian minerals and energy sectors are mutually dependent.

SOMO's cutting-edge analysis of the roles and responsibilities of companies within Amazonia's minerals-energy-finance web served as inspiration for intervention in a controversial dam on the Mekong River in Southeast Asia. SOMO assisted seven communities in Laos in drafting and filing an OECD complaint against the dam's turbine supplier – the Austrian company, Andritz AG. The complaint charged the company – which has a US\$ 300 million contract to supply the dam – with failing to conduct human rights due diligence and for failing to use its leverage to prevent human rights and environmental violations in accordance with the UNGPs. In the first positive step of the process, the Austrian NCP accepted the complaint as well-substantiated and meriting further examination.

A fundamental piece of the transition towards environmentally friendly energy provision is a shift

toward financing for renewables. The climate crisis has increased attention on the financing of dirty energy, particularly the threat posed by the existing carbon bubble is the result of an over-valuation of oil, gas and coal reserves held by fossil fuel companies. SOMO prepared an initial overview of existing initiatives that promote socially and environmentally sustainable financing (such as alternative energy financing), categorising them according to their strategies, such as regulation or incentives for consumers. The overview has been distributed to various organisations for feedback and will be developed further to include analysis of effective financial strategies that promote alternative energy and sustainable development.

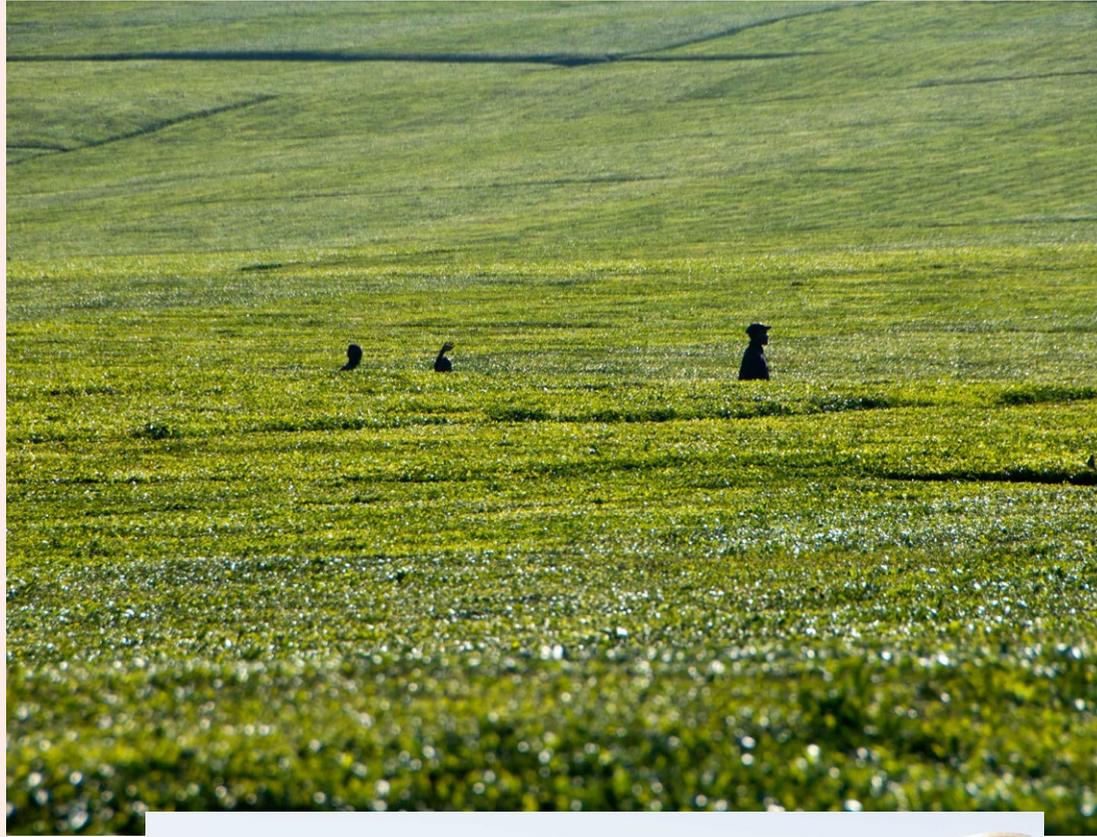
## The climate crisis has increased attention on the financing of dirty energy.

A joint report by SOMO and Friends of the Earth Europe, *The Swiss Connection*, picked up the financial thread of the MEFT methodology. The report zeroed in on one multinational, Shell, and its use of Switzerland, well known for its role in tax planning, to minimise its tax payments in other countries, including developing countries. The report adds to knowledge-building and advocacy efforts by SOMO's Economic Justice Programme and others aimed at tackling tax evasion. It was subsequently used by Swiss and German groups in local campaigns against Shell.

Throughout 2014, SOMO played an important role in supporting efforts to improve the European and Dutch energy sectors in general, and coal supply chains in particular. SOMO's briefing paper

*Colombian Coal in Europe* charted the role that European energy suppliers play in the structural problems of coal supply chains. The paper featured a case study of Italian electricity giant Enel, one of Europe's largest importers of Colombian coal. The research found that energy companies continue to provide little or no information on the origin of the coal they use, and that the industry-led Bettercoal initiative lacks the ambition and ingredients needed to significantly improve conditions in the coal supply chain.

In the Netherlands, SOMO monitored the development of an agreement between the Dutch government and Dutch utilities aimed at improving corporate accountability in the coal supply chain. SOMO penned a critical analysis of the agreement, which was announced on the eve of the government's multi-stakeholder trade mission to Colombia. SOMO joined the mission at the invitation of the Ministry of Foreign Affairs and – along with PAX, Cordaid and the Dutch trade union federations – ensured that the mission included visits with local communities and trade union representatives who must directly face the negative social and environmental impacts of coal supply chains. SOMO also helped to ensure civil society representation in a multi-stakeholder meeting with power and mining companies organised by the Ministry. SOMO gave a presentation at the meeting on the standards outlined in the UNGPs and the OECD Guidelines as they apply to human rights due diligence and supply chain responsibility in the energy sector.



Kericho tea plantation, Kenya © Giuseppe Simeon



Meeting with local herders, Mongolia © SOMO



Protest against TTIP, Belgium © Mehr demokratie



Protest against the Barro Blanco dam, Panama © Few for change



Open pit mining, Colombia © Santiago La Rotta



Nursery for oil palm, Colombia © SOMO



Oil Palm, Colombia © SOMO



Community training, Pakistan © SOMO



Workers in the textile industry, India © Shuchi Kapoor



Textile Industry home worker, India © Shuchi Kapoor

# 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 facilitates the secretariat, website and newsletter to improve the exchange of information between its members.

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 33 organisations working in the Netherlands to promote corporate accountability. The coalition, which is hosted by SOMO, includes a wide range of organisations from labour unions to human rights groups to environmental and consumer organisations. Its focus is primarily on improving corporate accountability for impacts in developing countries.

## Improving corporate accountability for impacts in developing countries.

In 2014, MVO Platform helped to facilitate and coordinate activities among its members aimed at improving the Dutch government's policies and actions on corporate accountability. Early in the year, the government commissioned the global auditing giant KPMG to identify sectors where problems related to corporate conduct were most likely to occur. Since the results of the research would help steer the government in its efforts to strengthen CSR, MVO Platform members devoted significant attention to the process behind developing the government's sector risk analysis.

MVO Platform helped to coordinate member input to KPMG, in an effort to ensure that the company was aware of relevant research and civil society perspectives. Among other things, platform members

responded to KPMG's surveys, participated in interviews and attended meetings focused on specific sectors.

Despite these efforts, KPMG's report showed scant attention to the concerns of civil society and MVO Platform raised its criticism of KPMG's methodology with the Ministry. When the report was released in November, the Dutch Minister of Trade and Development Cooperation acknowledged MVO Platform's criticisms.

MVO Platform supported the efforts of its members to monitor and advocate in relation to the government's development of CSR agreements. In June, it submitted a letter to the Minister outlining the necessary elements of a successful agreement, including enforceability and concrete goals. The first agreement, announced in November, focused on the energy sector's coal supply chain. Strong criticism of the agreement by platform members received widespread media coverage in the Dutch press. Platform members also followed discussions about government agreements with the garment and financial sectors.

In advance of a meeting of the Dutch Parliament's Committee for Foreign Trade and Development Cooperation, MVO Platform analysed the government's National Action Plan (NAP) on human rights – released at the end of 2013 – for the implementation of the UNGP on Business and Human Rights. The analysis pointed out weaknesses in the NAP and set forth recommendations to strengthen it in areas such as policy coherence, corporate due diligence, transparency and redress. MVO Platform also fed into recommendations about NAPs at the European level via its Brussels-based counterpart the European Coalition for Corporate Justice (ECCJ). MVO Platform serves on the Steering Committee of ECCJ.

## OECD Watch

OECD Watch is a global network of 80 members in 45 countries committed to improving corporate accountability mechanisms in order to enhance the social and environmental performance of corporations and achieve sustainable development. OECD Watch focuses on the OECD Guidelines for Multi-national Enterprises – tracking and evaluating their effectiveness as a corporate accountability tool – within a broader effort to support international regulatory frameworks for corporate behaviour.

## Global network of 80 members in 45 countries.

OECD Watch provides vital information to CSOs about the OECD Guidelines and its dispute resolution mechanism for resolving conflicts involving corporate misconduct. OECD Watch maintains a comprehensive and up-to-date on-line database of complaints filed with the NCPs. It also publishes a periodic newsletter with summaries of new cases and updates about the progress of pending cases. In 2014, OECD Watch documented more than 33 active cases. Many of these complaints were filed by or supported by OECD Watch members. For example, OECD Watch facilitated assistance by SOMO to the WWF in filing a complaint against oil multinational SOCO for oil exploration activities in the Democratic Republic of Congo Virunga National Park. The complaint ultimately led to the company's decision to end operations in Africa's oldest national park, which is a UNESCO World Heritage Site. It was the first time an OECD Guidelines complaint resulted in the complete halt of a destructive project. In 2014, OECD Watch continued to build awareness about the Guidelines among CSOs with trainings in Brazil and Colombia,

the former at the invitation of coastal fisher communities and the latter at the invitation of the Colombian NCP. OECD Watch published a Portuguese version of its indispensable overview on the Guidelines and a Spanish version of the online case check that assists potential complainants in deciding whether the Guidelines can be used to address a case of corporate misconduct. OECD Watch focused significant effort on advocacy in 2014, monitoring and commenting on proposals of the so-called "pro-active agenda", a multi-stakeholder forum aimed at developing additional guidance or clarification on particular themes. OECD Watch collected civil society input on these proposals and pressed for inclusion of standards such as Free, Prior and Informed Consent (FPIC) requirements in relation to the dealings of extractive industries with communities, and application of the Guidelines to minority investors. In June, OECD Watch published a report with the OECD Trade Union Advisory Committee focused on the role for the OECD and the National Contact Points in securing compensation for more than 2,000 garment workers who were injured in the collapse of Rana Plaza (Bangladesh) and the families of those who died. The report, *Compensating the Victims of Rana Plaza: What role for the OECD and the National Contact Points?* was presented at the 15th Annual Meeting of National Contact Points in Paris and the subsequent Informal Ministerial Meeting on Responsible Business Conduct.

OECD Watch also submitted a detailed review of the functioning of the NCPs and an evaluation of their effectiveness in implementing the Guidelines and improving business conduct. This analysis was elaborated on in a submission at the December meeting of the OECD Working Party on Responsible Business Conduct and the NCPs. An important conclusion was that, in multiple cases, NCPs lack sufficient justification for rejection of complaints and that recommended timeframes for processing complaints are regularly ignored. Going forward, OECD Watch will press the NCPs to address these problems.

## GoodElectronics

The GoodElectronics Network consists of some 100 organisations, unions and individuals that all share an interest in improved protection and respect for human rights and the environment in the electronics industry. SOMO hosts the network and is a member of its Steering Committee. GoodElectronics calls for improvements throughout the production cycle – from the mining of minerals used in electronics products to the manufacturing process to the recycling and disposal of electronics waste.

## Network members draw attention to chemical poisoning associated with the use of benzene, a known carcinogen.

In 2014, GoodElectronics embarked on a new five-year project funded by the EU and led by Steering Committee members SOMO, CEREAL (Mexico), Cividep (India) and IndustriALL Global Union (Switzerland). The network launched the new project at a strategy and implementation planning meeting held in January. The project involves research, capacity building and training of workers, local unions and labour rights groups in the electronics industry, as well as national and global advocacy toward companies and institutional consumers of electronics hardware. As part of the project, the GoodElectronics Network introduced a new sub-grant system for local organisations and unions

within the network for activities that address labour rights, occupational health and safety, and supply chain responsibility, among other issues.

GoodElectronics members were visible and vocal at the 2014 conference in Brussels of the Electronic Industry Citizenship Coalition (EICC), which includes leading electronics brands and manufacturers. The network monitored and gave input into the review of the EICC's model code of conduct, and pressed the industry body to tackle on-going problems such as low wages, long hours and unsafe working conditions. Following the meeting, GoodElectronics released a five minute video calling on the industry to seriously address five key issues: respect for freedom of association; alignment of the EICC's code of conduct with ILO standards; supply chain transparency and accountability; development of grievance mechanisms; and stakeholder engagement in decision-making processes.

In December, GoodElectronics attended the ILO's Global Dialogue Forum on temporary work in electronics, which took place in Geneva. In a statement to the Forum, the network called for permanent, open-ended employment for workers, and direct employment relationships with owners/operators of electronics factories. The network condemned the continued use of precarious employment practices in the industry.

The GoodElectronics Network made gains in increasing awareness about threats to workers' health and safety in electronics manufacturing this year. Network members collaborated to draw attention to chemical poisoning associated with the use of benzene, a known carcinogen. In April, GoodElectronics co-organised an event with FNV Mondiaal featuring the screening of a trailer for *Who Pays the Price? The Human Cost of Electronics*. The documentary tells the story of a worker at a former Chinese subsidiary of the Dutch company, ASM International (ASMI), who contracted leukaemia from his exposure to benzene.

The event involved members of Labour Action China – which originally exposed the case – as well as union representatives of ASMI workers. The GoodElectronics Network commissioned an investigation by SOMO into the Dutch company, analysing its responsibilities for adverse impacts at its subsidiary as stipulated in various international standards. The issue was covered in the Dutch media and was taken up by members of the VBDO, the Dutch union of sustainable investors, who raised it at the ASMI shareholders meeting. A similar action at the Philips shareholder meeting – based on information provided by GoodElectronics – resulted in the company's statement of support for initiatives to ban benzene use. Meanwhile, EICC announced the formation of a working group focused on chemicals.

The GoodElectronics Network also helped to build pressure on companies such as Sony, Nokia and NXP in relation to specific cases of workers' rights violations. The case involving NXP-Philippines resulted in an important victory in September. After a difficult struggle, which included illegal dismissals of union leaders, the management of NXP-Philippines ultimately signed a collective bargaining agreement with the union. The network collabo-

rated with member Cividep to issue a statement signed by more than a dozen organisations and networks criticising mass layoffs by Nokia and its suppliers in India. In [an article published on One-World.nl](#), GoodElectronics described how Nokia is pursuing a strategy that includes tax evasion and seeking out the lowest wages possible to the detriment of Indian and Vietnamese workers.

Facilitating more information-sharing across the network was a priority in 2014. The GoodElectronics website, newsletter and social media feeds were put to greater use, with more frequent publication of news, articles and other information. As a result, GoodElectronics expanded its reach with an increase in both followers and website visits. The network also improved its understanding of the business dynamics that contribute to such problems as low wages and sub-standard working conditions. The GoodElectronics Network commissioned the report [Dragging out the best deal: How billion dollar margins are played out on the backs of electronics workers](#), written by an industry insider, which examined the financial relationship between major electronic brands and the major companies making their products in factories around the globe.

**SOMO is also member of a wide range of international civil society networks and. In 2014, 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 (FGG). 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 at the end of 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 2014, SOMO was also a member of the following EU consortia: European Coalition for Corporate Justice (ECCJ), makeITfair, and the Pro-development supermarket supply chain consortium.

## 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 the 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

## 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 these 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
- 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.

## ECCJ

The European Coalition for Corporate Justice (ECCJ) promotes corporate accountability by bringing together national CSR platforms of CSOs, trade unions, consumer advocacy groups and academic institutions from all over Europe. ECCJ represents more than 250 CSOs in 15 European countries. ECCJ believes corporate accountability and CSR mechanisms 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 2014 a legislative proposal was adopted that requires 6,000 large companies to report annually on human rights, environmental and social risks and impacts linked to their activities, and how they prevent and mitigate those risks. This legislation will improve corporate transparency, and is a major success for ECCJ.

Furthermore, in 2014 ECCJ started working on 'Acces to justice' more intensely, with research on this topic and with awareness raising activities. The aim is to improve access to justice via procedural reforms and via the introduction of a mandatory due diligence requirement at European level. In November ECCJ organised a conference in the European parliament on "The EU's Business? Ensuring Remedy for Corporate Human Rights Abuses". The internal communication within the coalition was approved by regular internal newsletters and the involvement of members through thematic working groups.

## MakeITfair

In 2007, makeITfair started as a project focusing on the electronics industry, especially on consumer electronics such as mobile phones and laptops. MakeITfair's goal was to make young people aware and act on human rights violations, environmental problems and labour abuses that are taking place in the world wide production chain for consumer electronics.

**MakeITfair has issued more than 40 publications, in various languages.**

After the first term of the project (2007-2009), the EU decided to finance makeITfair for another period of 3 years (2010-2012). After that, the makeITfair project continued with partners from all over Europe, but at a slower pace. On 8 December 2014, the project officially came to an end.

Through makeITfair's campaigns, events and publications, in total over seventy million people learned about the problems in the supply chain of electronics, which is 1,400 times the set goal for makeITfair. It is difficult to assess how many young consumers were reached, but most probably more than 2.5 million. On social media, makeITfair did quite well and the numbers kept increasing over the years: eventually almost 2,500 young people joined the Facebook group, the Facebook page got 550 likes and there were 902 followers on Twitter.

Through research, dialogue meetings, websites and the mailing list of GoodElectronics, company representatives from the electronics industry were made aware of issues, raising the chances for a change in behaviour. Over 10,000 consumers were mobilised after two makeITfair campaigns: one towards network operators and one towards Apple. More than 10 multipliers mobilised the makeITfair actions. A workshop and a brochure about action methods that these multipliers could take was initiated, but mobilizing change was difficult and makeITfair thereafter focused on media work, education work and dialogue with companies. Also, some companies were involved and took steps to improve policies and conditions.

MakeITfair has issued more than 40 publications, in various languages. The report on e-waste has been the most downloaded report. All publications are now available on the GoodElectronics and SOMO website.

## Towards 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.

In 2014, 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-money laundering and tax evasion, and tax treaties. These meetings and other forms of communication have helped to develop SOMO's strategies and activities in line with European partner organisations. Moreover, together with Eurodad SOMO organised a workshop on tax evasion in Krakow (Poland) with 12 organisations participating.

SOMO shared news updates, research, relevant tax developments in the Netherlands and advocacy endeavours with the international tax justice movement. In 2014, this led to making Tax Justice an issue during the European elections. Tax Justice Netherlands was part of a well-attended election debate in Amsterdam. After the elections, TJN spoke with elected MEPS about transparency measures. At the end of 2014, the European Union adopted an initiative to put an end to anonymous corporate structures by establishing a register of the owners of these companies and trusts. This register is semi-public: NGOs and other organisations with a 'legitimate interest' can consult this register.

## Pro-development Supermarket Supply Chains Consortium

SOMO is part of a European group of organisations that address unfair trading practices and bad conditions for farmers and workers in European supermarkets supply chains. Other members of the consortium include: Traidcraft (UK); Consumers International (UK/EU wide); Oxfam Germany; Christliche Initiative Romero (Germany); and the Association of Conscious Consumers (Hungary). The consortium aims to raise public awareness and subsequently build support for more responsible supermarket supply chains. The programme started in July 2011 and ended in 2014. Activities included joint advocacy at the EU level, research, campaigning and producing films and publications for various audiences.



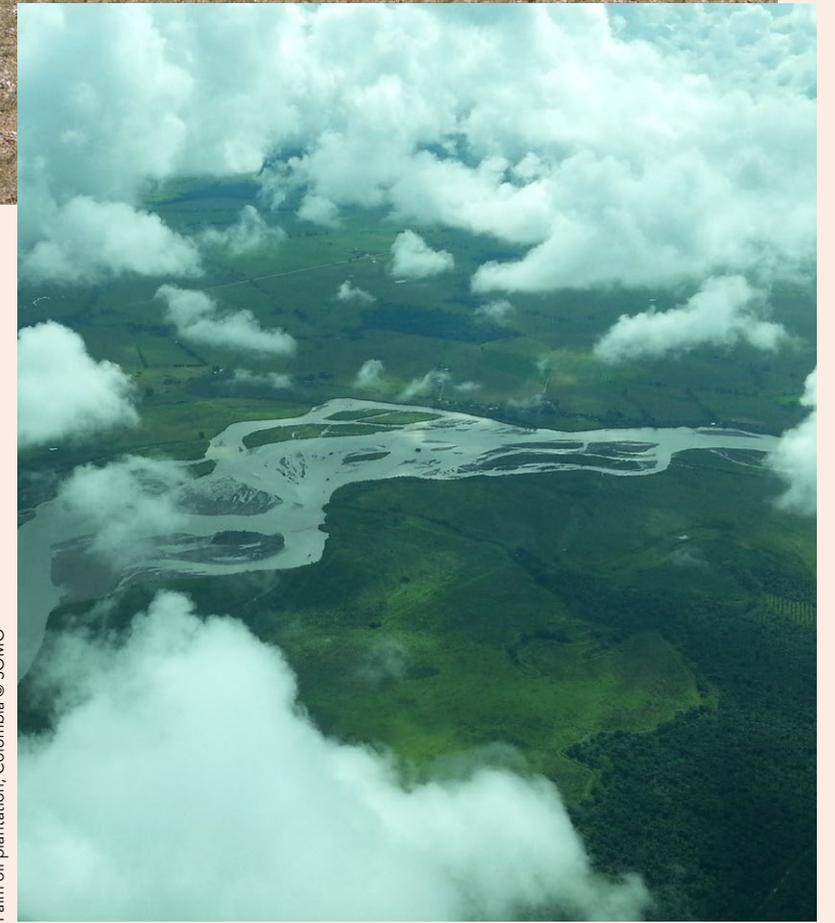
Partner meeting, Greece © SOMO



Partner meeting, Greece © SOMO



Field research to Mongolia © SOMO



Palm oil plantation, Colombia © SOMO



Road to spinning mill, India © Shuchi Kapoor



Textile worker, India © Shuchi Kapoor



Civil protest against mining company Eldorado © Nikos Pinos



Suape Port, Brasil ©SOMO

# Part III: SOMO's Services to CSOs

## SOMO's Services to CSOs

Being able to understand how and why corporations act as they do requires an understanding of their structures, investors, financial flows, tax payments, business practices and policies, and perhaps most of all their business strategies.

It is complicated work that requires technical expertise, specialised analytical skills and access to current and historical financial and business information. The role of SOMO's Corporate Research Knowledge Centre (CRKC) is to support SOMO's programmes, partners and clients including trade unions, consumer groups, and campaigning organisations – by providing high quality, reliable research on companies. At the same time, the CRKC provides training and advice to civil society groups to enhance their own corporate research skills and decision-making.

High quality,  
reliable research  
on companies.

### EXTERNAL SERVICE PROVISION

SOMO provides research, training and consultancy services to civil society clients so they can make informed and strategic decisions about dialogues, partnerships and campaigns involving companies. CSOs are increasingly facing the question of whether or how to engage in potential partnerships with companies. Their decisions must take into account both the opportunities that these partnerships can offer and the risks they pose. In 2014, SOMO was commissioned by five clients to conduct a "Quick Scan" risk analysis to assist groups in evaluating a potential partnership with a company. SOMO's "Quick Scan" provides a snapshot of the company's corporate structures, shareholders, controversial business and labour practices, media coverage and CSR policies. The analysis includes recommendations by SOMO's researchers about potential risks, as well as suggested follow-up steps in decision-making. SOMO also provided three clients with research on specific controversies involving companies, with special attention on media coverage of the issue. Among noteworthy clients this year was the EU (with an study on financial instruments and legal frameworks of derivatives markets in EU agriculture) and the LEI, an agriculture and economics research institute affiliated with Wageningen University. LEI contracted SOMO to conduct a complex value chain analysis, mapping out the companies involved in the shrimp, tuna, soy and beef industries from source to table. The research facilitated development of a new capital structure research methodology (see below) which SOMO intends to make use of going forward.

## BUILDING INTERNAL RESEARCH CAPACITY

In addition to providing external services, the CRKC supports SOMO's six programme teams to help ensure that all company research meets a high standard of quality. The CRKC works closely with the programme teams, providing data, fact-checking reports and taking on unique research projects linked directly to programme work. In 2014, the CRKC teamed up with the Human Rights & Grievance Programme on a case involving rights violations of nomadic herders by Mongolian iron ore mining company Altain Khuder (see page 23). The results of a fact-finding mission to the herders was the focus of the report *When the dust settles: Impacts of the Tayan Nuur iron ore mine on nomadic herders' lives in the Gobi Altai mountains of Mongolia.*

# Researching the corporate strategies behind adverse impacts on local communities.

A second report, *Impacts of the global iron ore sector: Case Study: Altain Khuder in Mongolia*, examined the sector's characteristics and the corporate strategies behind adverse impacts on local communities. The report was based on a business strategy analysis, that is primarily used by corporate strategists, investment bankers, and business consultants to assess the viability of a business plan and its potential, both to succeed and with financial backers. SOMO's researchers have started to put these tools to use in the field of business and

human rights, leading to exciting new insights. In the report on Altain Khuder, SOMO analysed how the company positions itself relative to its competitors and the business context in which Altain Khuder operates. Using this lens, SOMO was able to show, for example, how Altain Khuder's strategic emphasis on minimising the costs of transporting ore between the mine and the steel mills of western China was an important factor in its decision to construct a new paved road running through the territories of the herders. Using a business strategy analysis methodology helped SOMO to identify structural factors behind the human rights impacts of iron ore mining. The analysis has the potential to lead to faster and more effective remedy for victims of human rights abuses in future.

SOMO's value chain analysis of the shrimp, tuna, soy and beef industries also inspired advancement in the research methodology. The research involved tracing the financiers of the top 25 companies in each of the four sectors – a significant undertaking. Drawing from the experience, the CRKC developed a system for mapping companies' capital structure – a follow-the-money method, so to speak. This mapping process enables identification of common investors across sectors, a highly useful tool when trying to exert change at the level of the food system.

## TRAINING AND RESEARCH SUPPORT FOR PARTNERS

The CRKC contributes to building the capacity of SOMO partners to engage in company research. The CRKC staff teamed up with SOMO programme staff to conduct training on corporate research in Brasil and Warsaw. In addition, the CRKC joined partner OSCAF, a network of African Francophone organisations, and the Dutch trade union federation CNV, in co-organising a week long training in Benin attended by some 35 participants from six countries. Among other things, the training was aimed at helping OSCAF members to overcome challenges in company research projects supported by SOMO. SOMO also supports its partners by responding to requests for specific information about companies which SOMO can access through research databases such as Lexis Nexis, Orbis and Bloomberg, to which SOMO subscribes. SOMO responded to several requests in 2014.

## 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 International  
ActionAid NL  
CARE Nederland  
Cordaid  
Finn Church Aid  
Hivos  
ICCO  
Oxfam Hong Kong  
Oxfam International  
Oxfam Novib  
Oxfam Wereldwinkels  
Mensen met een Missie  
SNV (SNV Netherlands Development Organisation)

#### Campaign and lobby organisations

Fair Food  
FIAN Germany  
GUCWC (Global Unions Committee on Workers Capital)  
ICN (India Committee of the Netherlands)  
IKV  
Pax Christi  
ILC (International Land Coalition)  
Tropical Commodity Coalition  
WEMOS  
WEED

#### Political and governmental organisations

CBI (Centrum tot Bevordering van de Import uit ontwikkelingslanden)  
Danish business authorities/  
Danish NCP  
European Parliament  
SER  
Norwegian Council on Ethics

#### Social entrepreneurs

Stichting Butterfly Works  
FairPhone  
Return to Sender

#### International organisations

ILO  
UNIDO

#### Consumer organisations

Consumentenbond

#### Labour Unions

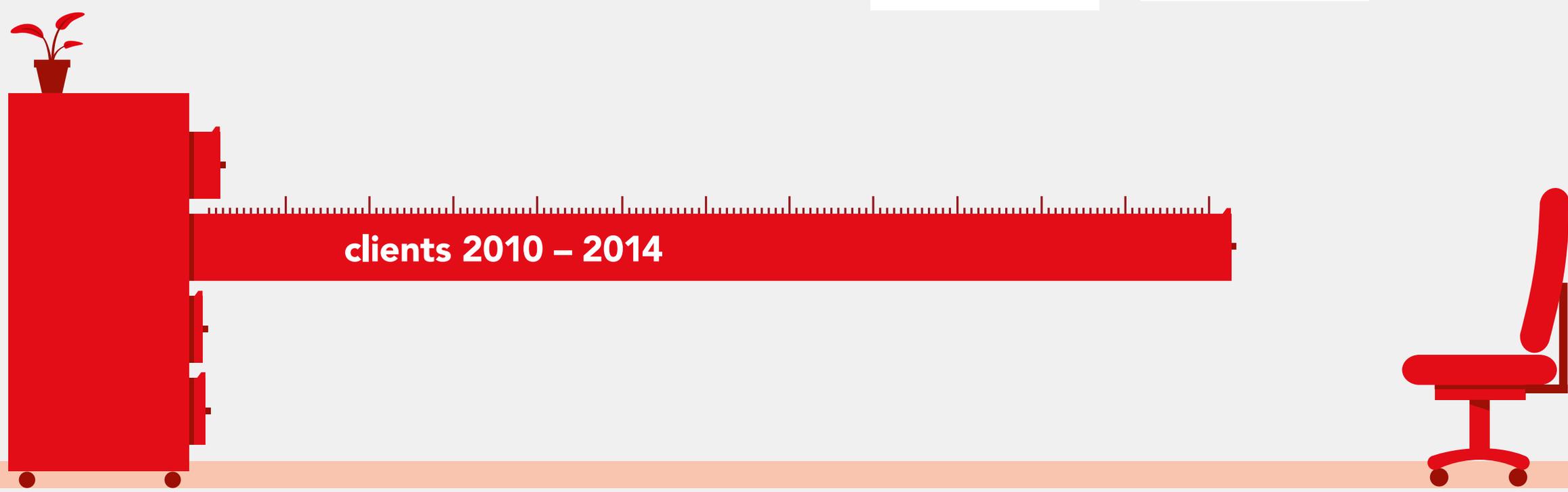
ABVAKABO  
CNV International  
EPSU  
FNV Bondgenoten  
FNV Bouw  
IG Metall

#### Environmental organisations

FoE Europe  
Greenpeace Nederland  
Greenpeace Italy  
WWF International  
Milieudefensie

#### Research and media

LEI (Landbouw Economisch Instituut)  
Novethic  
Shift  
Sustainable Finance Lab (University of Utrecht)  
VEF (Vibrant Europe Forum)



clients 2010 – 2014

# Organisational Structure at SOMO

## ORGANISATIONAL DEVELOPMENT

SOMO operates within the Dutch political context. In 2014, SOMO continued its strategy process for the post-2015 period. Together with the partners in the FGG alliance and with Oxfam, SOMO worked on a new Theory of Change, focusing on capacity building for lobby and advocacy, which served as input for the strategic partnerships with the Ministry of Foreign affairs in the post 2015-period.

Parallel to the cooperation with our partners on strategy, SOMO strengthened its internal participatory approach to making strategic and organisational decisions: the programme teams have become self-managing to a large extent, within the staff meetings all employees are invited to participate in agenda-setting and decision-making, and during our two-day strategy session in June, all staff took part in outlining our strategy plans for the 2015-2020 period.

- **Profile:** SOMO is continuously working on strengthening its three public faces of (1) expertise centre, (2) network host and (3) service provider. The staff adopted a new strategic plan on service provision in 2014 and established a special working group focussed on cooperation with academia and universities.
- **Primary process:** There has been a shift from working in projects to working in programmes within the expertise centre and in the networks that SOMO is hosting. Work on services is still organised in projects.
- **Organisational:** The management team was expanded to four people, which reflects the growth of the organisation, and the wish that managers participate in programme teams. One manager has been specifically appointed to focus on service provision. Furthermore, the board decided to start a transition in the governance structure in which the board will become a supervisory board (*Raad van Toezicht*) in 2015.

- **HRM:** SOMO integrated the consequences of two new Dutch laws into its employment conditions: the *Wet Werk en Zekerheid* and the new law on the *Werkkostenregeling*. The budget for general allowances was reduced and was reallocated to a higher budget for study and development.
- **Cooperation in alliances:** In the run-up to the new strategic partnerships with the Minister for Foreign Trade and Development Cooperation the cooperation within the FGG alliance and with Oxfam Novib became closer. Together we took steps to make implicit policy issues more explicit: how do the alliances want to work on capacity building for lobby and advocacy and where does SOMO add value to these processes.
- **Capacity building:** Together with our partners worldwide, SOMO exchanges and transfers knowledge and skills, in order to create a bigger network and lobby platform and increase leverage. Together with the FGG alliance SOMO developed a vision on mutual capacity development in which the cooperation to gain access to knowledge, target groups and lobby platforms is the key to mutual strengthening.
- **Resources:** We continuously work on broadening and diversifying our resource base. In 2014, SOMO submitted a total of 21 funding applications, mainly to the European Commission and to the Dutch government. In 2014, SOMO also set up a crowdfunding experiment.
- **Strategy days and future plans:** During our annual strategy session, we drafted the building blocks for SOMO's Theory of Change. In this intervention logic, knowledge building and the coordination and strengthening of international networks of CSO's, are the core of SOMO's work. International development in general and lobby and advocacy are complex processes. For that reason, strategies need to be agile and cannot be planned only in a linear way. In our strategic orientation SOMO combines two perspectives:

a human right perspective and an economic perspective. From the latter, SOMO is working on a more structural analysis of (changing) power relations. With the knowledge of the root causes of (growing) inequality and of human rights abuses by multinationals, we want to pay more attention to alternatives and transition.

To be more effective in the long term SOMO also made a bigger distinction between three levels of impact: 1) agenda setting, 2) changed policies and 3) changed practices. In lobby and advocacy it is important not to stop activities after policies have been changed; it takes enforcement power to have real impact on the ground. Our case support and capacity building will focus more on this enforcement power. Over the years SOMO build an enormous body of knowledge. In future, more effort will go towards opening up this knowledge through (social) media and through a closer cooperation with universities.

- **External evaluations:** SOMO's work was part of three external evaluations: within the FGG-context, within the MFS II-context (with special attention to our work on trade and investment) and in an evaluation by the Dutch government on Lobby and Advocacy (PILA/IOB).

#### PROCESS MANAGEMENT AND QUALITY

In 2011, SOMO arranged an external audit for the first time. Based on this audit, SOMO received its ISO 9001 certification. This audit has since been repeated annually and included the update of the internal quality system in 2013. In 2014, SOMO was recertified. Also in 2014, the SOMO quality handbook was adjusted to reflect the organisational changes.

#### SUSTAINABILITY AND ACCOUNTABILITY

In order to promote sustainable purchasing in its business operations, SOMO has a sustainability policy for travelling. 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 activities, including the implementation of a complaints procedure. In 2006, SOMO implemented its Code of Conduct and Complaints Procedure. SOMO continues to strive for the highest possible standards and procedures in research, including maintaining open dialogues with companies, academics and lawyers to carry out proper reviews of its practices. This is to ensure that its own work and services are up to date and of the highest quality possible. In 2014, SOMO did not receive any complaints related to the code of conduct in a formal complaint procedure. SOMO received letter from layers of companies twice to prevent publication, or redraw a publication. SOMO replied to both lawyers with an explanation of the research process and another request to the companies to give information about possible factual mistakes in the reports. SOMO did not receive any information that should lead to corrective action. Both reports are still available.

In 2014, 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.

#### GOVERNANCE AND ORGANISATIONAL STRUCTURE

The governance of SOMO consists of the following elements, as described in more detail in the governance statute 2008:

- The responsibility of the board is explicitly to supervise the organisation.

- The managing director is the only member of the board of directors and together with three programme managers, the managing director forms the management team of SOMO.
- SOMO's staff remains the most important decision-making organ regarding strategy and annual plans.
- 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 organizational and managerial context.
- SOMO is official board member of the European Coalition for Corporate Justice.

SOMO's staff remains the most important decision-making organ regarding strategy and annual plans.

#### HUMAN RESOURCE MANAGEMENT

Relevant Personnel Statistics for SOMO in 2014:

- At the end of 2014, SOMO employed 38 people (2013: 36) at 28.5 FTE (2013: 27.4 FTE).
- 31 people have permanent contracts.
- 7 have temporary contracts for a period of at least one year.
- SOMO has flexible personnel to expand its temporary capacity. In total, 5 freelancers and 3 flexible staff members were working for SOMO at the end of 2014.
- 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 9 interns in 2014.
- Absence caused by illness was 2.5% in 2014 (2013: 2.9%).

The costs for fundraising consists of personnel costs and costs for consultancy. In 2014, 5.5 % of the time available was spent on fundraising (2013: 5%). The total costs for fundraising are 5.0 % of SOMO's total income in 2014 (2013: 4.8%).

The salary of the Managing Director was € 75,574 in 2014. The VFI (the Dutch sector organisation of charities) developed a calculation to relate the salary of the Managing Director to the size of the organisation, the complexity of the organisation, the organisational context and the applied management model. According to this model, SOMO's salary for the MD is considerably lower than the maximum of € 98,257.

#### FUNDRAISING & ACQUISITIONS

##### Institutional donors and private funds

In 2014, fundraising became an integral part of the activities within SOMO's programmes, notably through the appointment of fundraising coordinators per team and the temporary staff position created for a fundraising and organisation development advisor. Also, more and more staff members have become actively engaged in fundraising activities. The number of fundraising activities has increased subsequently. Moreover, there is increasingly more attention being paid to strategic thinking in this area. In the second half of 2014, SOMO introduced a new fundraising policy and, for the first time, programme teams developed their own fundraising plans. The pie chart below offers some insight into the distribution of the funding by the types of donors and funds that were approached.

Six proposals were approved, including two for a five-year strategic partnership with the Dutch Ministry for Foreign Trade and Development, called "Advocacy and Policy Influencing". The contracts with the ministry will be signed in October. Revenues from the four other applications came to a total of € 450,952 for the period 2015–2018. A number of the applications filed in 2014 are still under consideration by the donors.

### Donations

In 2013, SOMO introduced a donation button on the website. Visitors of the website see this button before they access a publication. In 2014 € 2,230 was donated through this channel.

### Crowd funding

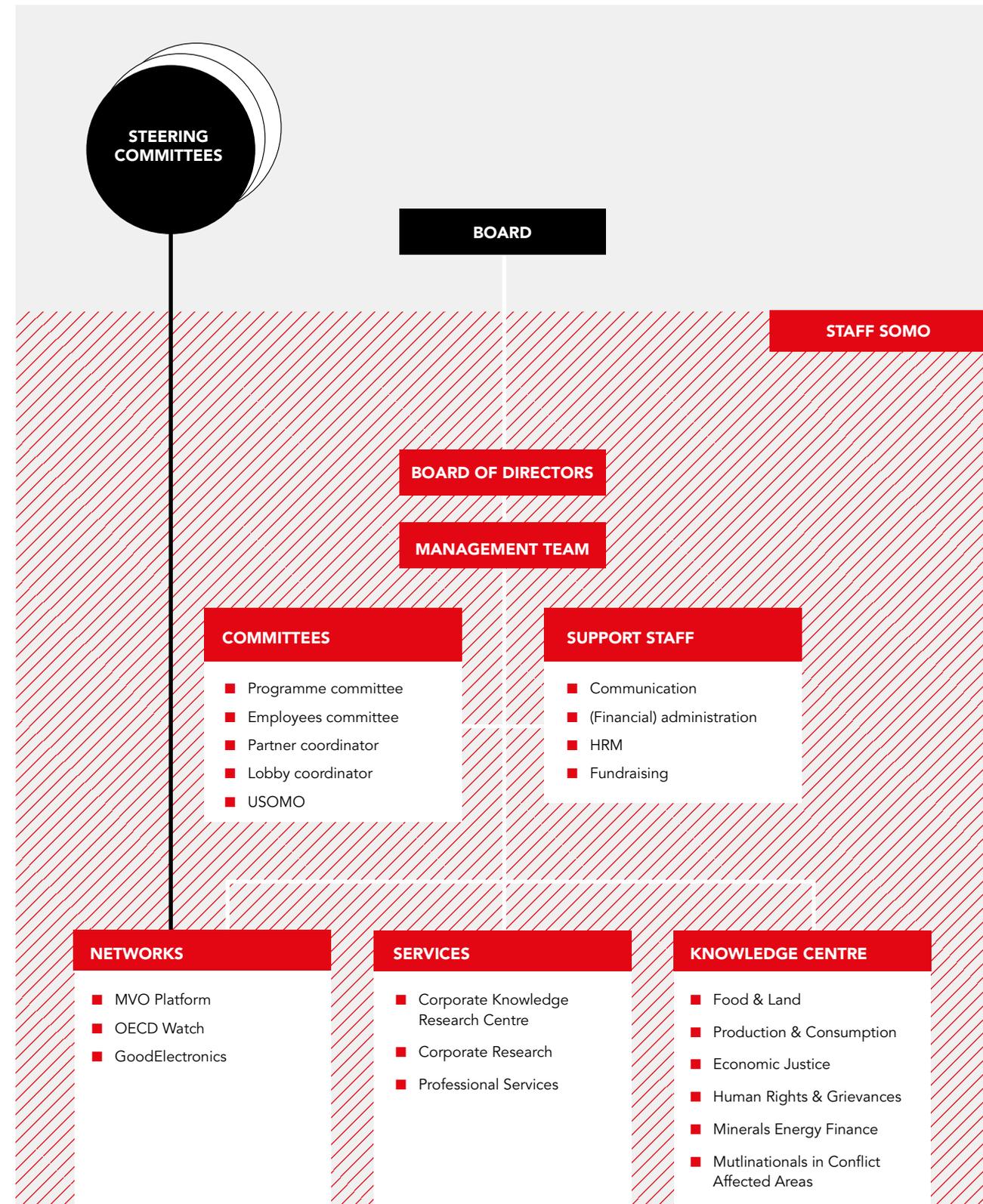
In 2014, SOMO experimented with crowd funding. Internally, a project team was formed which set up a website explaining the research subject and in what way individuals and organisations could help to realise the needed budget of € 30.000 and what they would receive in return for their contribution. SOMO raised € 4,455.

### FINANCE

SOMO's activities are funded in five ways:

- **Subsidies:** European Commission, Dutch government. Projects SOMO carries out within the IMPACT and FGG alliances are subsidised via the MSF2 programme of the Dutch ministry of Foreign Affairs. The HRGM programme and the MCAA programme are also funded by the Dutch Ministry of Foreign Affairs respectively under the "mensenrechtenprogramma" and "wederopbouwprogramma".
- **Other grants:** SOMO also receives funding from charity funds like Sigrid Rausing Trust and the Open Society Foundation. Activities funded with this money have a more European Focus.
- **Commission-based research:** SOMO conducts specific analyses and studies for CSOs.
- **Membership contributions:** for facilitation/host work for international NGO networks.
- **Donations:** in 2014 SOMO received several donations and carried out a first crowdfunding campaign.

The financial year 2014 ended with a positive result of € 28,404 after taxes. SOMO has a solid income base with its long-term programmes. Nevertheless, over the coming years, attempts will be made to broaden the funding sources, particularly in the field of service delivery. To ensure both quantitative and qualitative growth, SOMO as an organisation has opted for incremental growth.



## Forecast 2015

	2015	
Income	€	€
<b>Government grants</b>		
Dutch Ministry of Foreign Affairs	2,400,000	
European Commission	550,000	
Other Government grants	40,000	
<b>Total Government grants</b>		<b>2,990,000</b>
<b>Other contributions</b>		
Membership contributions	150,000	
Grants and other contributions	300,000	
<b>Total other contributions</b>		<b>450,000</b>
<b>Professional services</b>		<b>400,000</b>
<b>Other income</b>		<b>20,000</b>
<b>Total income</b>		<b>3,860,000</b>
<b>Expenditure</b>	€	€
Direct project costs	1,200,000	
Direct costs of professional services	40,000	
Personel costs	2,240,000	
General expenses	350,000	
<b>Total expenditure</b>		<b>3,830,000</b>
<b>Operating result before interest and taxation</b>		<b>30,000</b>

# Financial Statements

## Balance Sheet as of 31st of December, 2014 (after appropriation of result)

	31-12-2014	31-12-2013
	€	€
<b>Assets</b>		
<b>Fixed assets</b>		
Tangible fixed assets		
Other equipment	71,073	86,566
<b>Current assets</b>		
Receivables, prepayments and accrued income		
Trade debtors	19,311	78,037
Subsidy receivable	286,243	225,695
Taxation and social securities	22,364	21,664
Prepayments and accrued income	97,806	114,704
	425,724	440,100
<b>Cash and bank balances</b>	1,495,925	1,300,728
<b>Total assets</b>	<b>1,992,722</b>	<b>1,827,394</b>
<b>Liabilities</b>		
<b>Equity</b>		
General reserve	604,083	575,679
Appropriated reserves	66,581	66,581
	670,664	642,260
<b>Provision</b>		
Provision personnel	44,451	40,544
<b>Current liabilities, accruals and deferred income</b>		
Creditors	369,678	374,414
Advanced payments/ advances received on subsidies	425,026	397,967
Taxation and social securities	124,023	111,235
Accruals and deferred income	358,880	260,974
	1,277,607	1,144,590
<b>Total liabilities</b>	<b>1,992,722</b>	<b>1,827,394</b>

## Statement of Income and Expenditure, 2014

	2014 realization	2014 budget	2013 realization
	€	€	€
<b>Income</b>			
<b>Government grants/contributions</b>			
Government grants	2,705,388	3,065,000	2,434,896
Other contributions	557,189	435,000	413,213
	3,262,577	3,500,000	2,848,109
<b>Professional services</b>	274,778	250,000	183,044
<b>Other income</b>	<b>16,001</b>	<b>30,000</b>	<b>33,170</b>
<b>Total income</b>	<b>3,553,356</b>	<b>3,780,000</b>	<b>3,064,323</b>
<b>Expenditure</b>			
Direct project costs	958,779	1,175,000	691,210
Direct costs of professional services	35,054	25,000	15,475
Personnel costs	2,209,205	2,205,000	2,019,074
General expenses	319,260	345,000	308,320
<b>Total expenditure</b>	<b>3,522,298</b>	<b>3,750,000</b>	<b>3,034,079</b>
<b>Operation result before interest and taxation</b>	<b>31,058</b>	<b>30,000</b>	<b>30,244</b>
<b>Financial income and expenses</b>			
Interest income	8,618	-	13,743
Financial expenses	-4,088	-	-2,439
	4,530	-	11,304
<b>Result on ordinary activities before taxation</b>	<b>35,588</b>	<b>30,000</b>	<b>41,548</b>
Taxation on ordinary activities	-7,184	-	-5,993
<b>Result after taxation</b>	<b>28,404</b>	<b>30,000</b>	<b>35,555</b>

# 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, minus 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.

## 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

	2014	2013
	€	€
<b>Assets</b>		
<b>Other equipment (rebuilding, computer/office equipment)</b>	-	-
Purchase value at historical cost	209,538	144,674
Accumulated depreciation	-122,972	-105,695
<b>Balance as of 1 January</b>	<b>86,566</b>	<b>38,979</b>
<b>Movements</b>		
Investments	10,120	64,864
Desinvestments	-	-
Depreciation	-25,613	-17,277
Desinvestment depreciation	-	-
<b>Total movements</b>	<b>-15,493</b>	<b>47,587</b>
Purchase value at historical cost	219,658	209,538
Accumulated depreciation	-148,585	-122,972
<b>Balance as of 31 December</b>	<b>71,073</b>	<b>86,566</b>
<b>Trade debtors</b>		
Trade debtors	19,311	78,037
Minus: allowance for doubtful receivables	-	-
<b>Total trade debtors</b>	<b>19,311</b>	<b>78,037</b>
<b>Subsidy receivable</b>		
BothENDS (MFS II Fair, Green & Global Alliance)	132,590	88,823
Oxfam Pakistan (Fragile States)	33,373	19,696
BUZA (Fragile States)	90,985	-
EuropeAid (MakelTFair)	-	6,528
EuropeAid (ECCJ)	1,710	1,678
Agentschap NL (Duurzaam Inkopen/ Duurzame Pleinen)	-	52,332
Traidcraft (EuropeAid Pro-development supermarket supply chains)	-	18,980
SETEM (EuropeAid ProcureITFair)	12,091	1,907
Fair Wair Foundation (EuropeAid Creating Change Agents in the European Garment Industry)	3,562	6,295
TIE (EuropeAid Human Rights at Work)	1,932	-
Consumers International (Supermarket Survey)	-	53,141
Norwegian Forum (OECD Watch)	10,000	-
<b>Subtotal subsidy receivable</b>	<b>286,243</b>	<b>249,380</b>
Minus: doubtful subsidy receivable (projects)	-	-23,685
<b>Total subsidy receivable</b>	<b>286,243</b>	<b>225,695</b>

	2014	2013
Assets	€	€
<b>Taxation and social securities</b>		
Taxation (corporate tax)	10,445	11,616
Tax dividend	-	1
Social Securities Belgium	2,846	-
Value added tax (V.A.T.)	9,073	10,047
<b>Total taxation and social securities</b>	<b>22,364</b>	<b>21,664</b>
<b>Prepayments and accrued income</b>		
Professional services to invoice	13,856	33,368
Rent	4,973	4,931
Interest	12,203	17,628
Pension contributions	11,727	23,452
One-time tax refund on WAO/WIA	-	8,498
Short term loan EU partner	20,500	-
Other prepayments and accrued income	34,547	26,827
<b>Total prepayments and accrued income</b>	<b>97,806</b>	<b>114,704</b>
<b>Cash and bank balances</b>		
Current accounts	293,562	91,044
Interest accounts	1,201,393	1,208,737
Stocks	970	947
<b>Total cash and bank balances</b>	<b>1,495,925</b>	<b>1,300,728</b>

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

	Begin financial year 2014	Movements 2014	End financial year 2014
Liabilities	€	€	€
<b>Equity</b>			
General reserve	575,679	28,404	604,083
Appropriated reserve housing	30,000	-	30,000
Appropriated reserve organisation development	36,581	-	36,581
<b>Total equity</b>	<b>642,260</b>	<b>28,404</b>	<b>670,664</b>
<b>Provision</b>			
<b>Provision personnel</b>	<b>40.544</b>	<b>3.907</b>	<b>44.451</b>

### 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 organisational costs. This contains the fixed personnel costs (gross salary, social charges, allowances, pension) and other fixed organisational costs. The new norm for 2014 is € 1.025.000. The actual general reserve for 2014 is € 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.

Any residual positive results 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

In 2007 SOMO started a general housing reserve. 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.

	2014	2013
<b>Liabilities</b>	<b>€</b>	<b>€</b>
<b>Creditors</b>		
Creditors	124,357	143,423
Contract obligations project partners	245,321	230,991
<b>Total creditors</b>	<b>369,678</b>	<b>374,414</b>
<b>Advanced payments/ advances received on subsidies</b>		
Oxfam Novib (MFS II IMPACT Alliance)	170,806	196,592
BUZA (Human Rights & Grievance Mechanisms)	46,252	21,407
BUZA (Fragile States)	-	60,745
La Strada (EuropeAid Trafficking Human Beings)	2,115	23,058
TNI (EuropeAid EU Investment Coherence for Sustainable Development)	37,814	20,111
The Sigrid Rausing Trust	24,347	23,710
MVO Platform advanced payments	46,730	36,764
EuropeAid (Good Electronics Network)	25,770	-
Royal Norwegian Ministry of Foreign Affairs (OECD Watch)	16,867	-
Bread For All (ProcureITFair)	6,052	-
Oxfam Novib	30,051	-
Cofunding for MakeITfair 2013	-	9,190
Other advanced payments	18,222	6,390
<b>Total advanced payments</b>	<b>425,026</b>	<b>397,967</b>
<b>Taxation and social securities</b>		
Social securities (payroll tax)	124,023	111,235
<b>Total taxation and social securities</b>	<b>124,023</b>	<b>111,235</b>
<b>Other accruals and deferred income</b>		
Holiday pay	68,181	61,944
Holiday days	97,836	75,826
Prepayments professional services	61,658	-
Audit fee	16,250	30,000
Administration fee	1,700	2,050
Development contract supervision	4,560	6,060
Salaries	71,482	62,627
Transfer costs pension	9,000	9,000
Landelijke India Werkgroep	12,000	-
Dividend to be paid to charity organisation	74	60
Other	16,139	13,407
<b>Total other accruals and deferred income</b>	<b>358,880</b>	<b>260,974</b>

## CONTINGENT ASSETS AND LIABILITIES

SOMO has a defined benefit plan that provides pension for employees on retirement. It is allowed for a small legal entity, such as SOMO, in accordance with the Guidelines for annual reporting of the Dutch Accounting Standards Board (RJK B14.111) to account a defined benefit plan as if it was a defined contribution plan; the pension contributions are taken into account in the financial year. This means that not all risks attached to the defined benefit plan have been reported in the balance sheet.

SOMO started a capital account in 2007 related to the ING account for a bank guarantee. At the end of 2014, 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 2014: € 59,425). The lease for Sarphatistraat 30 SOMO signed in 2007 starts from 1 July 2007 – 30 June 2012. The contract has been extended to 30 June 2017.

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

	2014	2013
Income	€	€
<b>Government grants</b>		
Subsidies Dutch Ministry of Foreign Affairs		
Oxfam Novib (MFS II IMPACT Alliance)	1,078,006	989,229
Both Ends (MFS II Fair, Green & Global Alliance)	541,910	555,642
BUZA (Human Rights and Grievance Mechanisms)	397,271	429,063
BUZA (Fragile States)	372,437	250,086
<b>Total subsidies Dutch Ministry of Foreign Affairs</b>	<b>2,389,624</b>	<b>2,224,020</b>
Other Dutch Government grants		
Agentschap NL (Duurzame Pleinen)	805	59,451
<b>Total other Dutch Government grants</b>	<b>805</b>	<b>59,451</b>
Subsidies European Commission		
EuropeAid (MakeITfair)	-	22,247
EuropeAid (Good Electronics Network)	191,939	-
Traidcraft (EuropeAid Pro-development supermarket supply chains)	12,814	39,221
Fair Wear Foundation (EuropeAid Creating Change Agents in the European Garment Industry)	12,243	8,631
TNI (EuropeAid EU investment coherence for sustainable development)	36,034	26,156
La Strada (EuropeAid Trafficking Human Beings)	17,212	12,657
SETEM (EuropeAid ProcureITFair)	42,789	42,513
TIE (EuropeAid Human Rights at Work)	1,928	-
<b>Total subsidies European Commission</b>	<b>314,959</b>	<b>151,425</b>
<b>Total Government grants</b>	<b>2,705,388</b>	<b>2,434,896</b>

	2014	2013
Income	€	€
<b>Other contributions</b>		
Contributions of partners (EuropeAid Good Electronics Network)	25,056	-
Stichting Doen	-	2,095
The Sigrid Rausing Trust	146,061	115,012
Oxfam Novib	16,918	19,668
OECD Watch (membership contributions)	4,881	2,392
MVO Platform (membership contributions)	137,734	146,991
Good Electronics (membership contributions)	-	16,155
Oxfam Pakistan (Fragile States)	45,225	19,890
Open Society Foundation	109,029	-
Bread For All (ProcureITFair)	14,498	-
Royal Norwegian Ministry of Foreign Affairs (OECD Watch)	20,000	-
Norwegian Forum (OECD Watch)	10,000	-
Consumers International (Supermarket Survey)	505	70,138
Crowdfunding and gifts	6,685	-
Other contributions	20,597	20,872
<b>Total other contributions</b>	<b>557,189</b>	<b>413,213</b>

## FUNDRAISING

The total of income received not from own fundraising of SOMO but as part of cofunding of project partners for 2014 is € 100,758 (2013: € 0)

## CROWDFUNDING AND GIFTS

In 2014 SOMO started with different kinds of online fundraising. In 2014 SOMO received € 4,455 in its first crowdfunding campaign and received € 2,230 in donations. For the use of this income the following rules apply:

- In case the online fundraising is clearly defined for a specific activity or project the funds will be used for that purpose. The income of the crowdfunding campaign in 2014 are used for the research in Greece into tax evasion of Eldorado Gold.
- In case a donation is received with a clear preference, SOMO will use this income in the program that best fits this preference.
- 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.

	2014	2013
	€	€
<b>Income</b>		
<b>Professional services</b>		
Quick Scans	37,655	31,614
Corporate research	9,906	77,670
Sector research	46,240	26,301
Country and policy research	6,818	-
Supply chain research	38,640	-
Trainings	34,052	-
Consultancy	59,422	-
Expert contribution	19,531	28,735
Other services	22,514	18,724
<b>Total professional services</b>	<b>274,778</b>	<b>183,044</b>
<b>Expenditure</b>		
Travel costs	162,145	130,437
Office expenditure	72,751	67,099
Telephone and postage	4,463	5,050
Printed matter	63,727	55,447
Contracted work	603,500	403,634
Other direct project costs	52,193	29,543
<b>Total direct project costs</b>	<b>958,779</b>	<b>691,210</b>
<b>Direct costs of professional services</b>		
Travel costs	14,339	1,146
Office expenditure	6,622	4,982
Telephone and postage	-	502
Printed matter	6,508	770
Contracted work	7,510	-
Other direct costs of professional services	75	8,075
<b>Total direct costs of professional services</b>	<b>35,054</b>	<b>15,475</b>

	2014	2013
	€	€
<b>Expenditure</b>		
<b>Personnel costs</b>		
Salaries		
Gross wages	1,473,826	1,316,420
Social securities	272,358	216,530
Pension contributions	190,445	177,488
<b>Total salaries</b>	<b>1,936,629</b>	<b>1,710,438</b>
<b>Remaining personnel expenditure</b>		
Study	11,837	34,719
Change in debt holiday pay	6,237	-42,376
Change in debt holiday days	22,010	6,068
Insurance	34,925	27,537
Travel costs	27,515	26,871
Thirteenth month	123,481	110,804
Freelance costs support staff	39,653	40,187
Freelance costs project staff	63,399	70,184
Other personnel costs	35,347	39,693
<b>Total remaining personnel expenditure</b>	<b>364,404</b>	<b>313,687</b>
<b>Subtotal personnel costs</b>	<b>2,301,033</b>	<b>2,024,125</b>
minus: received payments for illness	79,407	5,051
minus: charged for (project) personnel expenditure	12,421	-
<b>Total personnel costs</b>	<b>2,209,205</b>	<b>2,019,074</b>

**PERSONNEL COSTS**

At the end of 2014, SOMO was employing a total of 38 people (2013: 36) which translates to 28.5 FTE (2013: 27.4 FTE).

Concerning the Wet normering bezoldiging top-functionarissen publieke en semipublieke sector (WNT) we account for the amounts paid (including long-term remunerations) to our executives. The managing director and programme managers together are SOMO's management team and lead

the organisation. In line with the regulations of the WNT therefore we set out the income of the employees who are involved in the Management Team. For the members of the management team that received this payment in 2014, the transition rules of the WNT have been applied.

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

**2014**

Title	Managing Director	Programme Manager	Programme Manager	Programme Manager	Programme Manager
Name	Ronald Gijbsbertsen	Esther de Haan	Joris Oldenziel	Gerhard Schuil	Roos van Os
FTE	36 hours a week	36 hours a week	36 hours a week	36 hours a week	36 hours a week
Months worked in 2014	12	12	2	4	4
Gross salary including thirteenth month holiday allowance and holiday pay	€ 75.574	€ 64.551	€€ 17.660	€€ 16.248	€€ 16.189
Social securities 16,87%	€ 12.749	€ 10.890	€€ 2.979	€€ 2.741	€€ 2.581
Pension premium paid	€ 9.854	€ 8.259	€ 2.038	€€ 2.202	€ €2.860
Travel expenses home-work	€ 3.210	€ 60	€€ 395	€€ 0	€€ 0

We also indicate that Joris Oldenziel has left SOMO February 28th 2014; no termination fees were paid.

	2014	2013
Expenditure	€	€
<b>General expenses</b>		
<b>Software and hardware</b>		
Software and development	36,347	23,362
Software and hardware	11,561	23,372
Depreciation software and hardware	10,343	9,665
minus charged for project costs ICT/ Software	-	-2,402
<b>Subtotal software and hardware</b>	<b>58,251</b>	<b>53,997</b>
<b>Housing expenses</b>		
Rent and energy	69,812	68,996
Insurance and taxes	2,387	2,671
Maintenance and cleaning	22,492	23,567
Depreciation rebuilding	11,721	4,552
Other housing expenditure	10,994	4,473
minus charged for project costs housing expenses	-	-
<b>Subtotal housing expenses</b>	<b>117,406</b>	<b>104,259</b>
<b>Office expenses</b>		
Catering	9,206	8,754
Telephone	7,492	6,060
Postage and dispatch	390	2,089
Printed matter	5,651	5,611
Office supplies	6,232	6,405
Internet/ website	4,746	4,856
Contributions	7,765	7,351
Literature	656	1,084
Databank	37,551	35,594
Representation	2,093	2,542
Travel	1,733	2,542
PR and publicity expenditure	11,212	17,445
PR dissemination knowledge	71,436	48,821
Translation/ interpreter expenditure	3,074	5,113
Depreciation equipment	3,549	3,060
minus charged for project costs office expenses	-59,923	-49,535
<b>Subtotal office expenses</b>	<b>112,863</b>	<b>107,792</b>

	2014	2013
<b>Expenditure</b>	€	€
<b>Organisation and administration expenses</b>		
Advice	17,978	15
Audit fee	17,000	12,550
Administration costs	9,760	7,539
Insurances	4,655	3,776
Fines	340	897
Allowance for doubtful debtors	-	-4,790
Allowance for incollectable grants	-19,894	19,894
Other general expenses	901	2,391
minus charged for project costs organisational and administration expenses	-	-
<b>Subtotal organisation and administration expenses</b>	<b>30,740</b>	<b>42,272</b>
<b>Total general expenses</b>	<b>319,260</b>	<b>308,320</b>

## EXPLANATION OF DIFFERENCES BETWEEN REALISATION AND BUDGET 2014

### Result

The positive result for 2014 was almost at the expected level. The budgeted result for 2014 was € 30.000 before taxation. The actual positive result is € 31,058 before taxation. Because the general reserve of SOMO doesn't meet the norm yet, SOMO aims at a small positive result every year. The turnover was lower than expected. This didn't affect the result because the (flexible) direct project costs were also lower than budgeted.

### Income

The income from government grants was lower than expected, due to an underspending on direct project costs in subsidised programmes. The underspending was caused by the lengthy absence of five staff members who were on (maternity) leave. For this reason not all activities were carried out, and consequently, SOMO did not receive the related (flexible) direct project costs from the funder. However, the subsidies are for a period of five years so the remaining budget will move to 2015.

The income from other contributions was higher than expected, primarily because of additional funding SOMO received for awareness raising activities around the 2014 elections for the European Parliament.

The income from professional services was higher than expected, due to two large assignments for the European Parliament and a project funded by the Moore foundation, carried out in cooperation with the LEI Institute.

The budget for 'Income from interest' is presented separately under 'Other income'.

### Expenditure

The direct project costs were lower because not all planned activities were carried out. The volume of service delivery in 2014 was a bit higher than expected. This led to some extra direct costs of professional services, mainly related to database costs. Because these database costs were attributable to service delivery, the general expenses were a bit lower than budgeted. Another explanation for the lower general costs are the lower auditing costs.

## 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 2014

The result after taxation 2014 is € 28,404 positive (2013: € 35,555 positive). The board of SOMO has decided to add this result to the general reserve.

### April 15<sup>th</sup> 2015

## INDEPENDENT AUDITOR'S REPORT



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements 2014 of Stichting Onderzoek Multinationale Ondernemingen (SOMO), Amsterdam, which comprise the balance sheet as at 31 December 2014, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

*Management's responsibility*

Management 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 management 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 management, as well as evaluating the overall presentation of the financial statements.

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

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*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 2014 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, 15 April 2015

Dubois & Co. Registeraccountants

Signed on original:

A.P. Buteijn RA and R.W.J. Bruinooge RA

