



# SOMO

## Annual Report

### 2021



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# A better path

“ **Energy companies are suing governments** for protecting citizens against climate change. Under the controversial Energy Charter Treaty, two German multinationals have claimed huge damages against the Netherlands for its planned phase-out of coal-fired electricity to help keep global warming below 1.5°C. After years of reaping massive profits from oil, gas, and coal, companies like these now want taxpayers to compensate them for the energy transition.

**Big business has never been more powerful.** Around the world, multinational companies have strengthened their grip on society through an interlocking system of laws, policies, narratives, and myths. Lobbying hard, they have persuaded governments to prioritise corporate and shareholder interests against the urgent needs of people and planet. In wealthy OECD countries and new economic powers such as China and India, corporations exploit state favour and support to seize the world's resources, maximize profits, and externalise costs.

**Governments, the media, many social institutions,** and often the general public, accept corporate logic as almost sacrosanct. Despite regular high-profile business scandals, what-is-good-for-big-business-is-good-for-society thinking remains dominant.

**Mounting evidence shows,** however, that this narrative is dangerously false and the model deeply flawed. Yes, the world needs economic activity, decent livelihoods for all, and good productive businesses that help meet humanity's requirements within ecological limits. Low- and middle-income countries urgently need a fairer share of income and wealth, as do lower-income people everywhere. What we don't need is growth for growth's sake or the relentless pursuit of profit by corporate giants with the connivance of political elites.

**The human and environmental impacts** of unbridled corporate power are highly visible and well documented: polluted water, air, and soil; extreme weather conditions due to climate change; destroyed biodiversity; health damage to communities and workers; lost livelihoods; the abuse of workers in global supply chains. Corporations externalise these negative impacts

and expect the rest of society to pay for them. A competitive extractivist mentality pervades the global economy; extraction of both wealth and resources has led to a steady and almost undisputed movement of wealth from some parts of the world to others.

**It doesn't have to be like this.** A more collaborative and cooperative economy is an urgent necessity and possible to achieve. The current model is not fixed or inevitable. We can rebuild the system to make it equitable, democratic, accountable, and environmentally sustainable.

**Awareness and pressure for change are growing.** Civil society movements and alliances are gaining in strength. People around the planet are challenging unjust corporate power and inequitable economic structures. Communities are fighting for the right to live on their own terms; workers are organising to demand fair wages; tax justice campaigners are working to expose abuses; and activists everywhere have taken on the combined force of corporate and state power.

**The escalating climate crisis** and the Covid-19 pandemic have re-energised calls for change. Citizens and civil society have the opportunity to bring about lasting, meaningful, and deep economic transformation. If we join forces, we can reach a tipping point and reset the global economy together.

**This hope and belief animates** SOMO's work and underpins our new 2021–2025 strategy. To tackle the negative impacts of corporate power on people and the environment, we must address both the symptoms and the root causes.

SOMO's new strategy includes three interlinked dimensions:

- Challenging the narratives at the root of corporate misconduct – we do this by debunking myths and amplifying alternatives.
- Dismantling structural enablers of corporate power – we do this by promoting fundamental reforms to the current economic and legal system, focusing especially on making complex corporate structures accountable, challenging 'growth at all costs', and restraining monopoly power.

- Addressing social and environmental impacts that corporations cause – we do this by working on remedy and justice, supporting individuals, communities, and organisations to take action on cases of corporate abuse.

In delivering this new strategy, SOMO will bring its decades of experience in action-oriented research and investigations to bear with renewed vigour, developing new methodologies and undertaking cutting-edge work. We will invest deeply in strategic communications to turn our research into powerful stories and ensure that it lands where it has the biggest impact – from communities and courtrooms to civil society organisations, media, and politicians.

**SOMO never works alone.** Partnership and alliance building are in our DNA. We join forces to advocate for changes that stop corporate abuse and make companies accountable. With our allies we will continue to advance norms and standards, expose greenwash and fig leaves, and strengthen key standards. We will support alliances for strategic litigation to advance court-made rules and give teeth to the hard-won laws, policies, and standards that restrain corporate power.

**In the coming years** we will work across sectors and issues, from Big Tech to energy companies' role in the low-carbon transition. Underlying all our work is the knowledge that an ultra-competitive, growth-fixated global economy is not what humanity needs or wants and that our collective survival requires a better path. It is as simple, and as challenging, as that.

**Audrey Gaughran**



Protest against the Energy Charter Treaty, European Parliament, Brussels, Belgium





Farmer, Palestine





Coal power plant, Rotterdam, The Netherlands



Telenor, Myanmar

# Our work

## Time to reign in Big Tech

Multinational corporations that dominate information and communication technologies (ICTs) such as US-based Alphabet (Google), Apple, Amazon, Facebook (or 'Meta' as we are now supposed to call it), and Microsoft, and their Chinese counterparts Alibaba and Tencent, have acquired extraordinary financial, market, and social dominance. These Big Tech companies now exert monopoly-like control as essential digital infrastructure providers to a globally networked society and set the terms for communication between billions of individual internet users and across the private, public, and third sectors worldwide.

They have unprecedented power to extract 'rents' and set high charges for their services, take over competitors, diversify into new fields, and integrate multiple operations into interconnected digital platforms from which it is increasingly difficult for users to opt out.

SOMO's 2020 research on the financialisation of Big Tech revealed the negative social and economic impacts of the corporate financialisation strategies of the giant digital companies. The interests of customers, smaller competitors, the environment, and the wider society have all suffered. Big Tech companies have used their market power to extract value and further extend their position, utilised complex and sometimes aggressive tax avoidance strategies, and circumvented much of the ability of governments to regulate the sector for the public good. The harms unleashed by such an exploitative model of economic interaction – facilitated by algorithms focused on profit maximization – are only beginning to be properly understood.

In response, in 2021 SOMO developed a new strategy to expose and challenge the growing market dominance and monopoly power of Big Tech. Control of Big Tech will require both fundamental legal reform and a long-term vision for how to build a more pluralistic digital economy. SOMO sees this happening at three levels:

- The immediate opportunity presented by legislative reforms in Europe, including the Digital Markets Act, which provides an important foundation for stronger regulation of the sector. SOMO will work with allies to secure the most robust regulation possible.
- SOMO is committed to building the foundation for longer-term regulatory reform to effectively counter monopolistic behaviours in the digital economy and public sphere. We will explore different opportunities to set the agenda on competition in Europe, including through work on digital trade rules and revision of the OECD Guidelines for Multinational Enterprises.
- Ultimately, however, we recognise that regulation will only ever be a partial solution to address the harms caused by Big Tech's monopoly power. In the longer term, we want to see greater investment by governments to foster digital infrastructure in the public interest and alternatives to the Big Tech platforms. SOMO's research, outreach, and network building will aim to spark a conversation among civil society about long-term solutions beyond the constraints of the existing regulatory system.

### COUNTRY PROFILE

## Myanmar

After the military seized power on 1 February 2021, our longstanding Myanmar partners requested urgent help. Working with Justice for Myanmar, we identified USD 2.3 billion in shares held by Dutch pension funds in multinational corporations linked to the Myanmar military. Justice for Myanmar pressured the pension funds to call on their investee companies to speak out against the coup or disengage from the country, and two of the funds did so.

SOMO and the Clean Clothes Campaign (CCC) urged clothing companies sourcing in Myanmar, including C&A, to condemn the military takeover and support demonstrating and striking workers. We called on companies either sourcing from or intending to disengage from the country to undertake full human rights due diligence and to help to protect the rights and safety of garment workers, many of whom were active in 2021 pro-democracy protests at great personal risk. Global retail brands issued a statement with the IndustriALL trade union denouncing the coup.

Also in 2021 the Dutch Agreement on Sustainable Garment and Textiles' complaints and disputes committee issued an inconclusive interim ruling in response to our complaint about C&A's failure to act against a Myanmar supplier's union-busting activities. We have expressed concern about this inadequate decision.

SOMO worked on two legal cases against Norwegian telecoms multinational Telenor relating to the sale of its Myanmar business to the Lebanese M1 Group. The Norwegian authorities agreed to consider our complaint under the OECD Guidelines for Multinational Enterprises on behalf of 474 Myanmar civil society organisations. Partly Norwegian-state-owned Telenor's sale to a company infamous for doing business with dictatorships fails to meet responsible standards of human rights due diligence, transparency, and stakeholder engagement.

The second case, submitted to the Norwegian Data Protection Authority under the EU's General Data Protection Regulation (GDPR), seeks to halt Telenor's transfer to M1 of user data. Sharing this data would endanger millions of mobile subscribers, including pro-democracy activists, journalists, and human rights defenders. This is, we believe, the first ever complaint under the GDPR for data protection breaches by a European company outside Europe.

Many of our Myanmar partners have left the country, while those remaining face extreme difficulties. SOMO will continue to support justice for the people of Myanmar, keep investigating corporate links with the country's military, and maintain our focus on issues of responsible disengagement.

## Climate: challenging corporate capture

SOMO challenges the dominance and irresponsibility of fossil fuel corporations, the human rights harms that result from their operations, and the legal structures that enable them to hold back the urgent policies and actions needed for a just energy transition.

In the Cesar region of Colombia, for example, severe human rights violations including forced community displacement and murder are intertwined with local livelihood dependency on coal mining. We argue in our 2021 report *Responsible disengagement from coal as part of a just transition* that Swiss miner Glencore's planned exit from mining in the area must include adequately funded remediation and support programmes.

The transition to renewable energy requires a range of minerals (known as 'transition minerals' or 'critical minerals').

The extraction of these minerals is beset with human rights harms and risks. [Manganese Matters](#), a 2021 SOMO report co-published with Action-Aid and Mining Affected Communities United in Action (MACUA) in South Africa, reveals how mining for this key transition mineral in South Africa's manganese belt has deprived local communities, especially women and youth, of their rights to water, health, and participatory governance.

In our 2021 report [Still Playing the Shell Game](#), co-published with several partners, we exposed how the oil giant impedes the energy transition, is locked into short-term profit maximisation, thrives on inequality and violence, undermines democratic decision-making, and misleads the public.

SOMO's research demonstrates why fossil fuel and energy corporations that have made huge profits from oil, gas, and coal cannot be permitted to evade responsibility for the social and environmental costs of their past and current operations or the energy transition. We have highlighted time and again the interconnectedness of climate change, other environmental damage, and human rights. With many others we therefore welcomed the historic Dutch court decision in May 2021 to order oil and gas multinational Shell to drastically cut its greenhouse gas emissions. This groundbreaking ruling clearly linked climate change to human rights and emphasised the company's responsibility to prevent harms throughout its value chains.

A key international mechanism that fossil fuel and energy companies use to undermine governments' democratic accountability is the Energy Charter Treaty (ECT). Signatory governments grant rights under the

ECT to corporations to sue them at international tribunals for decisions that allegedly damage commercial interests. In 2021 with our research partners, the Institute for Energy Economics and Financial Analysis (IEEFA) and Ember, we revealed the hollowness of the ECT arbitration cases that German energy utilities RWE and Uniper have brought against the Netherlands. RWE and Ember seek billions of euros' compensation because of the alleged impacts of the Dutch government's law to end coal-fired power generation by 2030. Together with French utility Engie, RWE and Uniper chose to commission new coal-fired plants in 2015-16 despite the uncompetitive economics, and their investments were already loss-making 'stranded assets' before the Dutch law was passed in 2019.

Governments are currently renegotiating the ECT, and some countries are considering leaving the agreement. SOMO and its allies have been part of a broad civil society campaign centred on a petition against the ECT signed by more than one million European citizens. We welcomed the European Court of Justice's 2021 ruling that the treaty cannot be used within the EU. We need governments to move quickly on climate change without being burdened by additional demands for bail-outs from industry actors that refuse to accept their responsibilities. Getting rid of the ECT is a necessary step in this direction.

## Pharma: Power, privilege, and financialisation

Research by SOMO and others increasingly demonstrates the power, privilege, and financialisation of the pharmaceutical industry. Big Pharma has become ever more influential in the Covid-19 crisis, presenting itself as selflessly supporting the global health response. But its relationship with governments and the public is self-serving and exploitative. Investigations exposed how pharmaceutical companies received substantial government funding for research and development (R&D). This undermines the regular claim of many companies that they need to charge high prices because they need to invest significantly in R&D.

In 2021 SOMO's research with health rights partner Wemos revealed that rich country governments had invested more than EUR 93 billion in coronavirus vaccines and medicines. Despite these vast sums, often paid through secretive advance purchase agreements, some pharmaceutical corporations charged excessive prices, monopolised intellectual property, siphoned off their profits, and practised aggressive tax avoidance. Lack of conditionality in public funding and undue influence over government policy have allowed Big Pharma to restrict vaccine and medication availability and affordability in low- and middle-income countries. The result? A longer-lasting pandemic; more infections, deaths, and new mutations; more economic harm to low-income populations; and greater inequality.

With 53 other civil society organisations, in February 2021 we wrote to the Dutch government calling for it to boost global vaccine production and availability by ensuring that pharmaceutical companies share their intellectual property and manufacturing technology with other companies in the World Health Organization's Covid-19 Technology Access Pool (C-TAP). The Dutch Parliament instructed the government to push for similar measures within the EU, including for short-term manufacturing sublicences for suitable producers. Our research, published in the article ["How can we make publicly funded corona vaccines accessible to all?"](#), influenced public debate during the Dutch March 2021 general election. Yet the Netherlands has so far failed to push for progress, and pharmaceutical companies continue to disregard their social obligations.

At the World Trade Organization in 2021, India and South Africa proposed a temporary international waiver of patent rights to combat the pandemic, supported by many other countries and by civil society actors, including SOMO. Our work informed the European 'Day of Shame' at the Geneva



WTO negotiations on the proposed waiver. Regrettably, EU member states including the Netherlands and Germany are still opposed and echo industry arguments for maximum intellectual property protection and big profits.

In fact, Big Pharma's R&D has not kept pace with its profits. The companies have instead hived off their revenues in inflated salaries and bonuses for top management, dividend payments, share buy-backs, and income stashed away in tax havens. Our 2021 joint research with Wemos on vaccine manufacturer Moderna showed how the company is structured to channel its Covid-19 profits via low-tax jurisdictions such as Switzerland and the US state of Delaware. Despite benefiting from publicly financed technology development and from exorbitantly priced vaccine sales to governments, Moderna will likely pay precious little tax on billions of euros of income.

SOMO research in 2021 also highlighted how the European Commission's procurement deal with Moderna was shrouded in secrecy. Members of the European Parliament used this as supporting evidence for a successful motion urging greater public procurement transparency, especially for pandemic vaccines. SOMO and allies are engaging with the EU's Health Emergency Preparedness and Response Authority (HERA), set up in September 2021 in anticipation of future pandemics, to ensure a governance voice for civil society.

Big Pharma's power, privilege, and financialisation need to change, and it will be essential to challenge the current patent system. We will continue to push for governments to set comprehensive non-negotiable conditions for public biomedical R&D funding and procurement, for contract transparency, and for an increase in global production capacity through knowledge and technology transfer to make essential pharmaceutical products universally accessible. SOMO research will also further expose the sector's business model, financialisation, and aggressive tax avoidance, alongside a new focus on the monopoly power of both Big Pharma and Big Tech in relation to the digitalisation and financialisation of health data and infrastructure.

## Palestine

The Israeli settlements in the occupied Palestinian territories (OPT) are in breach of international humanitarian law and potentially international criminal law through their association with serious violations of human rights of Palestinians. For several years, SOMO has investigated multinational companies operating in or servicing the Israeli settlements, including as part of the global Mind the Gap project with our Palestinian partner Al-Haq.

In 2021 our report [Tainted Tourism](#) revealed how European and North American package tour operators contribute to the Israeli settlement economy. Using our research findings, we engaged with tourism organisations to discuss how tour operators misinform the public. This occurs when package tours to Israel include sites in the OPT presented as 'Israel' and settlements in occupied locations such as Jerusalem's Old City and the Syrian Golan Heights. Several tourism organisations responded by reviewing itineraries and making changes to halt misleading marketing and ensure the settlements are excluded.

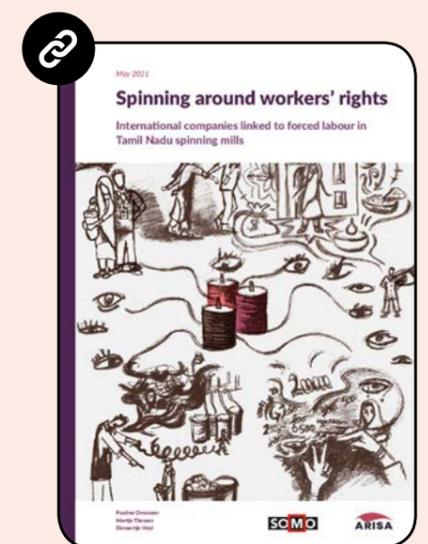
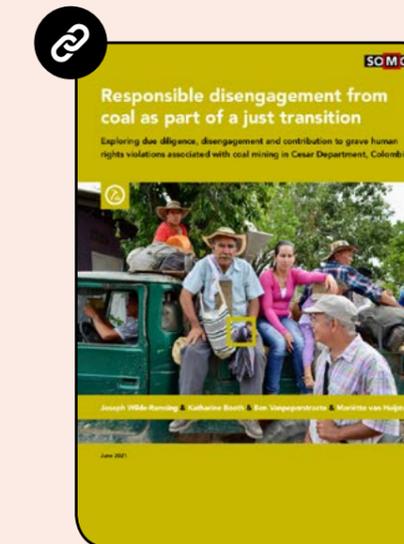
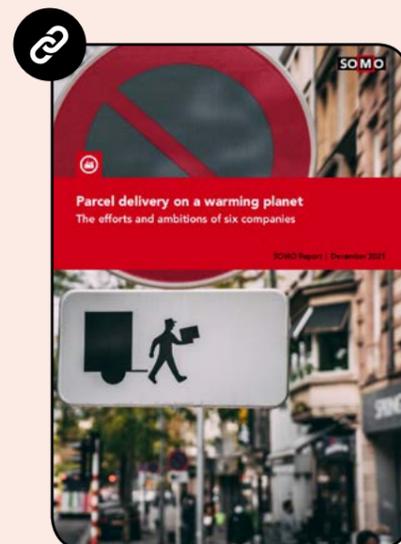
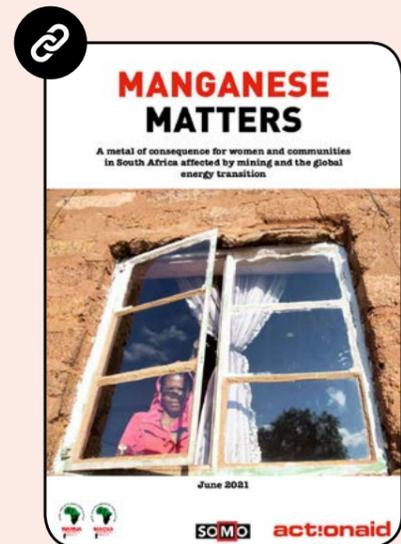
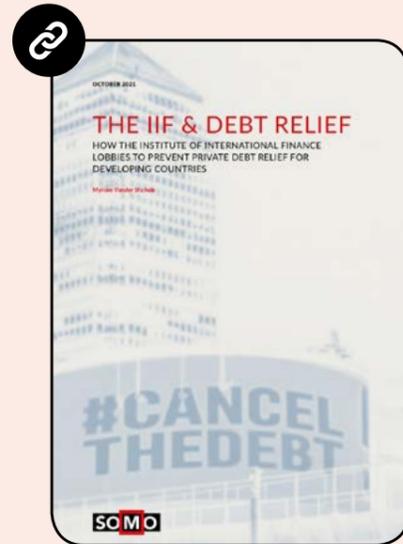
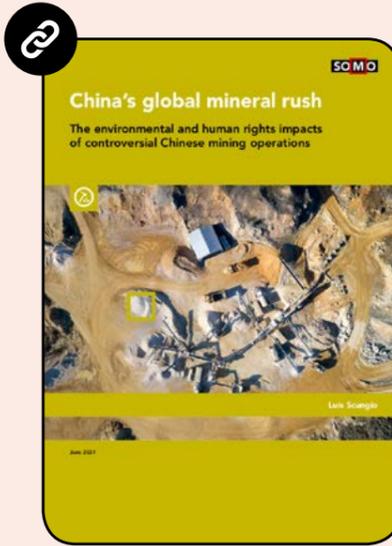
In 2021 Israel declared SOMO's partner organisation Al-Haq and five other Palestinian civil society groups 'terrorist organisations', without disclosing its grounds for doing so. Working with the European Legal Support Center, PAX, The Rights Forum, and Al-Haq, we organised a public webinar to denounce this designation. With more than 30 other Dutch organisations we called on the Dutch government and international community to take a clear public stand condemning Israel's repressive decision and to use diplomatic influence to protect human rights defenders in the OPT and Israel.

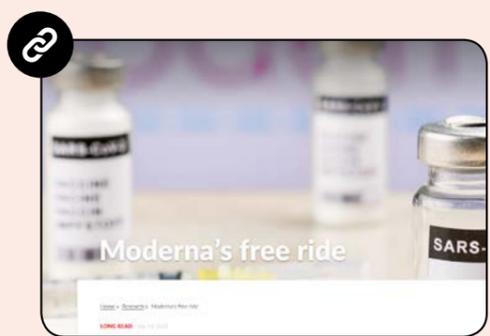
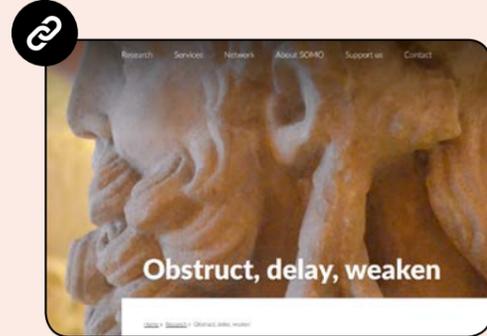
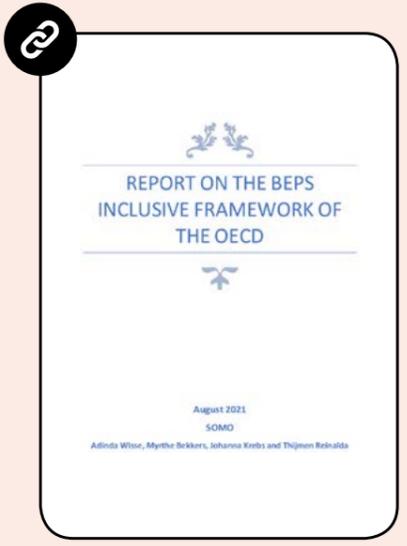
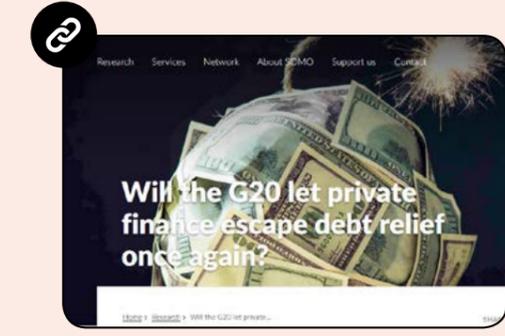
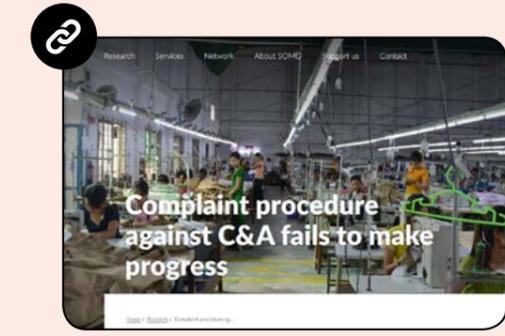
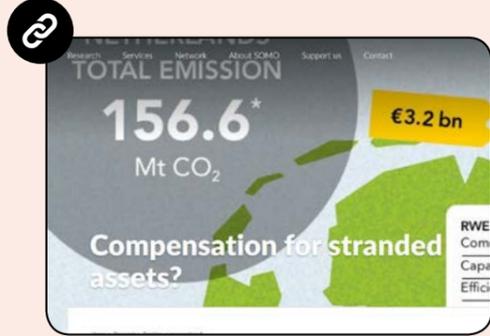
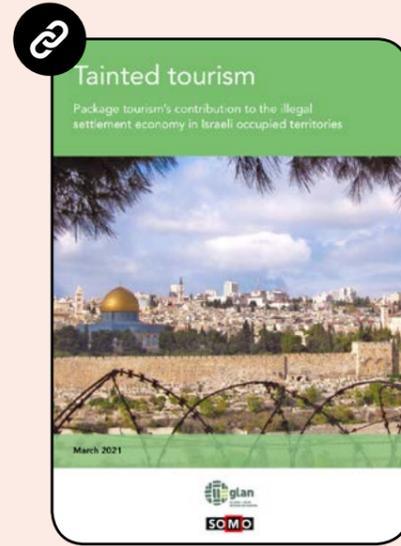
With advocacy partners we also engaged with the Dutch government more generally regarding its position on business

and human rights in the OPT, especially Dutch companies operating in the Israeli settlements. These illegal settlements have been condemned by the international community in a series of UN resolutions.

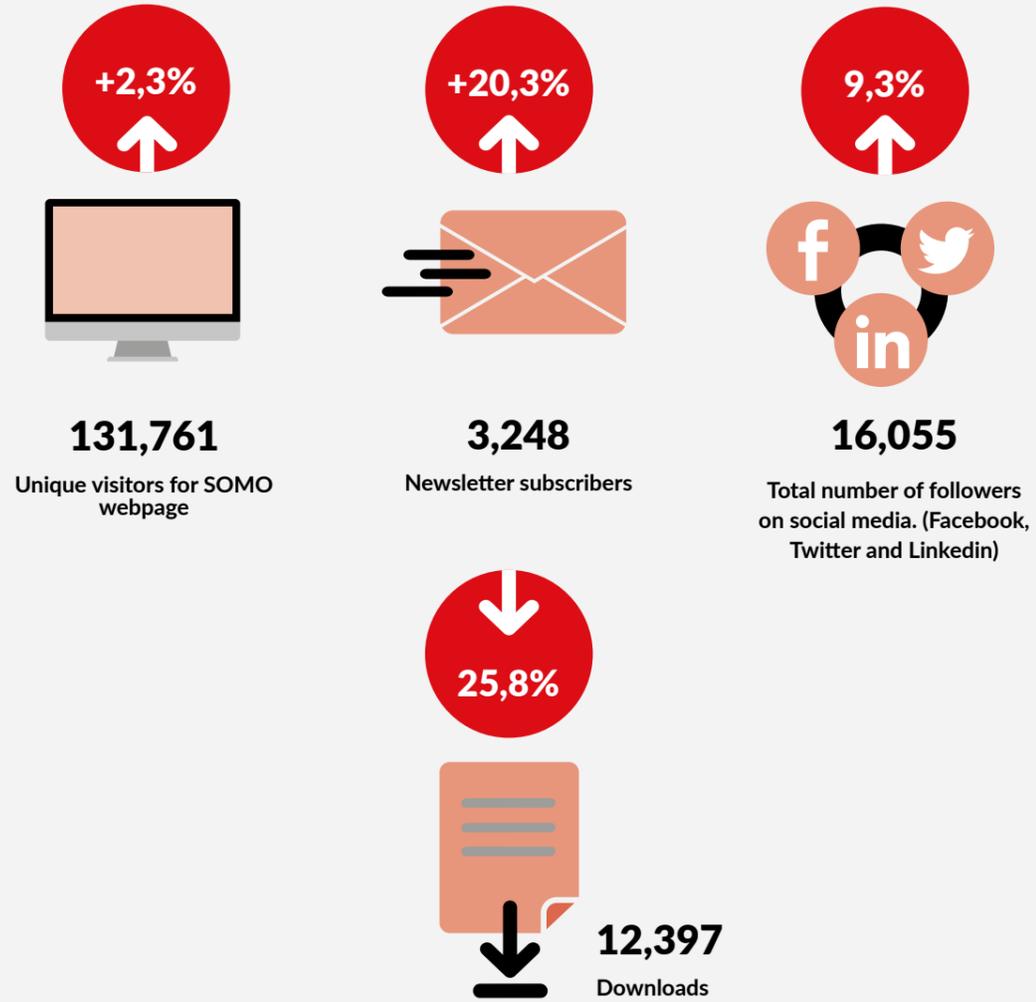
Our work on Palestine includes two innovative approaches. First, we have identified individual company directors who may bear personal responsibility for their company's complicity in war crimes. We have provided research to support a criminal complaint that our Israeli and Palestinian partners have filed with prosecutors in relation to a European multinational company's senior management over activities in Israeli settlements. Second, we have explored the potential of isotopic testing to identify the geographical origin of agricultural products. This may enable us to identify mislabelled agricultural produce which we believe supermarkets misleadingly sell as Israeli produce.

# Publications 2021





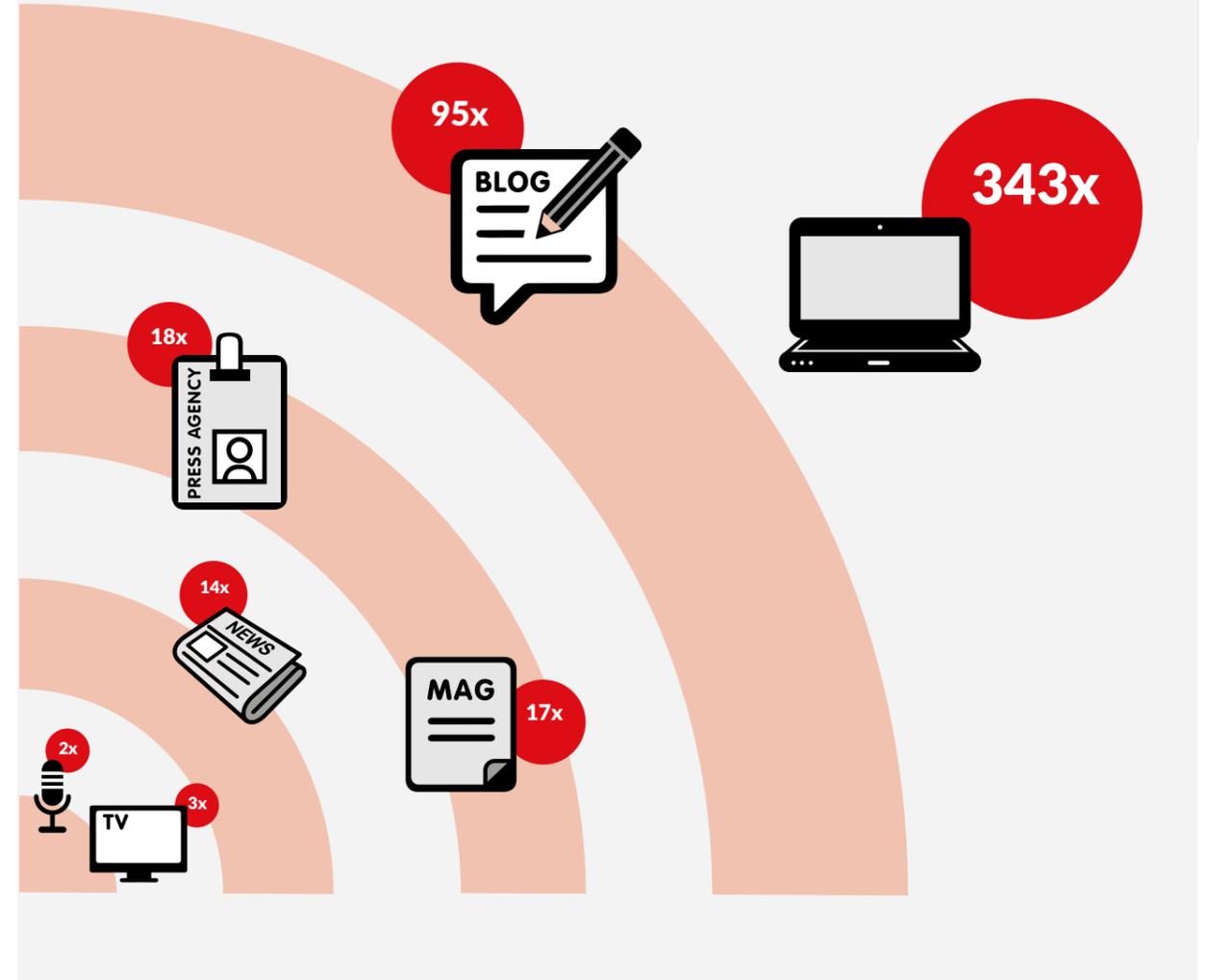
## Social media



### Top 10 downloads

The battery paradox	1	661
The financialisation of Big Tech	2	501
Keep watching	3	483
Spinning Around Workers' Rights	4	476
Examples of unethical trials	5	235
Beauty and a Beast: child labour in Mica mines	6	215
Cobalt blues	7	210
Research	8	205
Global mica mining	9	199
Wood pellet damage	10	194

## Media outreach



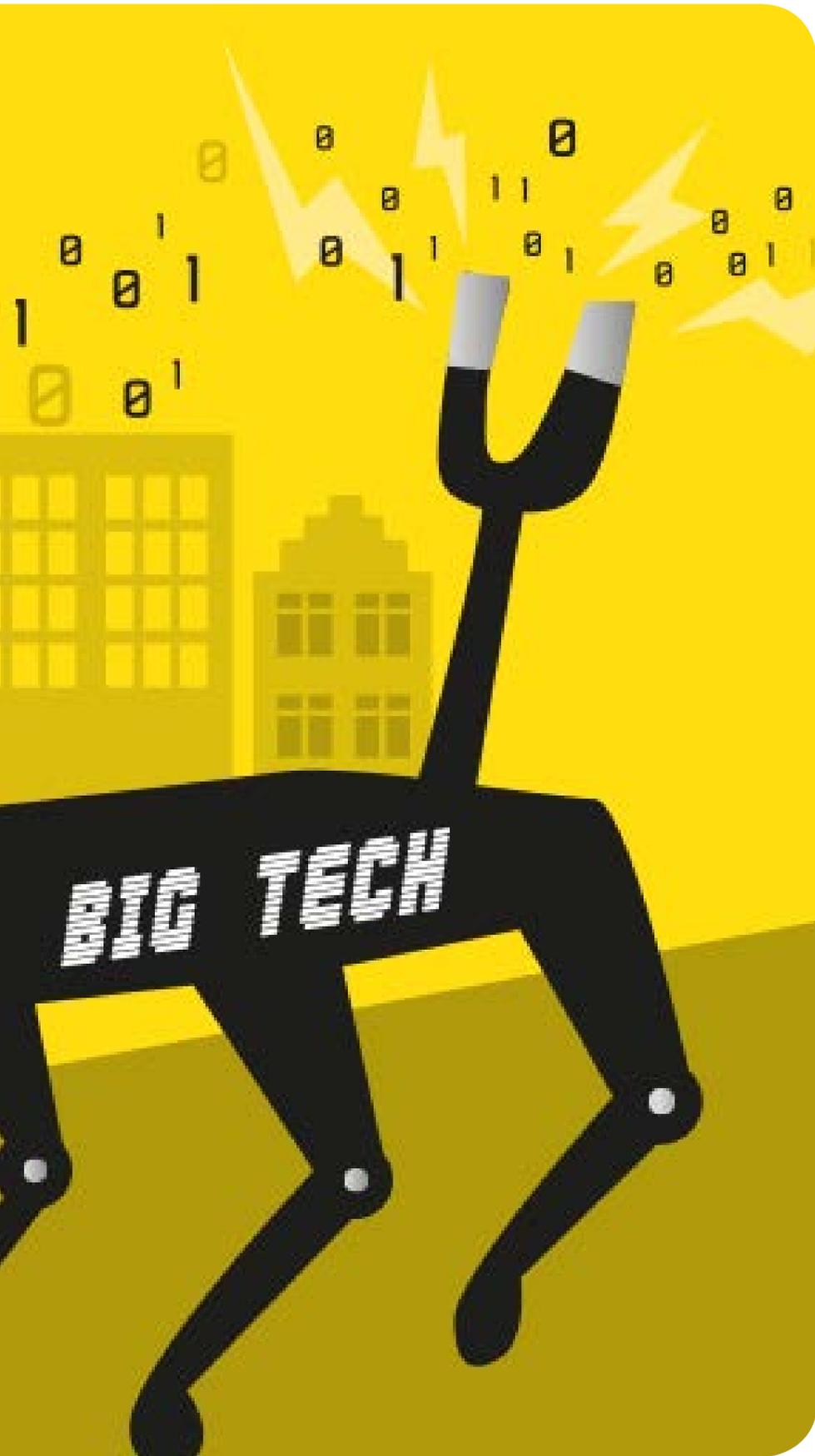


Protestors, Myanmar





Gathering water during a water crisis, la Guajira, Colombia



Tencent HQ, Shenzhen, China

# Partners

## Our partners and alliances

Alliances and partnerships are critical to advance an agenda for fundamental change. Playing our role within an international ecosystem of like-minded actors is central to SOMO's theory of change and our core values.

## Partnering for change

Much of our work is done as part of long-term partnerships, through joint research projects or with research by SOMO that supports activism and campaigns of partner civil society organisations (CSOs). We play an active role in numerous networks and host several international networks. We are committed to sharing knowledge, learning from others, and contributing to a transformative and justice-focused agenda. In 2021 SOMO worked with partners from Europe, Asia, Africa, Latin America, and MENA. Many of these partnerships are long-standing, reflecting shared goals and joint work over several years.

“ SOMO's work and support has played an important role in exposing the economic structure that underpins the ongoing occupation of the Palestinian territory, and in exposing the role that businesses play here. With SOMO's help, we are better equipped to follow the money and to challenge this structure. ”

**Wesam Wahmad van Al Haq**

## Partners we worked with in 2021

- Accountability Counsel (USA)
- Action Contre L'Impunité pour les Droits de l'Homme (DRC)
- AfreWatch (DRC)
- AIDA (Mexico)
- Asia Indigenous Peoples Pact (Thailand)
- Al Haq (West-Bank, Palestine)
- AMBED (Nicaragua)
- Advocating Rights in South Asia (Netherlands)
- The Association of World Citizens (USA)
- Bangladesh Labour Foundation (Bangladesh)
- El Centro de Reflexión y Acción Laboral (Mexico)
- Center for International Environmental Law (USA)
- Centro de Investigación y Promoción del Campesinado (Bolivia)
- CIVIDEP (India)
- Coalition for Human Right in Development (USA)
- Conectas Direitos Humanos (Brazil)
- Center for Trade and Human Rights (Philippines)
- European Coalition for Corporate Justice (Belgium)
- Focus Association for Sustainable Development (Slovenia)
- Frank Bold (Tsjech Republic)
- Fundación Nodo XXI (Chile)
- Fundación para el Desarrollo de Políticas Sustentables (Argentina)
- Global Works Lund AB (Sweden)
- International Accountability Project (USA)
- Inclusive Development International (USA)
- Indonesia for Global Justice (Indonesia)
- Information, KOordination, TAgunen (Germany)
- InKrispena (Indonesia)
- IRISS SOA (Madagascar)
- Kenya Human Rights Commission (Kenya)
- Kesatuan Nelayan Tradisional Indonesia (Indonesia)
- LabCidade - University of Sao Paulo (Brazil)
- Labour Education and Service Network (Hong Kong)
- Sedane Labour Resource Centre (Indonesia)
- Madhyam (India)
- Ndula Resource Center (Kenya)
- International Institute for Nonviolent Action (Spain)
- NOWcommunities (Pakistan)
- OT Watch (Mongolia)
- Otros Mundos (Mexico)
- Polish Institute for Human Rights and Business (Poland)
- Project on Organization, Development, Education and Research (Mexico)
- Premicongo (DRC)
- Srer Khmer (Cambodia)
- Stichting Electronics Watch Foundation (Netherlands)
- Südwind (Austria)
- Trust for Community Outreach and Education (South Africa)
- Third World Network Ghana (Ghana)
- Tanzania Mineral Miners Trust Fund (Tanzania)
- Transnational Institute (Netherlands)
- Who Profits (Israel)

## Membership of consortia

In 2021 SOMO became a strategic partner of the Dutch Ministry of Foreign Affairs in two consortia – one with Oxfam Novib, Third World Network-Africa, and the Huairou Commission, and the other with the Fair, Green and Global Alliance. The consortia, which focus on building lobbying and advocacy capacity among organisations in low-income countries, provide SOMO with new and exciting opportunities, as well as a solid funding base for the 2021-2025 period.

### Fair for ALL partnership

Third World Network-Africa, the Huairou Commission, Oxfam Novib, and SOMO share the vision that gaps between rich and poor are not inevitable – they are the consequence of political and economic choices. The consortium partners share a strong belief that value chains can be FAIR for ALL, distributing power equally and enabling all stakeholders to share in profits and benefits. This requires achieving systemic change: challenging underlying power structures and relationships that inform policies and practices and are often designed to benefit the few and not the majority.

The main focus of the FAIR for ALL programme is to support and strengthen CSOs to play their diverse roles – as educators, mobilisers, creators, and watchdogs to make trade and value chains FAIR for ALL. Supporting CSOs today is more crucial than ever as their space to keep duty bearers accountable is more and more being compromised. Activists, human rights defenders, and journalists are increasingly harassed, and their organisations increasingly face restrictions and struggle to secure sufficient funding.

FAIR for ALL will focus on improving the livelihoods and opportunities of small-scale producers, artisanal miners, plantation workers in exploitative primary-commodity value chains, in particular agriculture and minerals, and their communities. The FAIR for ALL programme has a specific focus on women, and in particular women working at the grassroots level of global agriculture. Supporting their economic empowerment requires addressing patriarchy and social norms which exclude women from key decision-making processes, and from benefiting from value chains.

### Fair, Green and Global Alliance

The Fair, Green and Global (FGG) Alliance members are IT for Change, Samdhana, Both ENDS, ActionAid, Clean Clothes Campaign, Milieudedefensie (Friends of the Earth Netherlands), SOMO, and the Transnational Institute. The consortium aims to increase the power and decision-making influence of civil society and to advance fair and green trade and value chains. The

programme focusses on strengthening capacities and creating space for rights-holders to set agendas and directly lobby and advocate for themselves at all levels.

While diverse, FGG's eight members share an understanding of and commitment to fair and green trade and value chains, as well as a systemic analysis of the obstacles that stand in their way. FGG brings together strong expertise in sectors with the highest risks of negative human rights impacts – specifically agriculture, garments, extractives, ICT manufacturing, and the physical and technological infrastructure that underpins them – and on major global institutions, including trade and development finance institutions, and multinational corporations, all of which play a key role in shaping the trade and investment architecture.

FGG members also share the conviction that mutual capacity development is the most effective approach to increasing the power and decision-making influence of civil society, especially women. All FGG members work closely with partners and within regional and global networks to link local realities to national and global policy processes, and challenge existing rules and regulations that maintain or exacerbate power imbalances.

## NGO Networks

### GoodElectronics

The GoodElectronics Network includes some 100, trade unions and other organisations, activists, researchers, and academics committed to improving protection of and respect for human rights, labour rights, and environmental sustainability in the electronics sector. The network urges companies and governments to take action to improve the entire electronics production cycle – from the mining of minerals used in electronic products to manufacturing, recycling, and electronics waste disposal. SOMO hosts the network and serves on its steering committee.

### OECD Watch

OECD Watch is a global network of CSOs organisations with more than 130 members in over 50 countries. Network members share a commitment to ensuring that business activity contributes to sustainable development and poverty eradication, corporations are held accountable for their impacts, and victims of business-related abuse receive remedy. OECD Watch focusses specifically on the OECD Guidelines for Multinational

Enterprises (the Guidelines) and the associated grievance mechanism, the system of National Contact Points. The OECD Watch network aims to improve the implementation and effectiveness of the Guidelines and their link to parallel initiatives on corporate accountability.

### MVO Platform

Hosted by SOMO, the MVO Platform is a coalition of diverse Dutch organisations working to ensure that companies are accountable for the social, ecological, and economic consequences of their activities across their supply chains, and that the Dutch government takes a proactive role in fulfilling its responsibility to protect citizens from possible negative impacts of companies. MVO Platform members include Dutch labour unions, human rights groups, and environmental and consumer organisations, among others. The MVO Platform aims to influence policies of the Dutch government and stimulates, facilitates, and coordinates activities involving its members.

### Tax Justice Netherlands

Tax Justice Netherlands raises awareness about the negative consequences of tax avoidance worldwide. The network and its members advocate a fair global tax system. The Dutch network is part of the Global Alliance for Tax Justice.

### Lobby Watch

Lobbywatch NL is a coalition of organisations advocating greater transparency and better regulation of lobbying in the Netherlands. Our aim is to guarantee that Dutch policymaking is based on the public interest, rather than the demands of corporate lobbyists. Hosted by SOMO, the coalition includes Foodwatch, Milieudedefensie (Friends of the Earth Netherlands), Open State Foundation, the Transnational Institute, Transparency International Nederland, and Wemos.

# Services

SOMO provides research, training, and advice to public interest groups and institutions, giving them the information and tools they need to achieve their goals. We design new corporate research methodologies and use diverse sources to shed light on corporate structures and strategies, global supply chains, financial flows, markets, and much more. SOMO's corporate research specialists also provide research support to partners and colleagues, assisting them in answering questions, and mining and analysing data through financial terminals including Refinitiv Eikon, Orbis, and LexisNexis.

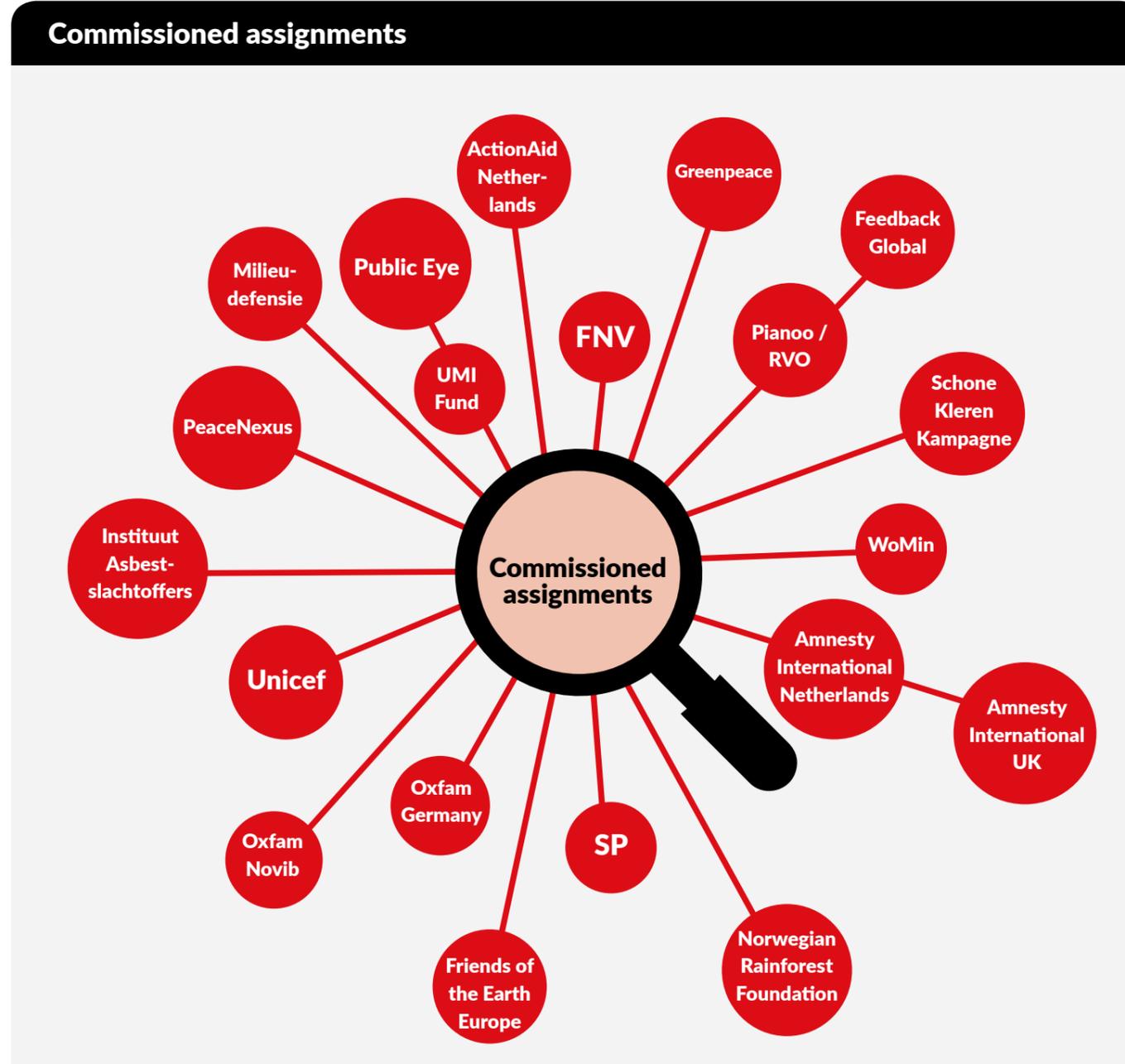
In 2021 SOMO performed 21 new commissioned assignments from diverse clients.

## Highlight of commissioned research

Greenpeace commissioned SOMO's research to investigate whether wood pellets used for co-firing in Dutch power plants are produced in compliance with the Dutch criteria for sustainable biomass. Our research focused specifically on wood pellets from Estonia and the Estonian company Graanul Invest, a leading supplier to the Dutch market and Europe's most important producer of wood pellets. Graanul Invest is fully certified to the Sustainable Biomass Program (SBP) standard.

The research concluded that the production of these wood pellets regularly fails to comply with the Dutch criteria for sustainable biomass, as well as those of sustainable forestry standards of SBP, the Programme for the Endorsement of Forest Certification, and the Forest Stewardship Council.

The findings were one of the main reasons for environmental organisations withdrawing from the Sustainable Biomass Agreement. They indicated that they no longer had confidence in the system of sustainable biomass criteria. The Dutch Secretary for Economic Affairs and Climate announced an independent investigation following the SOMO report.



# Organisational development

2021 was a year of transition for SOMO. Following the departure of Ronald Gijsbertsen, SOMO's long-serving Managing Director, in 2020, Audrey Gaughran was appointed as Executive Director and took up the role in February 2021. Under her leadership, SOMO developed a new five-year strategy to challenge corporate power and support civil society partners. In June SOMO said goodbye to its home of almost two decades on Sarphatistraat in Amsterdam and took up residence in a new office at KNSM-Laan, overlooking the water. SOMO staff began to return to the office following appropriate Covid safety procedures.

## Governance Structure

The governance structure of SOMO is set up as follows:

- The Supervisory Board
- The Executive Board (Executive Director)
- The Management Team
- The staff

In 2021 SOMO's Supervisory Board consists of four people:

- **Ronald Messelink** (chair) is Head of Finance & Control of the Municipality of Almere.
- **Jasper Teulings** (secretary) is Director of Strategic Litigation at ClIFF Climate. He is also a member of the Board of EarthRights International and the Advisory Board of Pro Bono Connect.
- **Angela Wigger** (member) is Associate Professor of Global Political Economy at Radboud University in Nijmegen. She is also an advisory board member of SOC21.
- **Niels ten Oever** (member) stepped down from the Supervisory Board in 2021.

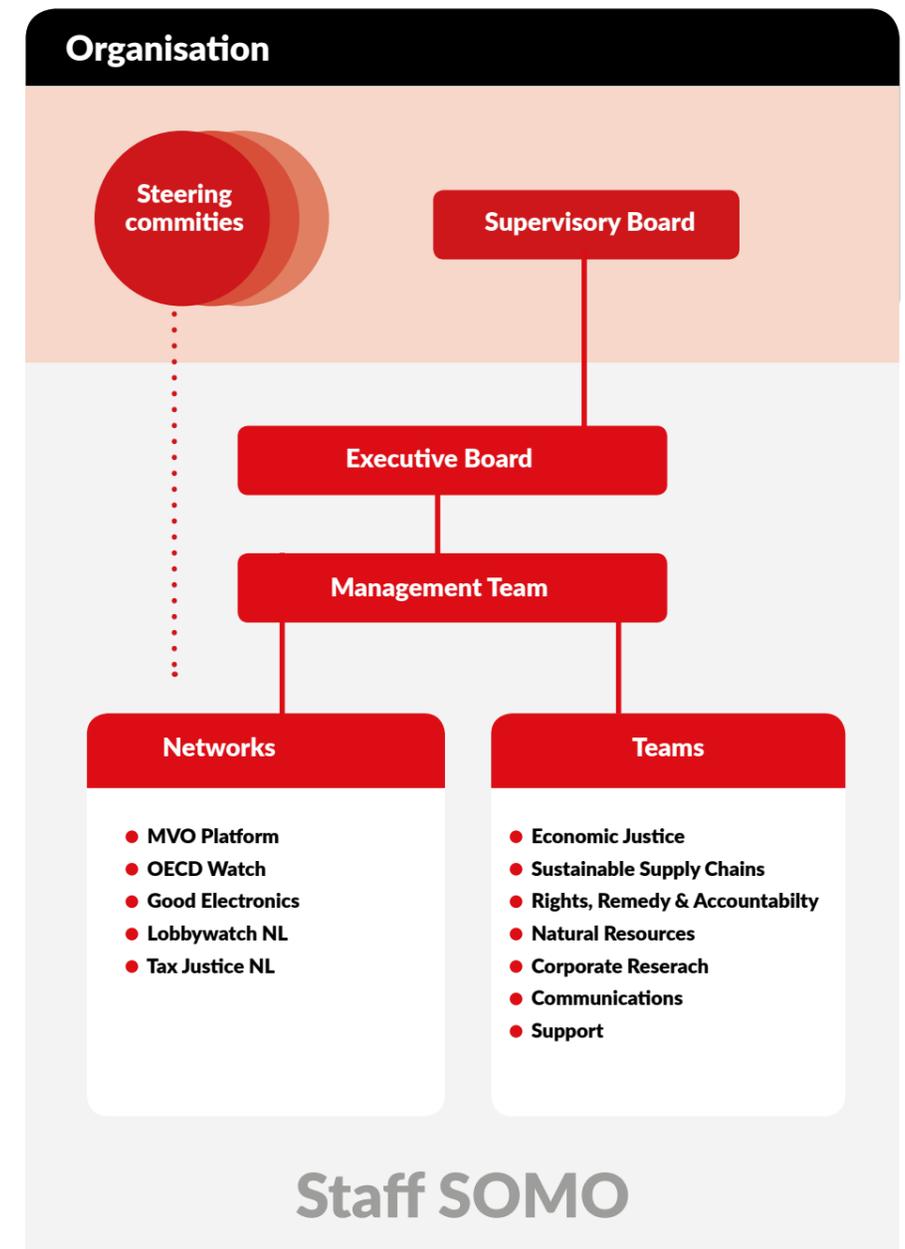
Two new members joined the Supervisory Board in 2022:

- **Claire Fernandez** is Executive Director of European Digital Rights (EDRI).
- **Radboud van Delft** is a senior management consultant for civil society organisations, who previously served as Organisation Director at PAX for Peace and Greenpeace amongst others.

The Executive Board consists of one person: the Executive Director, Audrey Gaughran. The Executive Board, under the supervision of the Supervisory Board, bears the ultimate responsibility for identifying and managing the risks associated with the organisational strategy and activities.

The day-to-day management of the organisation is in the hands of the management Team. In 2021 the team was chaired by the Executive Director and included programme managers Irene Keizer and Gerhard Schuil. In June Gerhard Schuil left SOMO. He was not replaced as SOMO reconsidered its management team needs.

The staff of SOMO play a critical role in the management and running of the organisation. SOMO's Statutes recognise the role of staff in strategic decisions of the organisation. The staff meeting is an important decision-making body and decisions are taken by a qualified majority votes.



## Finances

SOMO's long-term funding strategy comprises four interrelated elements:

- diversifying our sources of income by deepening existing relationships and building new relationships with funders that are aligned with SOMO's mission
- securing more general support, flexible and unrestricted funding, to ensure the structure of our funding is supportive of our work
- increasing multi-year, strategy-aligned funding
- building the organisation's resilience, particularly by increasing our financial reserves

SOMO was successful in its fundraising in 2021 and was able to leverage its new strategy to good effect. In 2021, SOMO secured funding contracts from several sources including general support from Open Society Foundation (EUR 425,242) and Ford Foundation (EUR 82,302).

Additionally, SOMO secured the following multi-annual project funding:

- Ministry for Foreign Affairs of Finland
  - Transparency on public resources, tax justice and social contracts in Sub-Saharan Africa; (EUR 800,000)
  - Justice in the Just Transition: Centering Human Rights in Natural Resources. (EUR 465,274)
- Brot für die Welt - Promoting human rights and accountability along global battery supply chains (EUR 600,000)
- Adessium - From Big Tech to 'Tech for All' (EUR 300,000)
- National Endowment for Democracy (NED) - Strengthening Global Standards of Responsible Business Conduct (EUR 205,250)

In addition, we received 1-year project funding from Freedom Fund for our work on forced labour in Tamil Nadu spinning mills.

We have also invested in building strong relationships with donors that share our goals. As a result, in 2021 Ford Foundation invited SOMO to make a proposal for a BUILD grant. A BUILD grant provides five years of general operating support, combined with targeted organisational strengthening support. Ford awarded SOMO a Year 1 BUILD grant for 2022 (USD 1.3 million) and invited SOMO to develop a Year 2-5 proposal. Ford Foundation informed SOMO that they already reserved a budget of USD 1.7 million to support SOMO in 2023-2026.

Despite successful fundraising efforts in 2021, SOMO faced some

financial challenges. The organisation incorrectly calculated allowable VAT deductions over a number of years. The error was identified following a process of review initiated by SOMO. SOMO will pay a correction on its VAT covering 2016 to 2020. The amount recorded in our annual 2021 figures for this VAT correction is EUR 850,000. This has resulted in pressure on SOMO's reserves. Our continuity reserves stood at EUR 684,245 as of 1 January 2021. At the close of the year SOMO's reserves had reduced to EUR 10,870. However, the organisation was also able to secure funding commitments to replenish its reserves in 2022. Based on the budget 2022, SOMO reserves are expected to be close to EUR 700,000 by end 2022.

As a result of a small shortfall in funding, and combined with the impact of the VAT payment correction on reserves, SOMO was unable to pay staff their end-of-year payment for 2021. Additionally, a number of staff who left the organisation were not replaced, amounting to the loss of 4.4 FTEs.

Following a review of SOMO's finances and a successful restructure of fundraising, by the close of the year SOMO's financial picture was substantially improved. SOMO was able to confirm in 2021 that it could reinstate staff benefits in 2022. The organisation was also able to plan for moderate growth in human resources capacity, as well as replenishment of reserves, as noted above.

The financial challenges of 2021 did not undermine SOMO's ability to deliver on projects. Some under-delivery on two projects was due to other factors, including ongoing impacts of Covid and staff illness.

SOMO has further diversified its sources of income and reduced the proportion of funding from the Dutch Ministry of Foreign Affairs (57% in 2021).

## Risk management

SOMO has a risk management policy and maintains a risk register. Risks are discussed with the Supervisory Board at regular meetings. In 2021 SOMO had to manage financial challenges resulting from a correction to SOMO's VAT payments and some shortfalls in funding available to cover staff costs and ongoing challenges of Covid restrictions.

### Financial Risks

SOMO faced a large reduction to its continuity reserve in 2021 as a result

of a correction on its VAT deductions, as explained above. Recognising the risk, SOMO sought to secure new unrestricted funding to enable the organisation to quickly recover its position, and to improve longer-term resilience. This approach was successful and SOMO's financial situation in 2022 is much improved.

SOMO also faced a shortage of human resources capacity in its Finance team in 2021. The organisation took the decision to increase senior level capacity in the team to improve overall financial management. An additional senior finance role will be recruited in 2022.

### Covid

SOMO staff and partners continued to be impacted by COVID-19 and the associated restrictions of movement and travel in 2021. The risks were well managed through a combination of adjusting our research and programmes, delivering work via online methods, rescheduling work and changing the nature of some planned outputs. Staff were given guidance on adjusting workplans in line with guidance from our funders.

Overall, SOMO was able again to restructure and deliver on most work commitments. Nonetheless, some work was postponed to 2022 in agreement with the relevant funder.

### IT and digital security

Digital security is constantly on our radar, including when working with partners. Ensuring that communications, personal data and sensitive information are secure is a priority for SOMO. There have been no incidents or attacks on our systems in 2021.

IT developments this year have mainly focused on facilitating a return to the (new) office and hybrid working. Working with our Managed Service Provider (MSP) did not offer enough added value and kept us dependent on a company, so we parted ways with our MSP and returned to in-house IT administration and support. A project to switch our back-end systems to a more modern, open source infrastructure was started and is still ongoing.

### Organisational Issues

At SOMO we endeavour to align our internal organisation with our core values. We are proud to be a non-hierarchical organisation where staff members jointly take decisions on strategy.

SOMO aims to be a good employer and a reliable partner in cooperation. As a research organisation it is our first responsibility to be accountable for

the research and the network-related activities. As a watchdog organisation, we take responsibility to avoid causing harm in our work. Our Code of Conduct and Complaints Procedure are based on this principle.

As part of our integrity system, as implemented through our integrity policy, we received a report from our external confidential advisor. This report showed that, in 2021 no reports were made to the confidential advisor.

SOMO is committed to addressing workplace stress, staff safety and wellbeing. In 2021, the organisation carried out a staff survey on workplace behaviour. SOMO's confidential advisor was involved in a session wherein staff discussed the results of the survey. SOMO staff and management team agreed plans to follow up in 2022 with training to support improvements in workplace wellbeing, including better communication. In addition SOMO instituted new project planning procedures to help ensure workloads remained manageable. This is an ongoing process of improvement, aimed at increasing wellbeing and reducing stress-related illness.

After a training on moral deliberation in 2020, the method was brought into practice once during 2021 to help SOMO to make a difficult decision. Moral deliberation training was one of the practical ways in which SOMO seeks to ensure the organisation lives its values.

SOMO strives to ensure that our suppliers and service providers are of the most sustainable nature possible. Wherever possible, SOMO chooses fair trade, green, organic, recycled or second-hand items.

SOMO's travel policy takes sustainability into account. SOMO employees are reimbursed for commuting costs by public transport. For work-related travel, people are strongly discouraged to fly within a 700-kilometre radius from Amsterdam.

SOMO holds two quality certificates: the international NEN-EN-ISO 9001:2015 certification and the Dutch Partos 9001:2015 certificate, which is a specific application of the ISO 9001:2015 standard for the development sector.

## Supervisory Board Report

The Supervisory Board held three regular meetings and two ad-hoc meeting in 2021 to discuss organisational, financial and human resources issues, and review risks.

The Supervisory Board supported SOMO in navigating the financial challenges that the organisation faced in 2021, in particular a tax correction which absorbed SOMO's Reserves. The Supervisory Board provided counsel and advice to the Executive Director on measures needed to ensure SOMO could continue to deliver on all its obligations and rebuild its financial reserves. The Supervisory Board is satisfied that the necessary measures have been taken, including successful fundraising that saw SOMO's income increase in 2021, and that SOMO's work was not adversely affected. Further strengthening of SOMO's back office, in particular its Finance function, remains a priority. The Supervisory Board will continue to closely monitor progress and support the SOMO management team in 2022.

Audrey Gaughran, appointed as Executive Director in 2020, took up the role in February 2021. The Supervisory Board supported the induction of the new Director.

During 2021 Supervisory Board member Niels ten Oever stepped down, and SOMO initiated a process to fill the vacant seat and expand the Supervisory Board.

## Future outlook

For 2022 we have made a budget which shows a positive outcome in order to replenish our reserves. The budgeted outcome amounts to EUR 663,500. This amount will be used to build back reserves which are needed for a solid financial future of SOMO.

With the growing internationalisation of our funding, we will also implement a treasury policy in 2022 in order to mitigate the currency risks associated with this internationalisation. The budget 2022 reads as follows:

### Budget 2022

Income		€
<b>Government grants/contributions</b>		
Dutch Ministry of Foreign Affairs	3,081,307	
European Commission	403,750	
Other Governments	619,776	
Private foundations	1,712,451	
Other contributors	529,043	
	<hr/>	6,346,327
<b>Other income</b>		
Professional services	100,000	
Other income	-	
	<hr/>	
<b>Total income</b>		<b>6,446,327</b>
<b>Expenditure</b>		
Direct project costs	2,057,853	
Personnel costs	3,162,400	
General expenses	546,574	
	<hr/>	
<b>Total expenditure</b>		<b>5,766,827</b>
		<b>679,500</b>
<b>Operational result</b>		
<b>Financial income and expenses</b>		
Interest income	-	
Financial expenses	16,000-	
	<hr/>	16,000-
<b>Result on ordinary activities before taxation</b>		<b>663,500</b>
Taxation on ordinary activities		
	<hr/>	
<b>Result after taxation</b>		<b>663,500</b>

# Financial statements

## Balance sheet as of 31st of December, 2021

	31/12/2021	31/12/2020
<b>Assets</b>	€	€
<b>Fixed assets</b>		
Intangible fixed assets	50,295	92,782
Tangible fixed assets	237,915	56,193
	288,210	148,975
<b>Current assets</b>		
Receivables, prepayments and accrued income		
Trade debtors	21,402	54,820
Subsidy receivable	107,770	256,208
Taxation and social securities Receivables	9,705	35,391
Prepayments and accrued income	132,677	85,729
	271,554	432,149
<b>Securities</b>	1,403	1,390
<b>Cash and bank balances</b>	2,219,026	2,784,622
<b>Total assets</b>	<b>2,780,193</b>	<b>3,367,136</b>
<b>Liabilities</b>	€	€
<b>Equity</b>		
Continuity reserve	10,870	684,245
Appropriated reserves	-	30,000
	10,870	714,245
<b>Current liabilities, accruals and deferred income</b>		
Creditors	534,321	177,933
Advanced payments/ advances received on subsidies	711,122	1,866,129
Taxation and social securities payable	1,128,726	134,117
Accruals and deferred income	395,154	474,712
	2,769,323	2,652,891
<b>Total liabilities</b>	<b>2,780,193</b>	<b>3,367,136</b>

## Statement of Income and Expenditure, 2020

	2021 Realisation	2021 Budget	2020 Realisation
<b>Income</b>	€	€	€
<b>Government grants/contributions</b>			
Dutch Ministry of Foreign Affairs	3,073,060	3,272,769	2,588,845
European Commission	165,141	243,402	116,518
Other Governments	531,416	52,253	88,362
Private foundations	904,331	387,391	585,038
Other contributors	509,960	651,155	689,144
	5,183,908	4,606,970	4,067,907
<b>Professional services</b>	165,289	350,000	154,416
<b>Other income</b>	2,006	-	3,227
<b>Total income</b>	<b>5,351,203</b>	<b>4,956,970</b>	<b>4,225,550</b>
<b>Expenditure</b>	€	€	€
Direct project costs	1,380,908	1,200,000	679,657
Personnel costs	3,225,184	3,245,682	3,074,210
General expenses	576,946	511,288	511,030
<b>Total expenditure</b>	<b>5,183,038</b>	<b>4,956,970</b>	<b>4,264,897</b>
<b>Operation result</b>	<b>168,165</b>	-	<b>-39,347</b>
<b>Financial income and expenses</b>			
Interest income	-7,137	-	129
Financial expenses	-14,403	-	-5,774
	-21,540	-	-5,645
<b>Result on ordinary activities before taxation</b>	<b>146,625</b>	-	<b>-44,992</b>
Taxation on ordinary activities	-850,000	-	-594
<b>Result after taxation</b>	<b>-703,375</b>	-	<b>-45,586</b>

The board of SOMO has decided to deduct the result after taxation 2021 from the continuity reserve.

## 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 amortized cost price. Income and expenses are accounted for on accrual basis. Expenses are determined taking the mentioned valuation principle into account. Profit is only included when realized on balance sheet date.

Losses originating before the end of the financial year are taken into account when ascertained before preparation of the financial statements. The general accounting principles for the valuation of assets and liabilities and determination of the result are unchanged compared to last year. Comparative figures are, where appropriate, adjusted in terms of classification only for comparison purposes.

### Principles of valuation of assets and liabilities

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

The following fixed percentages of cost are used for depreciation:

#### Intangible assets

- Software: 20% a year

#### Tangible fixed assets

- Rebuilding: 10% a year
- Computers and software: 20% a year
- Office equipment: 20% a year

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

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

### Principles for the determination of the result

#### Government grants / contributions (allowances):

Allowances are included in the statement of income and expenses in the year in which the subsidised expenses are realised.

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

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

## Notes to the balance sheet 31st December 2021

		2021	
Intangible fixed assets	€	€	
	Software	Total	
Purchase value at historical cost	223,693	223,693	
Accumulated depreciation	-130,911	-130,911	
<b>Balance as of 1 January</b>	<b>92,782</b>	<b>92,782</b>	
Investments	-	-	
Desinvestments	-	-	
Depreciations	-42,487	-42,487	
Depreciation desinvestments	-	-	
<b>Total movement bookyear</b>	<b>-42,487</b>	<b>-42,487</b>	
Purchase value at historical cost	223,693	223,693	
Accumulated depreciation	-173,398	-173,398	
<b>Balance as of 31 December</b>	<b>50,295</b>	<b>50,295</b>	

		2021		
Tangible fixed assets	€	€	€	
	Renovations	Inventory	Total	
Purchase value at historical cost	64,238	205,424	269,662	
Accumulated depreciation	-60,102	-153,367	-213,469	
<b>Balance as of 1 January</b>	<b>4,136</b>	<b>52,057</b>	<b>56,193</b>	
Investments	207,515	2,115	209,630	
Desinvestments	-	-	-	
Depreciations	-10,378	-17,530	-27,908	
Depreciation desinvestments	-	-	-	
<b>Total movement bookyear</b>	<b>197,137</b>	<b>-15,415</b>	<b>181,722</b>	
Purchase value at historical cost	271,753	207,539	479,292	
Accumulated depreciation	-70,480	-170,897	-241,377	
<b>Balance as of 31 December</b>	<b>201,273</b>	<b>36,642</b>	<b>237,915</b>	

	31-12-2021	31-12-2020
<b>Assets</b>	<b>€</b>	<b>€</b>
<b>Trade debtors</b>		
Trade debtors	21,402	54,820
Minus: allowance for doubtful receivables	-	-
<b>Total trade debtors</b>	<b>21,402</b>	<b>54,820</b>
<b>Subsidy receivable</b>		
Ministry for Foreign Affairs of Finland - Going public	40,687	-
National Endowment for Democracy	15,688	-
Oxfam Novib (MoFA Strategic Partnership Dialogue and Dissent)	-	13,000
BothENDS (MoFA Strategic Partnership Dialogue and Dissent)	-	84,753
Bread fur die Welt - GoodElectronics	1,000	-
Bread fur die Welt - Promoting human rights and accountability along global battery supply chains	4,000	-
Oxfam Novib - Fair Finance Asia (SIDA)	6,574	1,174
Eurodad - EuropeAid	-	9,094
Green Business project	-	16,266
Brot für die Welt (Make finance work for people world wide)	-	5,000
National Endowment	-	11,570
Ford - general support	3,641	3,643
Wemos - Pharma (Open Society Foundation)	-	1,343
Rijksdienst voor Ondernemen - EU Leather cofinancing	31,180	43,965
Mondiaal FNV - EU Leather cofinancing	-	39,900
Mondiaal FNV -Textiles and Garments	-	11,500
Mondiaal OECD Watch	5,000	15,000
<b>Subtotal</b>	<b>107,770</b>	<b>256,208</b>
Minus: doubtful subsidy receivable (projects)	-	-
<b>Total subsidy receivable</b>	<b>107,770</b>	<b>256,208</b>
<b>Taxation and social securities</b>		
Taxation (corporate tax)	9,705	14,905
Value added tax (V.A.T)	-	20,486
<b>Total taxation and social securities</b>	<b>9,705</b>	<b>35,391</b>
<b>Prepayments and accrued income</b>		
Professional services to invoice	39,568	11,148
Rent	-	5,349
Pension contributions	-	1,471
Health insurance	-	3,759
Matthat to receive return on investment	3,617	3,227
Payment for illness	10,868	15,500
Partners Decent leather	57,886	-
Contract obligations project partners	-	20,109
Other prepayments and accrued income	20,738	25,166
<b>Total prepayments and accrued income</b>	<b>132,677</b>	<b>85,730</b>
<b>Securities</b>		
Stocks	1,403	1,390
<b>Total cash and bank balances</b>	<b>1,403</b>	<b>1,390</b>

	31-12-2021	31-12-2020
<b>Assets</b>	<b>€</b>	<b>€</b>
<b>Cash and bank balances</b>		
Current accounts	1,446,624	224,400
Interest accounts	770,247	2,560,223
Money in transit	2,155	-
<b>Total cash and bank balances</b>	<b>2,219,026</b>	<b>2,784,623</b>

### Prepayments and accrued income

For the development of project management software SOMO joined the user platform of Matthat. Together with nine other organisations SOMO invests in the development of tailor made project management software. The user platform agreed with Matthat on a Return on Investment (ROI) in case Matthat is able to sell the software also to other clients.

The expected ROI in 2021 is EUR 390 (2020: EUR 3,227) and presented under other income in the statement of income and expenditure.

### Subsidy receivables

For the subsidies of Oxfam Novib (MoFA Strategic Partnership 2021-2026) / Both ENDS (FGG - MoFA Strategic Partnership 2021-2026) / Oxfam Novib (SIDA) an auditors' report is issued.

### Securities

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

### Cash and bank balances

Except for one bank guarantee (with the sum of EUR 19,147.50), all cash and bank balances are available for expenditure by SOMO.

<b>Liabilities</b>			
	€	€	€
	Begin financial year 2021	Movements 2021	End financial year 2021
<b>Equity</b>			
Continuity reserve	684,245	-673,375	10,870
Appropriated reserve housing	30,000	30,000	-
Appropriated reserve organisation development	-	-	-
<b>Total equity</b>	<b>714,245</b>	<b>-703,375</b>	<b>10,870</b>

## Equity

**Continuity Reserve:** As a result of the VAT tax correction during 2021, SOMO's 2021 result was negative to the amount of EUR 703,376. Due to this, the reserves have been substantially diminished. Despite the negative impact on the reserves, this has not hampered the strategic goals of SOMO. For the year 2022 a grant has been awarded to SOMO which enables the organisation to replenish the reserves.

SOMO intends to build its continuity reserves to be in line with the Erkenningsregeling Goede Doelen, which recommends that continuity reserves are based on a risk assessment. SOMO will prepare a risk assessment in 2022 in order to determine the necessary level of continuity reserve.

**Appropriated reserves:** Any residual positive results above the minimum norm for the general reserve will be added to the reserve for organisational development and be used for different types of projects serving the goals of SOMO. The reserve for organisational development was used in 2021 for the renovation of the newly rented premises, and therefor transferred to the continuity reserve.

<b>Liabilities</b>		
	31-12-2021	31-12-2020
	€	€
<b>Creditors</b>		
Creditors	82,859	59,359
Contract obligations project partners	451,462	118,574
<b>Total creditors</b>	<b>534,321</b>	<b>177,933</b>
<b>Advanced payments/ advances received on subsidies</b>		
MoFA Human Rights Fund Grant Policy Framework 2017-2021	219,613	269,824
MoFA Gender OECD Watch N01.04 2019	-	7,539
BothENDS (MoFA Strategic Partnership 2021-2026)	63,458	1,011,195
Oxfam Novib Fair for All	13,210	-
EuropeAid - Decent Leather	181,778	98,183
Mondiaal FNV - EU Leather cofinancing	3,770	-
Adessium Foundation	50,000	-
Open Society Institute - IFF & Private debt restructuring	7,225	68,493
University of Austria - RE-SOURCING	32,955	69,944
Climate and Land Use Alliance (CLUA)	73,348	159,864
Bread fur die Welt - GoodElectronics	-	32,736
Bread fur die Welt - Promoting human rights and accountability along global battery supply chains	-	16,000
MVO Platform	42,162	82,436
OECD Watch advanced payments membership contributions	8,200	3,030
Tax Justice Network membership contributions	5,197	19,261
Wemos - Pharma (Open Society Foundation)	6,026	-
Universiteit van Utrecht	652	652
Stichting Media en Democratie	3,528	3,528
Wellspring Philanthropic Fund	-	23,444
<b>Total advanced payments</b>	<b>711,122</b>	<b>1,866,129</b>

## Advanced payments/ advances received on subsidies

For the subsidy of MoFA Human Rights Fund Grant Policy Framework 2017-2021 an auditors' report is issued.

## Contingent assets and liabilities

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

The contracts with project partners refer to short term debts generally one year, in a small number of cases, two years) for cooperation in joint projects or subcontracting in services delivery.

The financial commitment for the programmes SOMO conducts with consortium partners is on an 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.

Various funds have been granted for multi-annual project funding, including:

- Ministry of Foreign Affairs of Finland for a total of EUR 1,265,274
- Brot für die Welt - EUR 600,000
- Adessium - EUR 300,000
- National Endowment for Democracy (NED) - EUR 205,250

	31-12-2021	31-12-2020
<b>Liabilities</b>	<b>€</b>	<b>€</b>
<b>Taxation and social securities</b>		
VAT	1,030,672	-
Social securities (payroll tax)	94,621	137,840
Social Securities Belgium	3,433	-3,723
<b>Total taxation and social securities</b>	<b>1,128,726</b>	<b>134,117</b>
<b>Other accruals and deferred income</b>		
Holiday pay	89,868	103,934
Holiday days	106,955	125,104
Prepayments professional services	31,537	10,735
Audit fee	30,500	20,500
Salaries	13,823	12,669
Thirteenth month	-	68,396
Rent	28,206	-
Dividend to be paid to charity organisation	305	305
Pension	24,300	-
Fundraising costs to be paid	-	13,250
Freelancers to be paid finance, research, ICT	-	12,542
Interest	-	505
Project costs to be paid	2,768	52,654
Money in transit.	-	39,967
Other accruals	66,892	14,149
	<b>395,154</b>	<b>474,711</b>

## Liabilities not shown in the balance sheet

A new rent agreement was signed April 15th 2021 for the location KNSM laan 17 in Amsterdam. The rent agreement is for a period of 5 year as from August 1, 2021. The annual rent for 2022 amounts to EUR 85,160.

At the end of 2021, there is one bank guarantee for the sum of EUR 19,147.50. This relates to the lease for the building of SOMO at KNSM-laan 17 in Amsterdam.

# Notes to the statement of income and expenditure 2021

	2021 actuals	2021 budget	2020 actuals
Income	€	€	€
<b>Government grants</b>			
<b>Dutch Ministry of Foreign Affairs</b>			
MoFA Netherlands Human Rights Fund 2017-2020 – Mind the Gap	450,211		278,078
MoFA Netherlands – OECD Watch/ Gender	7,539		17,049
Both ENDS - Fair Green and Global Alliance (MoFA Netherlands Strategic Partnership Dialogue and Dissent)	-		1,558,718
Both Ends - Fair Green and Global Alliance (MoFA Netherlands Power of Voices Partnership)	1,621,868		-
Oxfam Novib (Strategic Partnership Dialogue and Dissent)	33,786		710,000
Oxfam Novib - Fair4All	934,656		-
Oxfam Novib (Facility support CSOs international CSR convenants)	25,000		25,000
<b>Total Dutch Ministry of Foreign Affairs</b>	<b>3,073,060</b>	<b>3,272,270</b>	<b>2,588,845</b>
<b>European Commission</b>			
Eurodad – Strengthening the capacity of the Eurodad network	-		8,231
EuropeAid - Together for Decent Leather	102,459		91,030
University of Austria – RE-SOURCING	62,682		17,257
<b>Total European Commission</b>	<b>165,141</b>	<b>243,402</b>	<b>116,518</b>
<b>Other Government grants</b>			
Ministry for Foreign Affairs of Finland - Going public	440,687		-
Oxfam Novib - Fair Finance Asia (SIDA)	84,481		72,484
Green Business Project	6,248		15,878
<b>Total other Governments</b>	<b>531,416</b>	<b>52,253</b>	<b>88,362</b>
<b>Total Government grants</b>	<b>3,769,617</b>	<b>3,567,925</b>	<b>2,793,725</b>
<b>Private foundations</b>			
The Sigrid Rausing Trust (Organisational grant)	-		15,581
Open Society Initiative for Europe - General Support 2019-2020	-		135,990
Open Society Initiative for Europe - General Support 2020-2021	-		167,379
Open Society Initiative for Europe - Core funding 2021	425,242		-
Open Society Institute - IFF & Private debt restructuring	61,268		-
Open Society Policy Centre – Pharma	-		29,092
Wemos - Pharma (Open Society Foundation)	12,733		15,356
Brot für die Welt - GoodElectronics	82,736		17,264
Brot für die Welt - Reform global finance to serve people and planet	20,000		-
Wellspring Philanthropic Fund	23,388		31,688
Ford Foundation - Ending Tax avoidance practices for multinationals	82,302		107,192
National Endowment for Democracy	93,652		32,959
Climate and Land Use Alliance (CLUA)	86,516		7,515
Freedom Fund	16,494		25,022
<b>Total private foundations</b>	<b>904,331</b>	<b>387,391</b>	<b>585,038</b>

	2021 actuals	2021 budget	2020 actuals
Income	€	€	€
<b>Other contributors</b>			
Contributions of partners EuropeAid - NSAED (Good Electronics Network)			-
Contributions of partners EuropeAid - Leather	17,456		59,723
Membership contributions OECD Watch	31,504		18,800
Membership, and other contributions MVO Platform	93,023		182,798
MVO Platform NAP activity	154,018		10,000
MVO Platform Due Dillience project contributions	25,690		60,605
Membership contributions Tax Justice Network	101,565		82,121
Mondiaal FNV contribution Research India	-		17,094
Mondiaal FNV contribution EU programm Leather	3,771-		99,900
Mondiaal FNV Coconut Farmers	-		50,000
CNV	-		3,900
Democracy and Media Foundation	-		1,679
Utrecht University	-		8,570
PeruEquidad	-		9,899
Institute of Social Studies	-		2,638
Private Security Network	-		2,950-
Rijksdienst voor Ondernemend Nederland	67,515		43,965
Milieudefensie Just Energy Transition	-		20,000
LICADHO	5,150		-
Donations	5,130		7,438
Other contributions	12,680		12,964
<b>Total other contributions</b>	<b>509,960</b>	<b>651,155</b>	<b>689,144</b>
<b>Professional services</b>			
Corporate research	100,636		30,862
Sector research	11,387		80,685
Country and policy research	-		33,115
Quick Scans	-		5,163
Supply chain research	29,183		2,100
Trainings	3,500		-
Consultancy	13,075		200
Expert contribution	-		2,291
Other services	7,508		-
<b>Total professional services</b>	<b>165,289</b>	<b>350,000</b>	<b>154,416</b>

## Fundraising

The total of income received not from own fundraising of SOMO but as part of co-funding of project partners for 2021 is EUR 37,940 (2020: EUR 58,753).

## Explanation online fundraising and donations

In 2021 SOMO received EUR 5.130 in donations (2020: EUR 7,438). For the use of this income the following parameters apply:

1. Where a donation is received with a clear preference expressed as to how it is used, SOMO will use this income in the program that best fits this preference.
2. In case SOMO receives general donations this income will be used to cover the general costs of programme delivery.

	2021 actuals	2021 budget	2020 actuals
Expenditure	€	€	€
<b>Direct project costs</b>			
Travel costs	15,557		16,666
Office expenditure	129,910		114,810
Telephone and postage	443		222
Printed matter	74,681		60,083
Contracted work	1,142,104		458,779
Other direct project costs	18,213		29,097
<b>Total direct project costs</b>	<b>1,380,908</b>	<b>1,200,000</b>	<b>679,657</b>
<b>Personnel costs</b>			
<b>Salaries</b>			
Gross wages	2,082,394	2,291,642	2,069,304
Social securities	308,023	420,602	362,569
Pension contributions	252,761	268,741	253,243
Change in debt holiday pay	14,066	-	8,398
Change in debt holiday days	18,148-	-	30,317
<b>Total salaries</b>	<b>2,639,096</b>	<b>2,980,985</b>	<b>2,723,830</b>
<b>Remaining personnel expenditure</b>			
Study	19,556	31,500	18,075
Insurance	79,600	80,797	58,355
Travel costs staff	2,904	20,000	16,163
Thirteenth month	5,055-	-	131,576
Freelance costs support staff	217,445	30,000	25,358
Freelance costs project staff	313,020	115,000	151,378
Uitzendkrachten	5,000	-	9,192
Recruiting costs	-	-	22,818
Other personnel costs	53,030	37,400	35,340
<b>Total remaining personnel expenditure</b>	<b>685,500</b>	<b>314,697</b>	<b>468,254</b>
<b>Subtotal personnel costs</b>	<b>3,324,596</b>	<b>3,295,682</b>	<b>3,192,084</b>
minus: received payments for illness	99,412-	50,000-	108,875-
minus: charged for (project) personnel expenditure	-	-	9,000-
<b>Total personnel costs</b>	<b>3,225,184</b>	<b>3,245,682</b>	<b>3,074,210</b>

## Personnel costs

On average in 2021, SOMO was employing 37 people (2020: 43) with an average FTE of 32.2 (2020: 33.7 FTE).

The freelance cost of personnel refers people working for SOMO on non permanent basis for either projects and / or support. The increase in these cost finds its origin in increased sick leave of support staff and increased income.

SOMO has an insurance for long term sick leave. As such, amounts have been received for EUR 99,412 (2020: EUR 108,875).

The recharged cost refers to incidental recharges to projects, agreed with donors. These did not occur in 2021. Our Supervisory Board members are unpaid; they receive an attendance allowance of EUR 150 per year.

## Correction vat previous years

SOMO received a correction of its VAT calculations for the year 2016. Based on this correction the years 2017-2020 have also been adjusted. This resulted in an adjustment on prior years of approximately EUR 850,000 (including interest).

## Taxation on ordinary activities

As from 2021 SOMO is liable for Corporate Income taxes on the commercial activities only. As these activities do not make a positive result, no CIT has been accrued for.

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

Based on the WNT, the income of top officials in the (semi) public sector may not exceed the maximum of 100% of the minister's salary. For 2021 the maximum amount is EUR 209,000 including taxable allowances and employerpension contributions.

	2021 actuals	2021 budget	2020 actuals
Expenditure	€	€	€
<b>General expenses</b>			
<b>Software and hardware</b>			
Software and development	86,453	64,864	71,873
Hardware	8,847	469	523
System management ICT	50,243	64,545	66,753
Depreciation software and hardware	15,423	7,786	13,252
Depreciation development	42,487	32,143	47,509
<b>Subtotal software and hardware</b>	<b>203,453</b>	<b>169,807</b>	<b>199,910</b>
<b>Housing expenses</b>			
Rent and energy	84,240	79,138	78,681
Insurance and taxes	3,253	3,669	2,684
Maintenance and cleaning	15,360	16,014	16,965
Depreciation rebuilding	10,378	-	592
Other housing expenditure	35,924	1,968	1,996
<b>Subtotal housing expenses</b>	<b>149,155</b>	<b>100,789</b>	<b>100,918</b>
<b>Office expenses</b>			
Catering	3,783	5,330	4,114
Telephone and internet	4,357	4,843	4,648
Postage and dispatch	-	406	1,297
Printed matter	-	1,778	1,351
Office supplies	-	7,500	1,349
Contributions	9,627	7,621	8,840
Literature	-	1,467	1,262
Databank	61,489	16,202	4,373
Representation	-	733	1,570
PR and publicity expenditure	8,917	122,955	10,624
Translation/ interpreter expenditure	-	-	-
Depreciation equipment	2,107	2,680	3,775
Other offices expenses	5,489	561	563
<b>Subtotal office expenses</b>	<b>95,769</b>	<b>172,076</b>	<b>40,503</b>
<b>Organisation and administration expenses</b>			
Advice	54,072	37,139	37,140
Audit fee	54,892	19,475	18,305
Administration costs	17,170	12,585	12,962
Insurances	9,525	9,667	8,792
Fundraising	-	-	104,358
Other general expenses minus charged for	7,090	-	3,485
Project costs organisational and administration expenses	-	10,250	15,905
<b>Subtotal organisation and administration expenses</b>	<b>128,569</b>	<b>68,616</b>	<b>169,136</b>
<b>Total general expenses</b>	<b>576,946</b>	<b>511,288</b>	<b>510,467</b>

Overview WNT		2021			
<b>NORM WNT - general - per year</b>	<b>€ 209,000</b>				
Title	Executive Director	Programme Manager	Programme Manager	Senior researcher	
Name	<b>Audrey Gaughran</b>	<b>Gerhard Schuil</b>	<b>Irene Keizer</b>	<b>Esther de Haan*</b>	
Contract	Employment contract	Employment contract	Employment contract	Employment contract	
Start and end date performance	February 15th 2021 - December 31st 2021	January 1st 2020 - December 31st 2020	January 1st 2020 - December 31st 2020	January 1st 2020 - December 31st 2020	
No. of months performed in 2020	10.5	6	12	12	
FTE	0.90	0.90	0.90	0.90	
<b>Remuneration</b>					
Gross salary including thirteenth month	€ 77,622	€ 40,866	€ 69,444	€ 69,491	
Total amount invoices excl. VAT	€ 10,511	€ 4,890	€ 9,780	€ 9,780	
Pensioen premium paid					
<b>Total amount remuneration</b>	<b>€ 88,133</b>	<b>€ 45,756</b>	<b>€ 79,224</b>	<b>€ 79,271</b>	
<b>Individual remuneration maximum WNT</b>	<b>€ 164,588</b>	<b>€ 94,050</b>	<b>€ 188,100</b>	<b>€ 188,100</b>	
	n.a.	n.a.	n.a.	n.a.	

Overview WNT		2020			
<b>NORM WNT - general - per year</b>	<b>€ 201,000</b>				
Title	Managing Director	Programme Manager	Programme Manager	Senior researcher	
Name	<b>Ronald Gijsbertsen **</b>	<b>Gerhard Schuil</b>	<b>Irene Keizer</b>	<b>Esther de Haan*</b>	
Contract	Employment contract	Employment contract	Employment contract	Employment contract	
Start and end date performance	January 1st 2020 - October 31st 2020	January 1st 2020 - December 31st 2020	January 1st 2020 - December 31st 2020	January 1st 2020 - December 31st 2020	
No. of months performed in 2020	10	12	12	12	
FTE	0.90	0.90	0.85	0.90	
<b>Remuneration</b>					
Gross salary including thirteenth month	€ 71,169	€ 72,309	€ 68,013	€ 72,309	
Total amount invoices excl. VAT	€ 8,465	€ 9,122	€ 8,612	€ 12,156	
Pensioen premium paid					
<b>Total amount remuneration</b>	<b>€ 79,634</b>	<b>€ 81,431</b>	<b>€ 76,625</b>	<b>€ 84,465</b>	
<b>Individual remuneration maximum WNT</b>	<b>€ 150,750</b>	<b>€ 180,900</b>	<b>€ 170,850</b>	<b>€ 180,900</b>	
<b>-/- Undue paid and amount not yet refunded</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	

WNT interim		2021	2020
Title	Managing director - Interim		
Name	<b>Freek Landmeter</b>		
Contract	Employment contract	Freelance contract	
Start and end date performance	January 1st 2021 - February 15th 2021	October 1st 2020 - December 31st 2020	
No. of months performed in 2020	2	3	
Number of hours	166	277	
Maximum hourly rate freelance		€ 199.00	€ 193.00
Hourly rate charged		€ 112.50	€ 112.50
<b>Remuneration</b>			
Total amount invoices excl. VAT		€ 18,620	€ 31,162
<b>Total remuneration of the period</b>		<b>€ 49,782</b>	
<b>-/- Undue paid and amount not yet refunded</b>		<b>n.a.</b>	<b>n.a.</b>

The overview 2020 is (in comparison with the overview presented in the annual accounts) adjusted. This does not lead to repayment of remuneration.

All employees of SOMO are contracted based on 40 hours a week, but actually they work for 36 hours a week, if they are working full time.

The salary of the Executive Director Audrey Gaughran has been based on accruals. The accrued amounts are in line with the contract. Any deviations in final payments will be reported as costs in 2022 under this section.

\* Esther de Haan is designated as a top official until April 14th 2019 in her previous position as Programme Manager and part of the management team. After April 14th 2019 she fulfilled the function of Senior Researcher.

\*\* Ronald Gijsbertsen received in 2020 and 2021 a total transition payment of € 20,000 which is included in the above WNT overview. Also a maximum contribution of € 5,000 is agreed for external expertise in the search for another employment position.

## **Explanation of differences between Realisation and budget 2021**

The main deviation between realisation and budget in 2021 is the inclusion of a reservation for repayment of VAT. The organisation incorrectly calculated allowable VAT deductions over a number of years. The error was identified following a process of review initiated by SOMO. SOMO will pay a correction on its VAT covering 2016 to 2020. The amount recorded in our annual 2021 figures for this VAT correction is EUR850,000. This has resulted in pressure on SOMO's reserves. Our continuity reserve stood at EUR684,245 as of 1 January 2021. At the close of the year SOMO's reserves had reduced to EUR10,870. However, the organisation was also able to secure funding commitments to replenish its reserves in 2022.

Deviations in income are due mainly to the fact that during 2021 SOMO intensified its efforts on fundraising with a new Executive Director, resulting in higher income from grants from both government and private foundations. The increased income also led to increased expenditure under the new grants. 2021 also marked the start of a new five-year funding program with the Dutch Ministry of Foreign Affairs.

SOMO received General Support (unrestricted) funding from the Open Society Foundation during 2021, which was higher than anticipated.

Additionally, SOMO received funding from the Finnish government for two projects – one on tax justice and one on business and human rights in Africa. As a result of commencing the work on tax justice in 2021, the expenditure on direct project costs was also higher.

SOMO's spending on General Expenses was higher due to an office move during 2021.

Next to this, substantial cost on PR and publicity were budgeted which have been spent as freelance support staff.

With regard to Services, during a mid-year budget review SOMO decided to pursue only highly strategic service assignments in order that staff would be available to work on newly funded donor projects. As a result the target for Services income was reduced to EUR150,000, and this new target was slightly exceeded by the close of the year.

The difference between 2020 and 2021 reflects both the increased fundraising and the end and start respectively of two five year funding cycles with the Ministry of Foreign Affairs and associated strategic partnerships. The work program for 2020 and 2021 reflected the completion and winding-down phase of the end of a cycle and the start-up phase of work at the beginning of a new cycle.

## **Other Information**

### **Subsequent events**

There are no subsequent events, which have a material effect on the situation as at December 31st, 2021.

### **Appropriation of result 2021**

The result after taxation 2021 is EUR 703,376 negative (2020: EUR 45,586 negative). The Board of SOMO has decided to deduct this from the continuity reserve.

## **Auditor's opinion**

The independent auditor's opinion can be found on the following pages:

## INDEPENDENT AUDITOR'S REPORT

To: the supervisory board and the management of  
Stichting Onderzoek Multinationale Ondernemingen.

### A. Report on the audit of the financial statements 2021 included in the annual report.

#### Our opinion

We have audited the financial statements 2021 of Stichting Onderzoek Multinationale Ondernemingen based in Amsterdam, the Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting Onderzoek Multinationale Ondernemingen at 31 December 2021 and of its result for 2021 in accordance with the 'RJ-Richtlijn 640 Organisaties zonder winststreven' (Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board) and the Policy rules implementation of the Standards for Remuneration Act (WNT).

The financial statements comprise:

1. the balance sheet as at 31 December 2021;
2. the statement of income and expenditure for 2021; and
3. the notes comprising of a summary of the accounting policies and other explanatory information.

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Audit Protocol WNT 2021. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

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

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

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### Compliance with rule against overlapping pursuant to the WNT not audited

In accordance with the Audit Protocol under the Standards for Remuneration Act ("WNT"), we have not audited the rule against overlapping as referred to in Section 1.6a of the WNT and Section 5(1)(n/o) of the WNT Implementing Regulations. This means that we have not audited whether an executive senior official exceeds the norm as a result of any positions as executive senior official at other institutions subject to the WNT, and whether the explanation required in this context is correct and complete.

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

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

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

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

Management is responsible for the preparation of the other information, including the management board's report in accordance with Guideline for annual reporting 'RJ-Richtlijn 640 Organisaties zonder winststreven' (Guideline for annual reporting 640 'Not-for-profit organisations').

### C. Description of responsibilities regarding the financial statements

#### Responsibilities of the supervisory board and the management for the financial statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 'RJ-Richtlijn 640 Organisaties zonder winststreven' (Guideline for annual reporting 640 'Not-for-profit organisations' and the Policy rules implementation of the Standards for Remuneration Act (WNT). Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The supervisory board is responsible for overseeing the organisation's financial reporting process.

**Our responsibilities for the audit of the financial statements**

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

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

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

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing and the Audit Protocol WNT 2021, ethical requirements and independence requirements.

Our audit included among others:

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

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

Amsterdam, 28 July 2022

Dubois & Co. Registeraccountants

Signed on original by:

J.J.M. Huijbregts RA



**Displaced farmers, Becerril, Colombia**



**Manganese mining, South Africa**



**Tannery worker, Bangladesh**



Leather workers, India



Protest against the Energy Charter Treaty, Berlin, Germany

# About SOMO

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

## **SOMO's Vision and Mission**

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

The outsized and harmful power of multinational companies and the structures that enable them stand in the way. A shift in the power balance is urgently needed. To address this, SOMO investigates multinationals: we expose their impact, their structures, and the systems they operate in. We develop alternatives and carry out advocacy work.

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

## **Colophon**

### **SOMO**

Stichting Onderzoek Multinationale Ondernemingen  
Centre for Research on Multinational Corporations  
Annual Report 2021

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SOMO was founded in 1973 and has its legal seat in Amsterdam, the Netherlands.

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