The image shows the cover of the SOMO Annual Report 2019. It features a prominent red rectangular border. Inside this border, on a white background, the text "SOMO" is written in a large, bold, black sans-serif font. Below "SOMO", the words "Annual Report" are written in a smaller, black sans-serif font, and "2019" is written in the same font size as "Annual Report".

SOMO
Annual Report
2019

Colophon



Stichting Onderzoek Multinationale Ondernemingen
Centre for Research on Multinational Corporations

Annual Report 2019

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About SOMO

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

OUR MISSION

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

OUR VISION

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



Director's Report

INTRODUCTION

A significant shift is underway, in the Netherlands and worldwide. When a business journal like the Financial Times starts featuring articles that call for the 'reset of capitalism', it seems proof of a solid trend that will eventually catch up to politicians, CEOs and other economic and political leaders. The bells are ringing for change toward an economic system that is sustainable, people-centred, and in which the power of corporations is corrected. SOMO is proud to have contributed the evidence and analysis that demonstrates why and how that change must come.

SOMO's mission is to research and analyse corporate power, and to reveal the impact of multinationals on societies. SOMO dissects how multinationals operate and analyses their true impact. We do this independently, factually and critically, with a clear goal in mind: a fairer and more sustainable world. Together with hundreds of allied NGOs and other organisations, we aim to get the right information to the right stakeholders, so they can make a difference in factories, board rooms, communities, court rooms, in parliaments and on the streets.

One of the unique roles we play is to identify and investigate new topics, uncover hidden connections, and put emerging issues on societal and political agendas. Our study on public funding for research and development (R&D) of new medicine did just that. We know that the pharmaceutical sector is one of the world's most profitable industries, and that the astronomical cost of some drugs is limiting people's access to treatment and burdening healthcare systems. When criticised, drug companies claim that high prices are necessary due to the high cost of R&D. We took this narrative and looked closely at the facts and figures. Our research revealed that vast amounts of public funding in the Netherlands – hundreds of millions of Euros each year – goes toward developing medicines that are, or will be, sold at exorbitant prices by drug companies.

The public picks up the bill for the riskiest stage of drug development, but sees no or little return on its investment. In response to the report, the Minister of Medical Care promised to explore the need for additional safeguards to ensure accessibility of medicine developed with public funding.

Reveal the impact of multinationals on societies

Our work on public finance for overpriced medicine is another chapter in the long story of unchecked corporate power. It is our mission to uncover the facts and tell that story from different angles in different contexts, and to push for an alternative way forward. At the moment of writing this annual report we are confronted with the global corona pandemic and a socio-economic crisis. There is an urgent need for governments worldwide to prioritise public health and welfare, and prevent corporations from grabbing more power and profiting from measures to fight the crisis.

SOMO will work to ensure that policymakers and other stakeholders have the evidence and analysis needed to respond to the challenges ahead and rebuild better, more democratic systems that serve people instead of corporations.

Ronald Gijsbertsen
Managing Director

May 2020



Highlights

Related to SOMO's goals

Critical awareness raised

- The joint report *Bend or break* by SOMO and Milieudefensie revealed how Shell used the ISDS clause in a bilateral investment treaty between the Netherlands and Nigeria to secure the rights to exploit a lucrative oil field. The report made headlines in the Dutch media and added to growing evidence of Shell's misconduct in the case, which has led to criminal investigations in Italy and, more recently, the Netherlands.
- Research on ISDS in the EU-Canada trade agreement (CETA) raised awareness among the Dutch public and policymakers, and contributed to momentum against Parliamentary ratification. In the briefing paper *CETA: Shortcut for American Multinationals* SOMO showed how US multinationals could benefit from CETA.
- SOMO followed up on research conducted for ActionAid Netherlands on human rights due diligence in the Dutch wind turbine supply chain. The report *Human rights in wind turbine supply chains - update* supported the group's efforts to raise awareness about the human rights and environmental impacts of wind turbine production and contributed to the ongoing process in the Netherlands to develop a responsible business conduct agreement for the renewable energy sector.

Agenda setting

- In response to the report *Overpriced* by SOMO and Wemos, the Dutch Minister of Medical Care promised to explore the need for additional safeguards to ensure the accessibility of medicine developed with public funding.
- The European Parliament adopted a resolution calling on the Commission and companies to take action to address the problem of child labour in mica mining. The Parliament called on the Commission to consider including mica in the Conflict Minerals Regulation that will come into effect in January 2021 – a recommendation long advocated for by SOMO. A statement by European Commissioner Helena Dalli on the issue referred directly to SOMO's report *Child labour in Madagascar's mica sector* (commissioned by Terre des Hommes), illustrating how SOMO research contributes to policy changes to redress lack of supply chain responsibility of corporations.
- Together with the International Federation for Human Rights and the Asser Institute, SOMO organised an expert meeting in The Hague to discuss key components of a UN binding treaty on business and human rights, specifically remedy, human rights due diligence and legal liability. SOMO was also asked to provide input for a roundtable discussion on the subject in Dutch Parliament. All these activities resulted in increased political support for the treaty, with four political parties, including the Dutch Labour Party, now behind it.

Strengthened CSOs

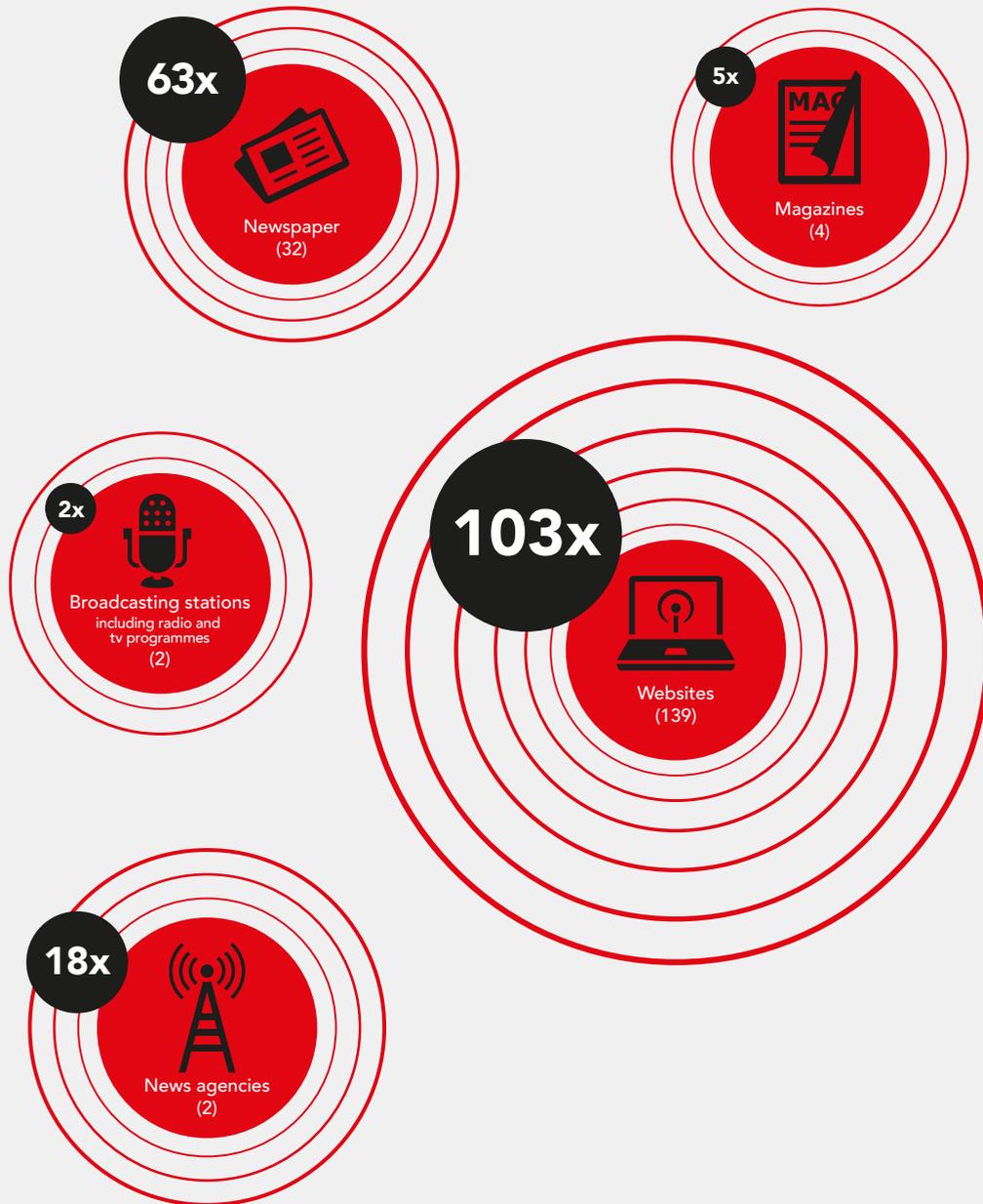
- SOMO witnessed the signing of an agreement between Montelimar Corporation and the Asociacion Montelimar Bendicion de Dios (AMBED), a community-based organisation in Nicaragua whose members suffer from chronic kidney disease. The agreement is the hard-won result of a complaint filed by AMBED in 2015, with SOMO's support, to the International Finance Corporation's (IFC) Compliance Advisor Ombudsman and includes provision of food and medical care to workers, among other things. SOMO has supported the Nicaraguan partners throughout the complaint process.

Practice change

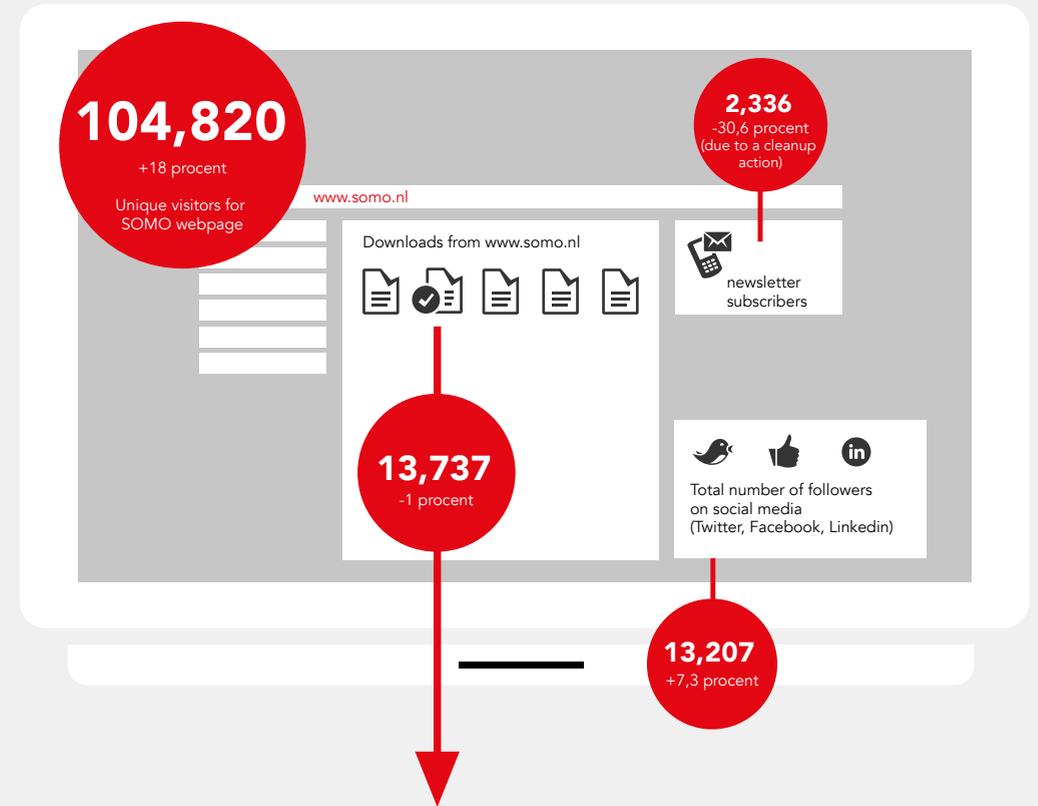
- Years-long scrutiny of the tax practices of the Netherlands' largest corporation, Shell, led to significant results. Due to continuous pressure from SOMO, journalists and academics, the company was finally forced to admit that it paid no tax on profits made in the Netherlands. SOMO has long called for greater transparency about corporate tax practices, including mandatory public country-by-country tax reporting.

Policy change

- SOMO and allies across Europe welcomed the EU's new directive to combat unfair trading practices in the food supply chain, the result of a long-term effort by a European coalition in which SOMO participated.
- After more than two years of advocacy, SOMO, together with CEE Bank Watch Network and Accountability Counsel, welcomed the decision of the European Board of Reconstruction and Development (ERBD) to implement a new Independent Project Accountability Mechanism (IPAM). In line with recommendations made by SOMO and its allies during the ERBD's review process, the IPAM significantly improved on the structure and independence of the bank's previous mechanism.
- The report *Mining Taxes* (2018) co-authored by SOMO and Mongolian partner OT Watch that detailed the complicated tax avoidance scheme of mining company Rio Tinto contributed to the unanimous decision in 2019 by the Mongolian parliament to revisit all the agreements with Rio Tinto regarding the gold and copper mine Oyu Tolgoi, and to take measures to increase the benefit for the Mongolian people.



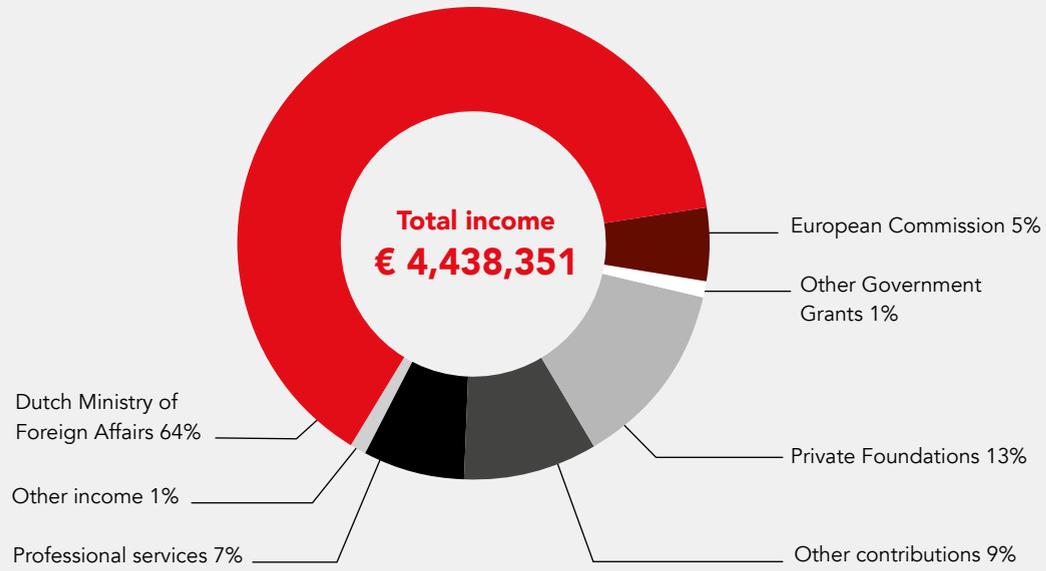
The small number in brackets indicates the number of different titles regarding the media outlet. The number in black indicates the amount of mentions SOMO got. The numbers are based on our own searches and can only give a rough indication of the way our publications and other outputs were picked up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



TOP 10 DOWNLOADS

1	Examples of unethical trials	6	Cobalt blues
2	Beauty and a Beast: child labour in Mica mines	7	Overpriced
3	Glass Half Full	8	Child Labour in Madagascar's mica sector
4	Global Mica mining	9	Flawed Fabrics
5	The Myanmar Dilemma	10	Child labour in the textile & garment industry

INCOME BY FUNDING SOURCE



DIVIDED OVER SOMO'S 3 TYPES OF WORK

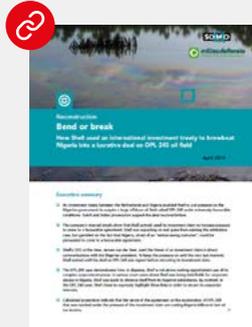


A young worker checks final products at a garment factory in Vietnam. By ILO / Nguyễn ViệtThanh



THE EU-SINGAPORE INVESTMENT PROTECTION AGREEMENT

February 2019



BEND OR BREAK

April 2019



THE THREATS LURKING IN THE FINANCIAL SECTOR

April 2019



TAMING BIG PHARMA

April 2019



GOVERNMENTAL ACTION AGAINST THE INDONESIAN PALM OIL INDUSTRY

May 2019



OVERPRICED

May 2019



THE CASE OF BIOENERGY

May 2019



PLASTIC FINANCE

July 2019



HOW THE INDONESIA-NETHERLANDS TAX TREATY ENABLES TAX AVOIDANCE

August 2019



THE RISKY INTERCONNECTEDNESS BETWEEN INVESTMENT FUNDS AND DEVELOPING COUNTRY DEBT

October 2019



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

October 2019



CHILD LABOUR IN MADAGASCAR'S MICA SECTOR

November 2019



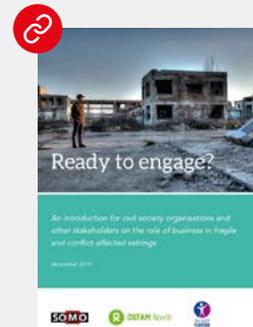
CETA: SLUIPRROUTE VOOR AMERIKAANSE MULTINATIONALS

November 2019



HUMAN RIGHTS IN WIND TURBINE SUPPLY CHAINS

November 2019



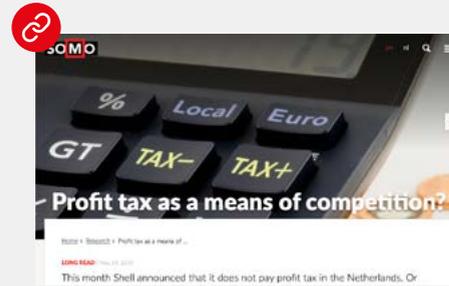
READY TO ENGAGE?

November 2019



THE LONG ROAD TO FREEDOM OF INFORMATION

February 2019



PROFIT TAX AS A MEANS OF COMPETITION?

February 2019



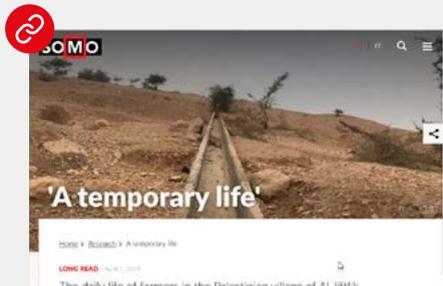
EU DEFINITION OF GREEN FINANCE

February 2019



SHELL'S TAX PRIVILEGES

April 2019



A TEMPORARY LIFE

April 2019



BENCHMARK FOR CLIMATE-FRIENDLY-INVESTMENTS

September 2019



OVERVIEW CLIMATE-FRIENDLY FINANCE

September 2019



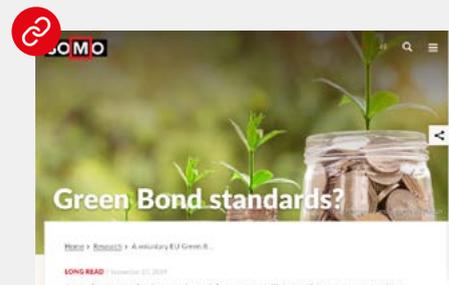
INVESTOR'S DISCLOSURE OF SUSTAINABLE RISKS

September 2019



EEN ANDERE PRINSJESDAG IS MOGELIJK

September 2019



GREEN BOND STANDARD

September 2019



CONDITIONAL WITHHOLDING TAX

October 2019



Production Continues On Massive Oyu Tolgoi Mine In Mongolia's Gobi Desert. By Andrew Burton / Getty Images

Part I: SOMO as Knowledge Centre

SOMO as Knowledge Centre

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

Sustainable Supply Chains

SOMO investigates the impact of multinationals and concentrated corporate power on global supply chains that connect workers to consumers. Specifically, we look at complex supply chains where there is high risk of human rights, labour rights or environmental abuses. Our research focuses on global sectors like food and agriculture, garments and textiles, electronics and pharmaceuticals.

SOMO provides evidence that underpins the need for better policies and practices, including binding corporate accountability mechanisms and a leading role for workers in monitoring workplace conditions. We focus on the impacts of global supply chains on vulnerable groups of people, including migrants, women, children and indigenous communities.

CHILD LABOUR

SOMO has shed light on the problem of child labour in diverse supply chains, including garments and mining (mica amongst others, see box below). Our research was cited in the introduction to a legislative proposal that argued that action against child labour in supply chains was needed since the problem is still widespread in many parts of the world, and there is evidence that products sold on the Dutch market have been produced using child labour. In May 2019, the Dutch Senate voted to adopt the Child Labour Due Diligence Law. When the law enters into force, all companies selling products on the Dutch market will be required to show that they are addressing the issue of child labour in their global supply chains. If there are indications that a company's products or services were produced with child labour, individuals and organisations can file a complaint with the regulator. The law provides for substantial enforcement measures, including fines and even imprisonment of company directors. The law is an important step

toward the adoption of mandatory due diligence legislation in the Netherlands and Europe, which is necessary in addressing business-related human rights and environmental impacts. Former member of Parliament Roelof van Laar, who drew up the draft bill, stated that SOMO's Flawed Fabrics report, which detailed on exploitation of children in the garment sector, inspired him to draft the bill.

Mica from Madagascar

Child labour in Madagascar's mica sector was the subject of research commissioned by Terre des Hommes. The report was the third on Mica mining commissioned by the group, which is campaigning to stop exploitation of children. The collaboration has achieved significant results over the years. Most recently, the European Parliament adopted a resolution calling on the Commission and companies to take action to address the problem, including consideration of including mica in the Conflict Minerals Regulation that will come into effect in January 2021 – a recommendation long advocated for by SOMO. A statement by European Commissioner Helena Dalli on the issue referred directly to SOMO's report, illustrating how SOMO research contributes to policy changes to redress lack of supply chain responsibility of corporations.

The OECD accepted to further discuss with SOMO the concept of 'country wide' human rights due diligence. The OECD promotes HRDD and RBC on the basis of the OECD Guidelines for Multinational Enterprises/UNGP. These guidelines/guiding principles are recommendations for enterprises to avoid and address adverse impacts related to workers, human rights, the environment, bribery, consumers and corporate governance that may be associated with their operations, supply chains and other business relationships.

In our November 2019 proposal for a panel discussion on HRDD in the Myanmar garment industry to take place at the at the OECD Forum on HRDD in the garment and footwear sector (scheduled for Feb 2020), we suggest that the concept needs to be broadened to include a country-wide human rights assessment. This was prompted by the situation in Myanmar, where the military still has a dominant position in the civilian government, society at large, and the economy. The SOMO proposal for a panel session on Myanmar was accepted, and at the same time SOMO was invited to further discuss the broadening of the HRDD concept with/in the OECD Working Group on Responsible Business Conduct.

In May 2019, the Dutch Senate voted to adopt the Child Labour Due Diligence Law

FOOD AND AGRICULTURE

South Africa's wine industry is a key source of wine sold by Dutch and other European supermarkets. But vineyard labourers are seeing little benefit: many are exposed to toxic pesticides, do not earn a decent living, and face serious obstacles to union organising. In 2019 SOMO began a research collaboration with the South African NGO Trust for Community Outreach and Education (TCOE) and the Commercial, Stevedoring, Agriculture & Allied Worker Union (CSAAWU). The research revealed that the increased demand for bulk wines has increased pressure on the wineries.

Even before the final report was published, it has led to positive changes for workers: in response to the research, two leading Dutch supermarkets committed to an intensive study of conditions at their South African suppliers. Two certification bodies improved their policies, including implementation by the South African Wine and Agricultural Ethical Trade Association of an improved rating system. The collaboration with SOMO and subsequent international pressure gave CSAAWU more leverage in negotiations with vineyard owners. This resulted in significantly higher wages and better working conditions. One company that was engaged in negotiation with the union stepped up efforts to improve occupational health and safety at its vineyards when it learned of CSAAWU's role in the research.

Meanwhile, previous research on supermarket supply chains continues to have an impact. SOMO and allies across Europe welcomed the EU's new directive to combat unfair trading practices in the food supply chain, the result of a long-term effort by a European coalition in which SOMO participated.

In relation to our work in the Occupied Palestinian Territories, SOMO continued to call for increased transparency of Dutch customs data, which could be a vital source of information about products that may be imported from illegal Israeli settlements in Palestinian territory. After a Freedom of Information request was denied by the Customs Authority in 2017, SOMO pursued its case in court. The court issued its ruling in 2019 and while it fell far short of full transparency, SOMO did succeed in obtaining some additional information.

PHARMACEUTICALS

The pharmaceutical sector is one of the most profitable in the world. Only a few multinationals dominate the market and their power lies in stark contrast to the role of governments in advancing public health and ensuring widespread access to affordable medicine.

A publication by SOMO and Wemos found that in just one year, the Netherlands invested over €780 million in Dutch public funding for biomedical

The public sees little return on its investment

research and drug development through traditional channels, and much more when other investment schemes and funding for university start-ups and biotech companies are taken into account, such as public venture capital funds. SOMO found that these enormous public investments come without any safeguards to ensure affordable medicines or public health benefits. The public sees little return on its investment, which covers the more uncertain and costly phase of early drug development. The most promising research gets picked up by pharmaceutical companies, which make a huge profit by overpricing drugs when they put them on the market.

The report, published in May, called for alignment of investment policies with public health goals and attaching conditionalities to public funding of biomedical R&D. The issue received significant attention from Parliamentarians and prominent coverage in major media. Also he promised to work on conditions for funding drug development. The Ministry of Health is now preparing a study on how best to invest in bio-medical research, and has sought SOMO's input. Some government agencies have already followed up on the report's recommendation and reached out to SOMO for advice on implementing new conditions for public funding. Meanwhile, as part of the European Alliance for Responsible R&D and Affordable Medicines, SOMO joined parallel efforts to press the EU to better safeguard public health interests.

ELECTRONICS

SOMO researches and raises awareness about the need for more responsible sourcing of minerals and safer chemical management in the electronics sector. In 2019, together with the UK-based Rights and Accountability in Development (RAID) and the GoodElectronics Network, SOMO organised a global meeting and laid the foundations for a new network focused on exchanging knowledge and strategies around mineral extraction for batteries – the new engines of the automotive and electronic industry.

SOMO continues to give input into Electronics Watch, an independent monitoring organisation that helps public sector organisations collaborate with each other, and with civil society monitors in production regions, to protect the rights of workers in their electronics supply chains. Co-founded by SOMO, Electronics Watch works to counter corporate power in the electronics sector and give more power to workers. In December, SOMO participated in an Electronics Watch Forum in Spain, where researchers made the case for mandatory transparency in the electronics industry. Workers should have the right to know about chemical exposure and other workplace hazards.

European Parliament: include mica in the Conflict Minerals Regulation

Rights, remedy and accountability

SOMO's programme on rights, remedy and accountability focuses on access to justice and remedy for communities and workers adversely affected by multinational corporations, mainly through the use of corporate accountability mechanisms. SOMO's research contributes to international advocacy for better regulation to correct the unbalanced legal power of multinationals to avoid accountability. SOMO also provides direct support of communities and workers to pursue remedy for corporate human rights and environmental abuses. SOMO has built its expertise around non-judicial grievance mechanisms like the OECD's National Contact Point (NCP) mechanism and the independent accountability mechanisms (IAMs) of development finance institutions.

BUSINESS AND HUMAN RIGHTS AT THE UNITED NATIONS

SOMO is advancing the agenda for a strong and effective United Nations binding treaty on business and human rights. In line with the slogan 'Rules for Business, Rights for People', SOMO works together with Dutch, EU and international organisations, to pool knowledge and bring together lobbying and advocacy efforts. In 2019, SOMO advanced the discussion around the treaty and set the agenda together with academics, policymakers and civil society allies. Together with the International Federation for Human Rights and the Asser Institute, SOMO organised an expert meeting in The Hague to discuss key components of a treaty, specifically remedy, human rights due diligence and legal liability. SOMO was also asked to provide input for a roundtable discussion on the subject in Dutch Parliament. All these activities resulted in increased political support for the treaty, with four political parties, including the Dutch Labour Party, now behind it.

Treaty negotiations took place in October in Geneva, where SOMO contributed to joint statements on several key topics and contributed its voice to an ever-growing global movement pushing decision-makers to maintain progress. The Dutch government representative played a positive role in defending the presence of civil society in the working group session, which SOMO and other members of the Dutch Treaty Alliance had specifically urged it to do.

ACCOUNTABILITY IN DEVELOPMENT FINANCE

SOMO supports local communities in what is often a long-term process to pursue remedy for human rights abuses involving development finance institutions. In 2019, after years of work on the case, SOMO witnessed the signing of an agreement between Montelimar Corporation and the Asociacion Montelimar Bendicion de Dios (AMBED), a community-based organisation in Nicaragua whose members suffer from chronic kidney disease. The agreement is the hard-won result of a complaint filed by AMBED in 2015, with SOMO's support, to the International Finance Corporation's (IFC) Compliance Advisor Ombudsman and includes provision of food and medical care to workers, among other things. SOMO has supported the Nicaraguan partners throughout the complaint process.

Experience with complaints gives substance to SOMO's advocacy to strengthen the independent accountability mechanisms of development finance institutions. SOMO collaborates with members of the International Advocates Working Group (IAWG), a global network of civil society organisations working to ensure that such grievance mechanisms are accessible and effective. In 2019, after more than two years of advocacy, SOMO, together with CEE Bank Watch Network and Accountability Counsel, welcomed the decision of the European Board of Reconstruction and Development (ERBD) to implement a new Independent Project Accountability Mechanism (IPAM). In line with recommendations made by SOMO and its allies during the ERBD's review process, the IPAM significantly improves on the structure and independence of the bank's previous mechanism.

An amicus brief filed by SOMO and eight other organisations supported a case challenging total legal immunity of the World Bank Group in US courts. The World Bank has a long history of financing project which turn out to be harmful to local communities and the environment. In a favourable ruling, the U.S. Supreme Court found that the World Bank Group, like foreign governments, can be sued under certain circumstances. The ruling opens the possibility for communities to pursue justice in court.

Opening the possibility for communities to pursue justice in court

ACCESS TO REMEDY IN KENYA

Together with the Kenya Human Rights Commission and the Ndula Resource Center, SOMO continued to support communities and workers whose land and labour rights have been violated by the agribusiness company Kakuzi. The groups supported affected communities in filing a complaint to the Kenyan National Land Commission, leading to an important decision by the National Land Commission not to renew Kakuzi's land leases until all historical land grievances are conclusively resolved. Other efforts to exert pressure on the company – including a visit by the UN Working Group on Business and Human Rights and a complaint to the Rainforest Alliance – resulted in some positive changes for plantation workers. Workers have noted some improvements in conditions, such as a zero-tolerance policy on sexual harassment and more realistic harvesting targets for avocado picking. Unfortunately, severe problems persist, so coordinated efforts targeting Kakuzi will continue in 2020.

Mind the Gap

Across the globe, communities and workers are engaged in protracted struggles to protect and defend their rights and demand justice in relation to corporate misconduct. Despite increased international attention to the problem, business-related human rights abuses remain commonplace. The root cause of the problem is commonly identified as 'governance gaps' between corporate power and corporate accountability. SOMO's Mind the Gap is a four-year project to explore how corporations develop and deploy strategies aimed at creating, maintaining and exploiting gaps, and consolidating legal and economic power, privilege and protection.

The objectives are to:

- Expose corporate strategies for avoiding responsibility or being held accountable for human rights violations.
- Strengthen civil society counter-strategies for claiming and defending human rights – including direct dialogue, use of judicial and non-judicial grievance mechanisms, public campaigns, non-violent resistance, and divestment.

In 2019 field research in the project's focus countries was completed. As part of the research process, a CSO expert meeting involving 30 CSOs was facilitated by the European Coalition for Corporate Justice in Warsaw in May. Participating CSOs were asked to critically reflect on the draft research framework, provide their feedback and engage with the researchers to harvest evidence for the research. A refined research framework was presented in November during a sneak preview event at the UN Annual Forum on Business and Human Rights in Geneva to an audience of over 50 (mainly) CSO representatives. At the meeting, SOMO and partners also discussed potential CSO counterstrategies in response to the harmful corporate strategies identified. The research is set to be published in 2020.

Economic justice

The Economic Justice programme researches the global economic and financial architecture consisting of trade and investment treaties, tax policies and international financial agreements. SOMO reveals the impacts of the existing architecture, such as the loss of revenue by low-income countries due to tax treaties. In this way we reveal how the system contributes to private gain that benefits a few, while generating public loss that harms the many.

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

Momentum is building globally to reform ISDS

TRADE AND INVESTMENT

In 2019 SOMO continued to expose the devastating effects of the Investor State Dispute Settlement (ISDS) framework, which gives corporations the power to sue governments and get compensation for sound social policy that they say have threatened their profits. SOMO's research on ISDS and international trade agreements is more relevant than ever, given the need for governments to stop 'business as usual' and live up to the Paris climate agreements. The threat of ISDS claims and large compensation fees make changes to existing investment agreements with fossil fuel companies difficult.

A joint report by SOMO and Milieudefensie revealed how Shell used the ISDS clause in a bilateral investment treaty between the Netherlands and Nigeria to secure the rights to exploit a lucrative oil field. The report made headlines in the Dutch media and added to growing evidence of Shell's misconduct in the case, which has led to criminal investigations in Italy and, more recently, the Netherlands. The research has bolstered campaigns by civil society groups across Europe demanding that justice be served. SOMO joined allied organisations in calling on the Dutch Ministry of Justice to fully prosecute the case.

Added to growing evidence of Shell's misconduct in the case

A briefing paper on the EU-Singapore Investment Protection Agreement showed how the agreement would adversely restrict the policy space of both parties to manage financial (in)stability and prevent financial crises. Although the agreement was ultimately approved, SOMO's analysis drew attention from major financial media and influenced the debate in the European Parliament. The risks of investment protection for fiscal policymaking was also the subject of a workshop led by SOMO for central banks of developing countries.

Research on ISDS in the EU-Canada trade agreement (CETA) raised awareness among the Dutch public and policymakers, and contributed to momentum against Parliamentary ratification. SOMO showed how US multinationals could benefit from CETA and how Canadian companies would be able to get large compensation fees from the Dutch government if they would adapt more strict climate policies, or policies to safeguard the quality

of child care and other publicly-funded care. The Dutch Labour Party withdrew its support for the agreement, which could lead to its rejection in Parliament. (All EU member states must ratify the trade agreement.)

Meanwhile, momentum is building globally to reform ISDS. SOMO took part in a successful European-wide campaign 'Rights for People, Rules for Corporations' which inspired 847,000 people to take action to demand binding regulation for corporations and an end to ISDS. SOMO also provided analysis and recommendations to a working group of the United Nations Commission on International Trade Law (UNCITRAL), as one of just a few accredited civil society observers. SOMO's advocacy helped expand the scope of the working group's reform process to cover vitally important issues such as 'regulatory chill' caused by the threat of ISDS claims. SOMO provided evidence and analysis to developing country governments, which, as the main 'host' states for foreign investment, they suffer the greatest harm from ISDS.

TAX

The Netherlands remains one of the world's biggest tax havens, and nearly all multinationals use the country for so-called 'tax planning purposes'. SOMO's work on corporate tax avoidance continued to have significant impact in the Netherlands and worldwide. Years-long scrutiny of the tax practices of the Netherlands' largest corporation, Shell, led to significant results in 2019. Due to continuous pressure from SOMO, journalists and academics, the company was finally forced to admit that it paid no tax on profits made in the Netherlands. SOMO has long called for greater transparency about corporate tax practices, including mandatory public country-by-country tax reporting.

Thanks to persistent and critical work on Dutch tax policies by SOMO and Tax Justice NL, the Dutch parliament raised critical questions about the government's effort to stop corporations from using the Netherlands to channel funds to tax havens. Critical analysis of one of the Dutch government's anti-tax avoidance measures shows how it will fall short in practice and not stop the use of tax

havens. In response to the critique, the government committed to monitoring the impact of the new measures.

The company was finally forced to admit that it paid no tax

Joint research conducted with Indonesian partner Prakarsa found that the Double Tax Agreement between Indonesia and the Netherlands is often used by corporations in tax avoidance, resulting in huge tax losses for Indonesia. What's more, SOMO and Prakarsa found that 75% of the foreign direct investment from the Netherlands into Indonesia is structured via shell companies, signalling large-scale treaty abuse. Publication of the research resulted in coverage in the *Financiële Dagblad* and brought the issue to the attention of the Indonesian Ministry of Finance. Together with tax officials, they have been worried and have been taking action, including ratification of the MLI.

FINANCIAL SECTOR REFORM

Multinationals exert huge influence over the financial sector. To counter this, SOMO provides civil society organisations, policymakers and other stakeholders vital information and insight into the financial sector, and contributes to collective advocacy for reform at all levels, including strict EU regulation.

Among new research in 2019, SOMO explained the risky dealings of investment funds in the bond markets of developing countries. SOMO showed how irresponsible and insufficiently regulated investment is contributing to developing countries' excessive indebtedness, and increasing the risk of national and international financial instability. To

make it concrete: SOMO showed how a bond that was issued by the government of Ghana provides the Ghanaian government with money now, but will be very expensive to pay off over a long period of time.

Another briefing paper summarised the key threats still lurking in the financial sector and reinforced demands by the Civil Society 20 Working Group on the Financial Architecture – in which SOMO participates – toward the G20. In addition to engaging with the Ministry of Finance of Japan, the G20s' 2019 President, on the issue, Working Group members brought the demands back to their own governments. SOMO also exchanged knowledge with some 40 organisations from around the world as part of the NGO platform on international finance, which it co-coordinates. SOMO is actively engaged with Fair Finance Asia to advise NGO coalitions in seven countries how to advocate for a socially and environmentally responsible financial sector.

SOMO initiated and organised a conference in Buenos Aires on Financialisation in the Global South, attended by more than 100 people. The unique gathering of CSOs, academics and policy-makers explored subjects including the global financial structure, objects and domains of financialisation, and the politics and governance of financialisation in developing countries.

Financialisation describes a growing phenomenon in which companies shift away from producing goods and services to securing financial gains. Over the last four decades, financialisation has increasingly affected economies and societies. A financialised business model revolves around maximising payouts to shareholders at the expense of making productive investments. Among other things, the shift is linked to a decline in the wage share and an increase in private debt on the one hand, and a rise in corporate profits on the other. The process is heightening income and wealth inequality and expanding the balance sheet of non-financial companies. Financialised companies are extremely vulnerable to fluctuations in the capital market. Financialisation will remain an important research subject in 2020.

In cooperation with Dutch and European allies, SOMO also gave input into the EU processes to introduce laws that promote environmentally and socially sustainable financing. The focus was on an important law, known as the 'Taxonomy', to develop a common definition of 'green' investment that could influence investments worldwide. Collective pressure from NGOs resulted in the EU's adoption of a definition that prevents greenwashing of harmful investments.

Democratic control over natural resources

SOMO investigates companies and financiers in key sectors – energy, extractives, agribusiness and infrastructure – that are linked to severe human rights and environmental abuses, conflict and militarisation. We analyse the role and responsibilities of corporations operating in such contexts, and support local and global efforts to hold state and business actors accountable.

In close collaboration with local organisations and social movements, this programme conducts action-oriented research to strengthen communities in asserting their role in natural resource decision-making and claiming their rights, including to land, water, livelihoods and health. The programme contributes to resource use that is socially just and ecologically sustainable.

MULTINATIONALS IN CONFLICT AREAS

In collaboration with Oxfam Novib, SOMO analysed the role of the private sector in fragile and conflict-affected areas. The groups' recommendations significantly influenced new guidelines for conflict-sensitive private sector development issued by the Sustainable Economic Development Department of the Dutch Ministry of Foreign Affairs. In a report written for members of the Civil Society Platform for Peacebuilding and Statebuilding, the two groups summarised current thinking on the topic and provided practical guidance for civil society's engagement with private sector actors working in conflict contexts. Businesses are increasingly expected to show their corporate responsibility, especially in areas where the state is largely absent. The goal of the report is to enter the debate on the role that the private sector can play in these settings. Civil society's local knowledge, the interlocutor role they can potentially play between communities and companies, as well as their watchdog role, makes it a critical actor in ensuring businesses are conflict-sensitive and push for more peace-promoting role for private sector actors in fragile and conflict-affected settings. The report was launched at the platform's annual meeting in Ethiopia.

Ongoing research on Colombia, Brazil, Western Sahara and the occupied Palestine Territories focused on the dynamics of state-corporate cooperation in breaching international law and human rights. In Colombia, some 60 people, including representatives of the country's Truth Commission and parliamentarians, attended the launch of a new report (in Spanish) co-authored by SOMO and partner Indepaz, which analysed the dynamics of land concentration and accumulation of an ethanol producer. The Colombian government is the majority shareholder in the company, which meant that it could not be objective when the company violated the rights of communities. Indepaz and SOMO highlighted the urgent need for measures to guarantee the right to access to land for smallholder and indigenous communities and victims of land dispossession, and to ensure a stable and sustainable peace. As part of the Colombia Platform, a Dutch civil society coalition,

SOMO co-authored a briefing for Dutch MPs about persistent human rights violations in Colombia and urged them to raise the issue during an official visit to the country in May.

Engagement with private sector actors working in conflict contexts

Meanwhile, SOMO continued to call for increased transparency of Dutch customs data, which could be a vital source of information about products that may be imported from illegal Israeli settlements in Palestinian territory. After a Freedom of Information request was denied by the Customs Authority in 2017, SOMO pursued its case in court. The court issued its ruling in 2019 and while it fell far short of full transparency, SOMO did succeed in obtaining some additional information.

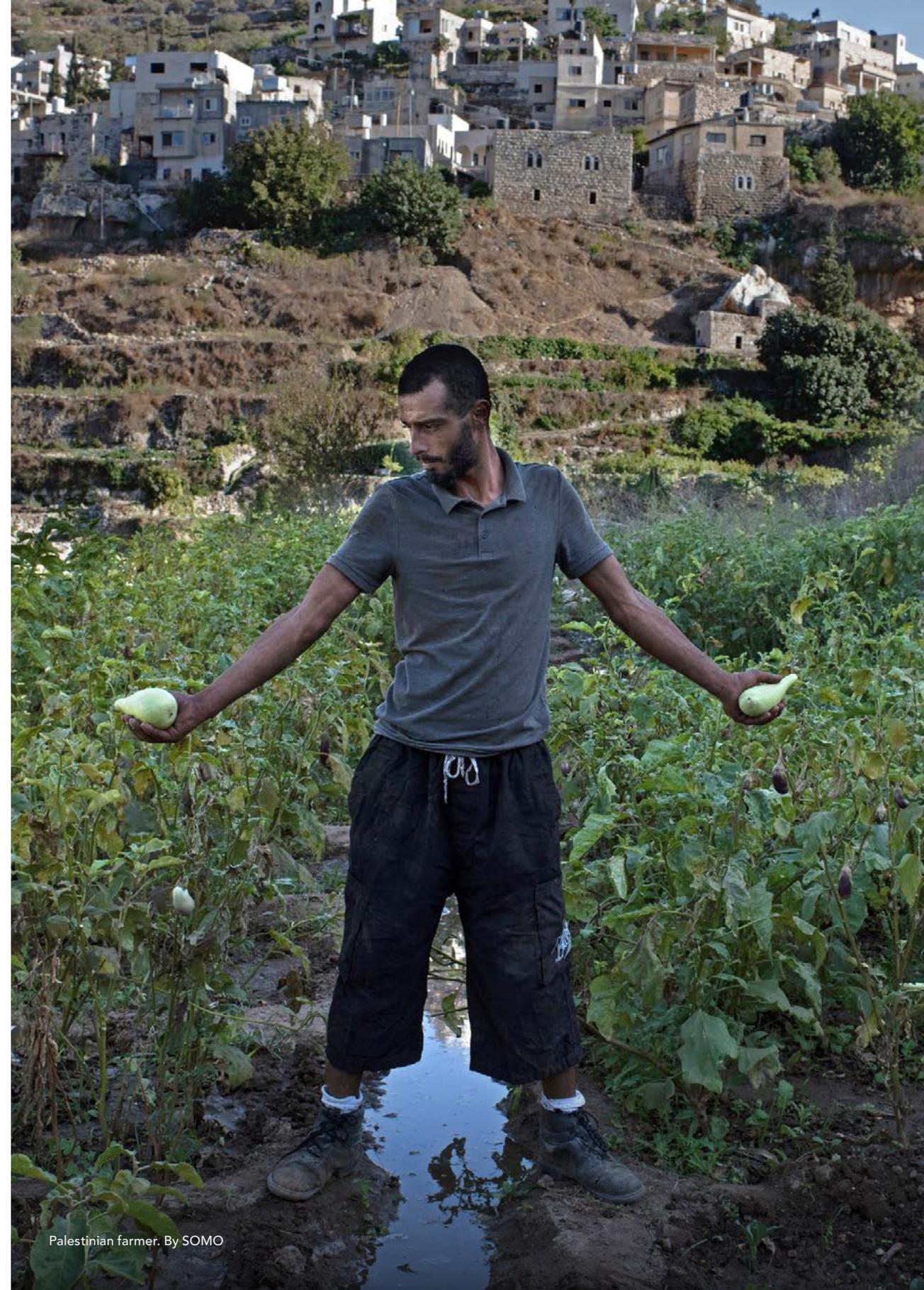
MEGAPROJECTS

The (publicly owned) Port of Rotterdam (PoR) is the largest port in Europe and the tenth largest in the world. Its huge influence is one of the reasons why SOMO is pioneering new research into among other the impacts and the climate policy of the company. Whereas PoR wants to be CO2 neutral in 2050, it is involved in fossil fuel intensive port projects around the world. Internal policy documents in the hands of SOMO showed that PoR is actively looking for commitments from oil companies or coal-fired power stations for projects in Brazil and Indonesia. This central role for the fossil fuel industry in foreign projects, contributes to further climate change.

With preliminary research in hand, SOMO met with Port officials and participated in a public debate in Rotterdam, highlighting the port's international business activities – from advice to joint-ventures – on projects with adverse social, environmental and climate impacts. A report on the Port is due out in January 2020.

SOMO is collaborating with LabCidade, a critical Brazilian research centre connected to the University of Sao Paulo. The group organised a workshop with communities facing eviction due to the construction of a new public hospital and social housing project. There, they presented the preliminary findings of the research into the public-private partnership behind the project, which involved a loan from the International Monetary Fund. The case reveals how state authorities collaborate with companies to violate the human rights of citizens, and draws attention to the underlying problem – in Brazil, as in many countries – of insufficient public revenue. The case study on the Port of Rotterdam will be completed in 2020.

A 2018 report co-authored by SOMO and Mongolian partner OT Watch that detailed the complicated tax avoidance scheme of mining company Rio Tinto continued to have an impact. The Mongolian tax authority invited SOMO to provide a training on tax treaties, and the government sought input from both groups as it reconsiders its agreement with the mining company. In November the Mongolian parliament unanimously approved the decision to revisit all the agreements with Rio Tinto regarding the gold and copper mine Oyu Tolgoi, and to take measures to increase the benefit for the Mongolian people. A follow-up report on the Oyu Tolgoi mine and the way the Mongolian people fail to benefit from their own resources, will be published in 2020.



Palestinian farmer. By SOMO

Part II: SOMO & NGO Networks

SOMO as a Member of Consortia

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

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

Partnership with Oxfam Novib

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

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

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

In both areas Oxfam Novib and SOMO focus on groups that face the most risk of violence, discrimination and marginalisation. This means that we give particular attention to the needs and interests of women and include a gender justice perspective in our analysis, the choice of our interventions and the organisations we want to work with.

The programme covers three thematic areas that reflect the key challenges for the coming decades in the fight against poverty:

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

Fair Green Global Alliance

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

Mobilise people to engage with relevant decision makers

Human rights are being systematically violated and rights defenders are under severe threat. Governance gaps—described by former UN Special Representative on Business and Human Rights John Ruggie as the gap between “the scope and impact of economic forces and actors, and the capacity of societies to manage their adverse consequences”—are a principal cause of these social and environmental crises. People’s ability to claim respect for their human rights, engage in decision making and influence policies and practices that affect them is shrinking.

Laws, policies and decision-making processes increasingly favour the private sector at the expense of public interest. The Fair, Green and Global Alliance has expertise and strategies to help close these governance gaps. FGG believes that the solution lies in democratic, transparent, equitable and gender sensitive economic and social

structures and practices that respect our natural environment.

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

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

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

- **Theory of Change 1:** Improved Corporate Conduct
- **Theory of Change 2:** Improved Trade and Investment
- **Theory of Change 3:** Improved Financial and Tax Systems

SOMO as a member and host of NGO Networks

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

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

In 2019, SOMO hosted the networks GoodElectronics, LobbyWatch NL, MVO Platform, OECD Watch and Tax Justice NL.



GoodElectronics Network

The GoodElectronics network includes some 100 organisations, trade unions, activists, researchers and academics committed to improving protection 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.

AWARENESS-RAISING ON LABOUR RIGHTS

In 2019 GoodElectronics co-published case studies by network members CEREAL, based in Mexico, and CIVIDEP, based in India, on labour rights and labour relations in their countries' electronics industries. The network also co-produced a short video by award-winning documentary filmmaker Heather White on the role of modern slavery in the electronics industry. The film, which covers all aspects of the life cycle of electronic goods, was designed for use by GoodElectronics members in campaigns to inform and educate people about the problem.

Research to determine if workers are exposed to toxic solvents

A training in Indonesia on toxic chemicals exposure and biomonitoring drew more than 50 workers from local unions in Indonesia. GoodElectronics co-organised the training and is currently carrying out research to determine if workers are exposed to toxic solvents.

SOURCING OF MINERALS

The network also supported member group FARN in publishing and disseminating findings from a pioneering study of the social and environmental impacts of lithium extraction in Argentina. FARN followed up on the report by organising workshops and activities to strengthen indigenous communities in the Olaroz-Cauchari basin, which have been affected by lithium mining. In June, the network co-hosted a meeting in London, bringing together research and campaigning organisations, including Amnesty International, Global Witness and IndustriALL, to discuss the growth in demand for minerals – like lithium – that underpin the global transition to renewable energies. With the transport sector now also transitioning, the demand for re-chargeable batteries is skyrocketing. The groups exchanged information and discussed strategies to address the potential impact on workers, communities and the environment where key minerals are to be found.

CONCLUSION OF MULTI-YEAR EU-FUNDED PROJECT

In 2019 funding from the European Commission for a multi-year project to strengthen the GoodElectronics network came to an end. The project, which included network coordination, research, awareness-raising and labour rights organising achieved significant results: over 20,000 electronics workers, a third of them women, were organised and/or trained on topics such as industrial relations, labour rights, workers' representation, wage negotiations, occupational health and safety, women's rights and environmental issues. Trade unions successfully negotiated 23 collective bargaining agreements with electronics manufacturers. GoodElectronics increased access to information and knowledge of more than a thousand civil society organisations and trade unions through its activities, website and publication of thirty-eight reports during the project period. Looking forward, GoodElectronics aims to strengthen its governance, including by distributing coordination responsibilities to a member in the global South.

Lobbywatch NL

Lobbywatch NL is a coalition of organisations advocating for greater transparency and better regulation of lobbying in the Netherlands. Our aim is to guarantee that Dutch policymaking is based on the public interest, not the bidding of corporate lobbyists. Hosted by SOMO, the coalition includes Foodwatch, Milieudefensie, Open State Foundation, Transnational Institute, Transparency International Nederland and Wemos.

Expose the influence of Shell on the Dutch government

In 2019 Lobbywatch participated in the Change Finance campaign, calling on new Dutch Members of the European Parliament not to engage with financial sector lobbyists. Lobbywatch also supported Platform Authentieke Journalistiek's Shell Papers project, which seeks to expose the influence of Shell on the Dutch government. Lobbywatch also collaborated with Platform Authentieke Journalistiek in publications on ABDUP, a lobbying cooperation between the five largest Dutch multinationals, AkzoNobel, Shell (known historically as BPM), DSM, Unilever and Philips. A freedom of information request by Lobbywatch revealed the contacts between these companies and the Dutch government.

MVO Platform

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

While the ambitions of the Dutch government on corporate accountability were low in the last two years and decisions were mainly postponed to 2020 (after the evaluation of the Responsible Business Conduct or RBC agreements), this scenery changed in 2019. The efforts of the MVO Platform finally started to pay off and the road was cleared for a discussion on broad due diligence legislation.

The most important, and quite unexpected, development was the acceptance of the Child Labour Due Diligence bill by the Dutch Senate in May (see Sustainable Supply Chains, above). The bill requires companies to determine whether children are working in their supply chains and, if so, respond accordingly. Although limited in its scope, the bill is the first step to oblige companies to conduct supply chain due diligence in the Netherlands, an important step toward improved accountability.

Meanwhile, the working group of MVO Platform, trade unions, NGO's, legal experts and companies, together developed the outlines for broad due diligence legislation in the Netherlands. A support base was built among important political stakeholders, and the ChristenUnie (part of the Dutch government) took the initiative to develop a 'initiatiefnota' on due diligence legislation, which

was based on the outlines of the MVO Platform. This was a major step in 2019 and the ChristenUnie announced to submit the 'initiatiefnota' in the House of Representatives in the beginning of 2020.

Another important development was the initiation of the project 'IMVO-maatregelen in perspectief', a process started by the Dutch government to collect input from civil society organisations, companies and experts to determine whether binding instruments are necessary, and to build a 'smart-mix' of measures to implement the OECD Guidelines. MVO Platform became the main civil society collocutor in the process, which officially started in the second half of 2019. For the MVO Platform, it is an important opportunity to influence new policies for responsible business conduct and to pave the way for broad due diligence legislation. The new 'smart mix' will be presented in October 2020.

The current RBC policy is to a large extent ineffective

As part of 'IMVO-maatregelen in perspectief' evaluation of responsible business conduct agreements will be conducted. In the first part of the year, the development of the outlines of the review process was started. As a result of lobbying by the MVO Platform, key issues were integrated in the Terms of reference: the degree of companies' compliance with the OECD Guidelines in all thirteen risk-sectors became the main question of the evaluation, while market coverage of the sector agreements and the quality of due diligence also were incorporated. In the second part of the year, the MVO Platform developed, together with members, a critical overview of the RBC sector agreements, which was published in the beginning of 2020, as important input for the evaluation itself.

The evaluation of the current Dutch RBC policy was another important review process within the 'IMVO-maatregelen in perspectief' process. Although the evaluation itself was already completed in 2018, the report, and critical conclusions, were delayed and only published in the end of 2019. The report included many of observations and input provided by the MVO Platform. The report concluded that the current RBC policies are to a large extent ineffective, and that it is unclear how and whether multiple instruments have contributed to the implementation of the OECD Guidelines by Dutch companies and the prevention and/or mitigation of risks for people and the environment in supply chains. A critical report by the Netherlands' OECD National Contact Point on the Dutch oil and gas industry, and several critical reviews on particular RBC sector agreements also increased the momentum for revision of current RBC policies and introduction of a smart mix of measures to implement the OECD Guidelines.

OECD Watch

OECD Watch is a global network of civil society 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 focuses specifically on the OECD Guidelines for Multinational Enterprises (the Guidelines) and its grievance mechanism, the system of National Contact Points (NCPs). The OECD Watch network aims to improve the implementation and effectiveness of the Guidelines and their link to parallel initiatives on corporate accountability.

OECD Watch engaged in each NCP to explain the shortcomings

STRENGTHENING NATIONAL CONTACT POINTS

Over its more than 15 years of existence, OECD Watch has identified a range of shortcomings commonly found in the structures, rules of procedure, and stakeholder outreach practices of NCPs. These shortcomings – such as conflicts of interest in an NCP's governance arrangement, lack of clear timelines for complaint-handling, and failure to engage NGOs in a formal stakeholder advisory body – create barriers to remedy for victims of corporate impacts and stymie trust between civil society and government.

In 2019 OECD Watch launched a project to address these shortcomings by assessing all 48 NCPs against a set of key performance indicators identifying NCP best-practice. After studying the arrangements and procedures of each NCP, OECD Watch engaged in several months of digital, phone, and in-person dialogue with each NCP to explain the shortcomings found and seek improvements. The direct advocacy paid off: the dialogue alone has already prompted 13 NCPs to make changes to their rules of procedure or websites, and 15 to express strong interest in making changes in the coming year. OECD Watch will publish the assessment in early 2020 and will continue to encourage NCPs to align their performance with the KPIs and the OECD to adopt clearer measures to promote effectiveness of NCPs.

OECD Watch also continued work on its flagship campaign, 'Remedy is the Reason for Effective NCPs'. Through the campaign, OECD Watch urges policymakers to ensure NCPs meet the obligations laid out in the Guidelines' Procedural Guidance. A key campaign demand is for NCPs and states to address reprisals against human rights defenders using the NCP grievance mechanism. To support this demand, in 2019 OECD Watch published a factsheet showing that 25% of complaints filed to NCPs are linked to reprisals. The factsheet provided figures on the types of reprisals that occur and offered 20 recommendations to NCPs, states, and the OECD to address the problem.

Meanwhile, OECD Watch also began research to identify gaps in the Guidelines in anticipation of a potential revision in 2021 or 2022. Beginning with studies on gaps related to land rights and gender equality, OECD Watch engaged in research of cases, analysis of comparative standards, and consultation with members to begin developing an action plan. Advocacy towards OECD governments responsible for approving a revision of the Guidelines begins full-force in 2020 and 2021.

Tax Justice Network

DUE DILIGENCE GUIDANCE

In 2019 OECD Watch continued to work to strengthen the OECD's due diligence projects. In February, it helped organise a panel on sexual harassment and violence in the garment sector during the OECD's garment sector due diligence forum. In October OECD Watch served as a panellist in the annual roundtable of the OECD/FAO's agriculture due diligence project, sharing concerns about the project's limited involvement of civil society and outlining key priorities for due diligence implementation activities moving forward. And in November, following a year of negotiation with other stakeholders as advisory group co-chair, OECD Watch and member BankWatch announced key positive elements in a new due diligence guidance for corporate lending and securities underwriting by the OECD's financial sector due diligence project.

SUPPORT FOR COMMUNITIES AND WORKERS

Engagement with communities and members climaxed in June 2019 during OECD Watch's hosting of its bi-annual members Global Gathering in Bangkok, Thailand. Nearly 60 members and other interested NGOs and unions from over 15 countries attended two days of workshops and discussions on key challenges in the field of business and human rights and the role of the Guidelines and OECD Watch in meeting those challenges. OECD Watch also continued to assist organisations and individuals in filing complaints to NCPs regarding business-related abuses. Case highlights included assisting in the filing of a complaint against the sugar sustainability certification body Bonsucro, the first-ever complaint to the Slovenian NCP supported by 17 Slovenian CSOs, and a complaint against ING Group, the first ever to allege that a bank is not only directly linked to impacts of its client, but actually contributing to them.

In 2019 the Dutch government finally presented long-awaited measures to tackle corporate tax avoidance, including conditional withholding taxes and measures to improve transparency. The members of the Tax Justice Network NL (TJNL) analysed the new policies and measures to evaluate the plans and to come up with alternatives.

The increased visibility of the network led to multiple interviews and invitations to speak by media and at public hearings organised by the Dutch parliament, including one on taxation of multinational corporations in which TJNL pressed Shell to be more open about where it pays its taxes, which led to a promise by the company to do so. This promise was picked up by national media and eventually led to Shell implementing public country-by-country tax reporting.

Shell implemented public country by country reporting

In the run-up to the European elections, TJNL organised a debate between the frontrunners of the political parties, in cooperation with the Fair, Green and Global Alliance and Handel Anders (network of NGO's for fair trade). The debate had four main themes: fair trade, human rights, environment and international taxation. The cooperation with the other networks made it possible to share resources and promote the conference together.

In 2019, TJNL welcomed the Open State Foundation as a new network member. The Open State Foundation focuses on government transparency and brings complementary knowledge to the network. TJNL also started a new cooperation with the Ford Foundation.

The Dutch government did start to publish rulings

Members of Tax Justice NL have published important research, which often led to questions in Parliament. Examples include:

- Calculations of losses for the state of continuation of a disputed ruling for Shell (SOMO)
- Investigation on the European blacklist with tax havens (Oxfam)
- Investigation on tax losses for governments worldwide, caused by informal capital structures in the Netherlands (Oxfam)
- Research on tax avoidance by Chevron, leading to the first complaint that was ever filed at the OECD on a tax avoidance issue (cooperation of Dutch trade union FNV, Oxfam and SOMO, all members of Tax Justice NL)
- Research on proposed conditional withholding taxes (SOMO)

CONDITIONAL WITHHOLDING TAX

In 2019 TJNL was very active in the debate on conditional withholding taxes. When the Dutch government started its term in 2017, it promised a crackdown on tax avoidance. In 2019 it presented the law that would introduce the withholding taxes on interest and royalties. SOMO, in close cooperation with Oxfam, looked into the effectiveness of the measure and found that the withholding taxes can easily be avoided by routing them through other tax havens. The research fuelled a debate in Parliament, where recommendations from the report were discussed. Although the government did not close the loopholes, the debate raised awareness about the law's possible ineffectiveness. The issue will now be considered when an evaluation of the law is carried out. International and national media showed a lot of interest in the Dutch measures and sought comments from TJNL and its members.

TAX RULINGS

In response to strong pressure, the Dutch government made some changes to its (secret) agreements with companies on tax. These changes entered into force in July. The most important measure was that tax rulings (i.e. special agreements) will no longer be made with companies whose fiscal structures are set up as a means of avoiding taxes abroad. This was one of TJNL's demands. Another demand was that rulings would be published. While the Dutch government did start to publish summaries of tax rulings, TJNL voiced its concern that summaries do not provide enough information. Several political parties shared this concern. In response to the criticism, the Minister promised to shorten the evaluation period of the new measure from two years to one year.

Part III: SOMO Services

SOMO Services

SOMO Services provides research, training and advice to public interest groups and institutions, giving them the information and tools they need to achieve their goals. SOMO designs new corporate research methodologies and makes use of diverse sources to shed light on corporate structures and strategies, global supply chains, financial flows, markets and much more.

HIGHLIGHTS OF COMMISSIONED RESEARCH

In 2019 SOMO performed 37 commissioned assignments from diverse clients, many of whom engaged SOMO to follow up on previous work. Child labour in Madagascar's mica sector, commissioned by Terre des Hommes, is just one example: the report was the third on Mica mining commissioned by the group, which is campaigning to stop exploitation of children.

Similarly, SOMO followed up on research conducted for ActionAid Netherlands on human rights due diligence in the Dutch wind turbine supply chain. The research supported the group's efforts to raise awareness about the human rights and environmental impacts of wind turbine production and contributed to the ongoing process in the Netherlands to develop a responsible business conduct agreement for the renewable energy sector.

Commissioned research also supported a successful campaign by Milieudefensie (Friends of the Earth Netherlands) to expose financing of palm oil, which is driving deforestation in many countries. SOMO provided valuable expertise on the OECD guidelines and expectations for banks and financiers to conduct human rights due diligence. SOMO also supported Milieudefensie and Friends of the Earth groups in Liberia and Indonesia to file a complaint against Dutch bank ING for contributing substantially to the adverse environmental, human rights, and labour rights impacts of its palm oil clients.

A growing number of legal and human rights organisations have engaged SOMO in annual service agreements to provide on-going corporate research support for strategic litigation. Alongside familiar topics are new issues like security and surveillance and the role of Big Tech and governments. SOMO's corporate research specialists continue to provide research support to partners and colleagues, assisting them in answering questions, and mining and analysing data through financial terminals Reuters' Eikon, Orbis and LexisNexis.



In 2019 SOMO performed 37 commissioned assignments from diverse clients:

Development organisations

ActionAid NL
BothENDS
Oxfam Novib
Terre des Hommes
UNICEF Nederland
Alliance Sud

Campaign and lobby organisations

Amnesty International
Clean Clothes Campaign
Eurodad
Stop Child Labour
TNI
BIC Europe
ECCHR
La Strada International
NomoGaia
Private Security Network
SwedWatch
TJN-A

Education

Conducto
Eckhartcollege
IHE Institute for Water Education

International organisations

CSCP GmbH

Labour Unions

CNV Int
Mondiaal FNV
EPSU
SLDP

Governmental (related) organisations

The Greens

Environmental organisations

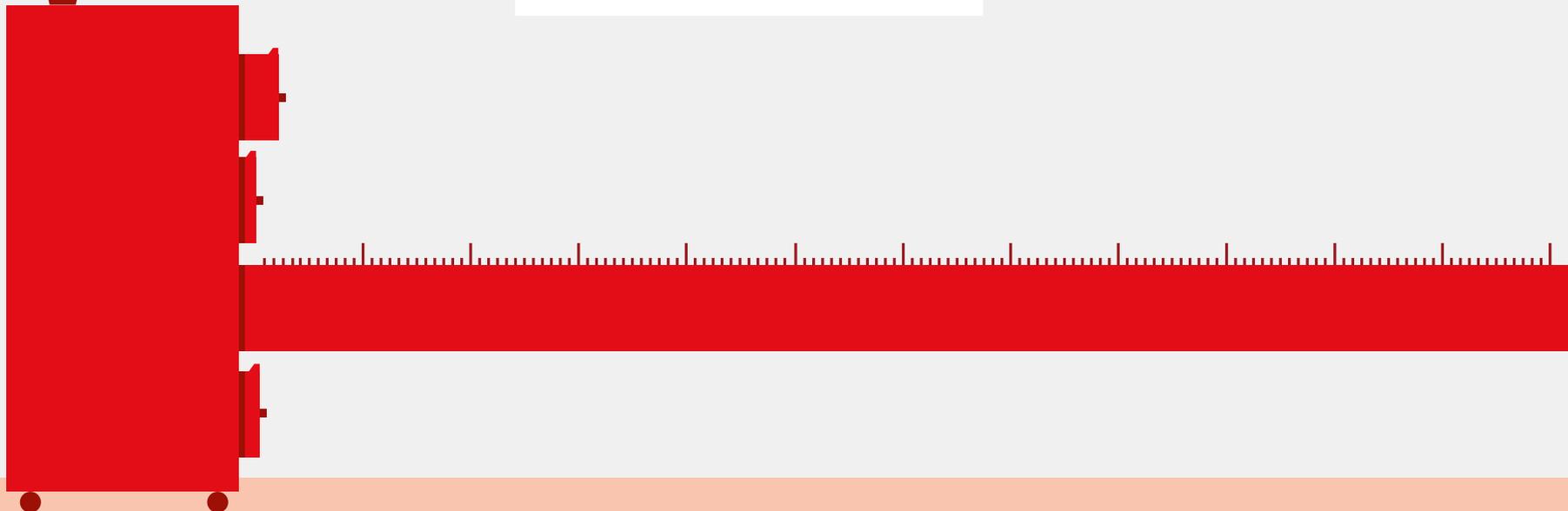
Milieudefensie

Research and media

Universiteit Groningen
Wageningen University

Others

Equidad
M11 BVBA
NTS
Nederlandse Vereniging van Banken
PAX (voorheen IKV Pax Christi)
Friedrich Ebert Stiftung Bonn
IAS





Gusti Gelombang, activist in Central Kalimantan Indonesia, overlooks land that used to be covered with tropical rainforest.
By Kemal Jufri / Milieudefensie

Organisational development

Organisational development

Central in SOMO's development is improving our role as an expert organisation on corporate power. SOMO aims to strengthen civil society groups to counter the power of multinationals with reliable and useful research. To play this role we innovate, address new issues and create a good working environment. Most organisational development in 2019 was forward-looking: we prepared for 2020, which will be a year of transformation with new decision making on long-term funding, a new multi-annual strategy plan and a new office. All of these topics were central at the staff discussions in 2019.

STRATEGY PROCESS

In the first phase of the strategy process (September 2018 – July 2019) we organised a series of internal evaluations related to impact areas, partner cooperation, PME and learning. This resulted in a few decisions in July 2019 to renew our theory of change and to continue with the two large alliances SOMO is part of, alongside adding some new partners (see the section on SOMO and Alliances). Related to current trends and the new policy framework of the Dutch Ministry of Foreign Affairs, SOMO continued the second phase of the strategy process with a series of workshops with external guests.

The themes we discussed were related to the role of corporate power in relation to: 1) climate justice; 2) big tech; 3) shrinking civic space; 4) gender and intersectionality; 5) geopolitical dynamics and the role of China. We also started with some pilot projects related to the outsourcing and privatisation of public services (health care, day care, security, border control, investments in the development of medicines). In the summer of 2020 we will finalise a new strategy plan.

GENDER POLICY

At the end 2019, SOMO presented a new gender policy. The purpose of this policy is to define our main approach how to address gender issues in strategy, cooperation/alliance, programmes, projects and our own organisation. SOMO aims to integrate an intersectional approach to the analysis of the impacts and dynamics of multinationals to contribute to a more comprehensive and nuanced understanding of the local context. Together with the FGG Alliance, SOMO selected three projects to test the integration of gender perspectives. We also organised a series of workshops to address different aspects of gender and intersectionality focused on practical tools that researchers could immediately apply to their work.

COOPERATION WITH UNIVERSITIES

From 2018-2019 SOMO's work has also been integrated in the curricula of university programmes through lectures given by SOMO researchers and contributing chapters to various (hand)books that are foreseen to become part of universities' curricula. Nine articles have been published in high-ranking academic journals, two of our colleagues continue to sit in two steering committees involved in global-led discussions on business and human rights. One joint funding proposal was submitted in collaboration with 15 universities. Lastly, SOMO colleagues attended 8 different conferences and panels, and hosted one major interdisciplinary conference in Buenos Aires on 'Financialisation of the Global South' with attendees ranging from all levels of academia, both European and Latin-American. SOMO researchers continue to expand their networks with local and European colleagues in the aim of sharing knowledge and narrowing the gap between academia and practiced-based experts.

SUPPORTING PROCESSES

In order to optimise support for the management team and the research staff, the financial controller, PME officer, HRM officer and fundraising coordinator together form one team. They support the management team by providing key performance indicators. Trends, opportunities and bottlenecks are identified at an early stage.

HUMAN RESOURCE MANAGEMENT

In December 2018 SOMO decided to adjust its management structure to create more dedicated management capacity for organisational and personal development. We began implementation of the new management structure in April 2019. Alongside the change in structure, SOMO facilitated discussions about work pressure and made investments in study, training and coaching aimed at improving employee satisfaction and furthering the professionalisation of the organisation. These measures were also intended to tackle the challenge of the high absence rate. By the end of 2019 a positive trend was evident, with a number of colleagues able to fully reintegrate.

Relevant Personnel Statistics for SOMO in 2019:

- At the end of 2019, SOMO employed 44 people (2018: 42) at 32,9 FTE (2018: 32.3 FTE).
- 33 people have permanent contracts. 11 have temporary contracts for a period of at least one year.
- SOMO has flexible personnel to expand its temporary capacity. In total, 9 freelancers were working for SOMO at the end of 2019.
- SOMO trained 10 interns in 2019.
- Absence caused by illness was 7,8% in 2019 (2018: 5.7 %).
- The costs for fundraising consist of personnel costs and costs for consultancy. In 2019, 4.0% of the time available was spent on fundraising (2018: 4.0%). The total costs for fundraising were 4.6% of SOMO's total income in 2019 (2018: 4.6 %).
- Total costs of study, training and coaching were € 32,583 in 2019 (€ 15,031 in 2018)
- The salary of the Managing Director was € 78.747 in 2019. Goede Doelen Nederland (interest association for the charities sector) has developed a formula to calculate the salary of the Managing Director in relation to the size of the organisation, the complexity of the organisation, the organisational context and the applied management model. According to this model, SOMO's salary for the Managing Director should be a maximum of € 102,470.

PLANNING, MONITORING AND EVALUATION

In 2019, SOMO's project on improving National Contact Point (NCP) performance and access to remedy for human rights disputes in Central and Eastern European countries underwent a final external evaluation.

With the two Strategic Partnerships ending in 2021, SOMO is involved in preparing and contributing to final evaluations for both. Internally, and as part of SOMO's strategic development, the PME Officer, the Management Team and programme staff organised a learning session and discussed and developed an overview of SOMO's persistent challenges. SOMO's management dashboard, which was introduced in 2017, has been further improved in 2019 and now also contains indicators

for measuring progress on SOMOs result areas. After re-evaluating the process and content of the quarterly reports of programmes, we also worked on improving and simplifying reporting processes, as well as the content.

QUALITY SYSTEM

SOMO's Quality Management System (QMS) has had ISO 9001 certification since 2011. In November 2017 SOMO received the new ISO 9001:2015 certificate. According to the audit plan, different processes were audited and reviewed in 2019 by the internal audit team. The external audit by BSI resulted in a report with no remarks. In December 2019 SOMO's QMS was also audited by EIK Certificering in order to verify compliance to the Partos standard, a sector specific application of the ISO 9001:2015 standard. As of 5 December, SOMO is not only ISO9001:2015, but also Partos 9001:2015 (version 2018) certified.

We developed an overview of SOMO's persistent challenges

ICT

2019 was a year of transition in which the system support was outsourced to Constant IT. This outsourcing followed the 2018 decisions made to invest in internal capacity in application management, security and development of research tools. The transition led to some overspending in the costs of ICT.

In 2019 SOMO was able to develop a new intranet for internal communication based on the technology of Confluence. Starting in January 2020 this new intranet will be implemented and followed by a new project to connect a new document management system with Confluence.

SOMO continued the implementation of Project Connect. This online tool for project management and management information is being developed in close cooperation with Matthat and a user platform, with other organisations in the development aid sector. This joint development lowers developmental costs. Project Connect allows SOMO to report directly to IATI.

To stimulate innovation, Matthat offers a return on investments if one or more organisations choose to invest in new modules which in a later phase are used by other NGOs that did not participate in the initial investment for development. SOMO has used this option and has already received a return on investment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

SOMO strives to ensure that its suppliers and service providers are of the most sustainable nature possible. Wherever possible, SOMO chooses Fairtrade, green, organic, recycled or second-hand items. In the case of new supplies, the choice for a supplier is based on the best CSR score. We use our own solar panels to generate energy

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

unavoidable, SOMO compensates the emissions. This compensation service is provided by Climate Neutral.

SOMO aims to be a good employer and a reliable partner in cooperation. SOMO implemented different policies and instruments to have early warning systems and to mitigate integrity risks.

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 undue harm in our work. Our Code of Conduct and Complaints Procedure are based on this principle. SOMO continues to strive for the highest possible standards and procedures in research, including maintaining an open dialogue with companies, academics and lawyers and to carry out proper reviews of research and other activities. This is intended to ensure that SOMO's work and services are up-to-date and of the highest quality possible. In 2019 we implemented the use of I-thenticate software to avoid the risk of plagiarism.

In 2019 we received one formal complaint related to the infringement of copyrights. This picture was unfortunately wrongly published in a database under "creative commons" copyrights. SOMO paid a compensation of 414 euro.

Integrity risks	Policy / Instruments	Reporting
Integrity of research	Research code of conduct Complaints procedure	1 complaint related to copyright of a picture used by SOMO
Misconduct employees	Confidential advisor Policy for misconduct Complaints procedure Whistle blower policy	No complaints Will be implemented in the first quarter of 2020
Fraud and corruption	Anti-fraud and corruption policy Complaints procedure	No complaints

Related to the policy to prevent misconduct and handle complaints, we received a report of the confidential advisor. The reports states: 'In 2019, no employees reported to the confidential advisor, neither on inappropriate behaviour nor on matters concerning workplace integrity. No official complaints have been submitted to the advisor'.

To further improve our standards for integrity and comply with Partos standards, we selected See-HearSpeakUp as an external whistle blower service. The services will be set up in the first quarter of 2020 and will be implemented adequately in and outside the organisation.

RISK MANAGEMENT

SOMO has a risk management policy. Possible risks are discussed with the Supervisory Board every quarterly meeting. The risks discussed in 2019 relate to long-term illness, diversification of funding, access to entry into countries by SOMO staff members, difficulties in international payments, the use of whistle blowers platforms and AVG risks for SOMO.

CORONAVIRUS CRISIS RESPONSE

The Coronavirus crisis impacts everyone and every organisation. To manage the risks related to the pandemic, SOMO took action on three levels:

1. Employees and partners: SOMO identified the risks and needs for employees and partner organisations in order to offer the support that is needed to continue the work in a flexible and safe way.
2. Strategic consequences: SOMO's research contributes to the knowledge base for a response to the crisis, both during and after, that will contribute to more equitable, democratic, transparent, and environmentally sustainable societies. We adjusted our programs to be able to deliver the research that promotes responsible business conduct in supply chains and raises awareness for the position of the most vulnerable groups of workers and communities. We also started research to support advocacy for public investments that lead to a just transition instead of new public loss, private gain mechanisms.

3. Financial risks: The financial risks for SOMO are limited. We will not lose funds as a result of the crisis and funders have expressed their understanding for the need for more flexibility in carrying out our programs. With home schooling, not all colleagues are able to work full-time.

GOVERNANCE AND MANAGEMENT

SOMO is proud to have a structure of bottom-up decision making. Our teams function with a high level of self-organisation and strategic decisions are made collectively.

In the first quarter SOMO filled the vacancy in the management team, based on an adjustment of the management structure. The mandate of the new MT is more focused on HRM, coaching, steering, leading processes for strategy development and creating focus. Managers are no longer involved in projects as part-time researchers. SOMO's new MT consists of three management positions in 2019 instead of the previous four positions. The day-to-day management of the organisation is in the hands of the management team. This team is chaired by Ronald Gijsbertsen and includes Irene Keizer and Gerhard Schuil.

SOMO has a two-tiered governance structure, with a Supervisory Board and an Executive Board. Ronald Gijsbertsen serves as Managing Director (Executive Board). Ronald is also a member of the Supervisory Board of Free Press Unlimited, for which he receives no remuneration.

The Executive Board, under the supervision of the Supervisory Board, bears the ultimate responsibility for identifying and managing the risks associated with the organizational strategy and activities. The board expresses its confidence that SOMO has sufficient control over the identified risks.

SOMO's Supervisory Board consists of five positions, each with a specific field of attention:

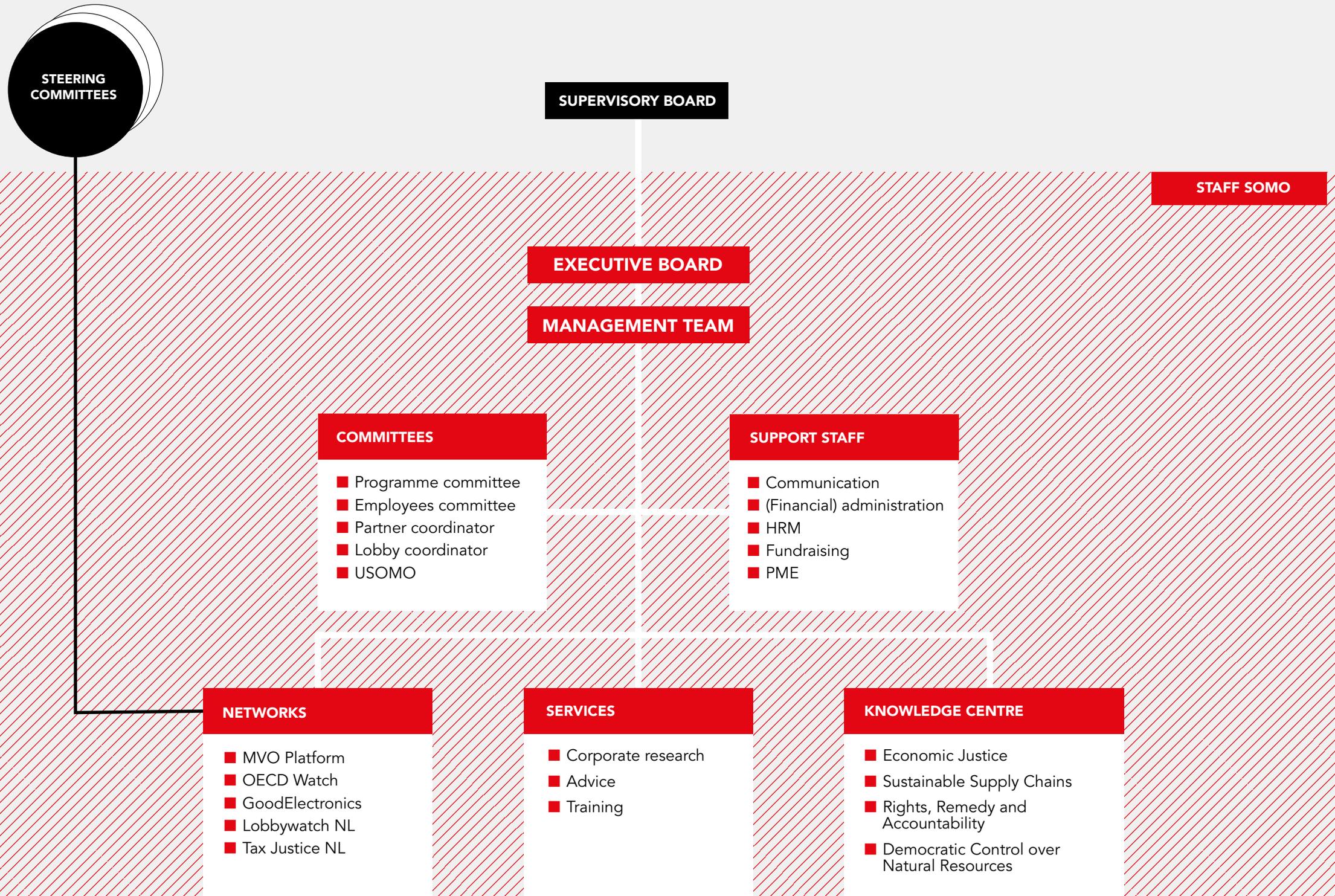
- **Ronald Messelink** (chair) is CEO of ICS, an NGO that works on the socio-economic development of rural areas in Africa and Asia. His field of attention is finance.
- **Jasper Teulings** (secretary) is General Counsel / Advocaat at Greenpeace International in Amsterdam. He is also a member of the Board of EarthRights International and the Advisory Council of the University of Amsterdam Law School. His field of attention is legal affairs.
- **Angela Wigger** (member) is Associate Professor of Global Political Economy at the Department of Political Sciences at Radboud University in Nijmegen. From 2017 to 2019 she has been chair of the Critical Political Economy Research Network (CPERN). She is also an advisory board member of SOC21 and forms part of the editorial boards of the journals *Capital and Class*, *Structural Change and Economic Dynamics* and *Rejerca*, as well as of the book series *Progress in Political Economy* (Manchester University Press). Her field of attention is research quality and relationships with academics.
- **Niels ten Oever** (member) is a researcher and PhD candidate with the DATACTIVE Research Group at the University of Amsterdam, postdoctoral scholar (abd) with the communications department at Texas A&M University, research fellow with Centre for Internet and Human Rights at the European University Viadrina, and associated scholar with Centro de Tecnologia e Sociedade at the Fundação Getúlio Vargas. He previously was Head of Digital for the international freedom of expression organization ARTICLE19. Niels' field of focus is the role of power and control in information architectures.

GOVERNANCE AND THE HOSTING OF NETWORKS

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



Climate change protest in front of EU headquarters. By Alexandros Michailidi / Shutterstock



Finance and fundraising

FINANCIAL STRATEGY

SOMO's long-term financial strategy consists of four interrelated elements. First, SOMO implements a strategy of consolidation and incremental development. We want to grow in impact, not necessarily in size.

Second, we recognise the need to diversify our sources of income and reduce the proportion of funding from the Dutch Ministry of Foreign Affairs (now 64%). Fundraising in previous years resulted in a solid financial base for the 2016 – 2020 period. After 2020, our goal is that no more than half of our income should come from one single donor. Our focus will be on both raising funds from other national governments and partnerships with private foundations in Europe and the United States.

In 2019 we started with more focus on cross-programmatic fundraising in order to raise funds for larger programmes which will strengthen the integration of our work and decrease the administrative burden. Our goal is to increase funding for multi-annual cross programmatic programs to at least 15% of our budget. SOMO will also explore new funding opportunities through new membership contribution structures, and strengthened collaboration with academic institutions. SOMO's provision of professional services is another key generator of more diverse funding.

SOMO aims to expand its external services, reaching out to new clients from a wider geographic area that align with the strategic programs of SOMO. We aim for a raise of income from professional services by 2021. In 2019 we were able to provide more services compared with 2018. We also had a thorough process to evaluate the bottleneck in service delivery. This resulted in an action plan for services to improve the services process.

Third, SOMO aims to build a higher general reserve. As stated in the financial report, the general reserve does not yet meet the set targets.

Finally, given current low interest rates, SOMO aims to use part of the general reserve for sustainable investments, like solar panels, to both reduce our ecological footprint and provide a better return on investment than a savings account.

FUNDRAISING

In 2019 SOMO decided to continue to cooperate both with the Fair Green & Global Alliance and with Oxfam Novib to propose a renewal of its Strategic Partnerships with the Ministry of Foreign Affairs for the period 2021 – 2026. In May 2020 the Ministry will select the new partnerships.

SOMO continued its focus on building relationships with new donors and funds. We value our strategic partnership with the Open Society Foundations and the generous support we receive from Sigrid Rausing Trust. They facilitate us to work more innovatively and to gain more results in Europe and other countries where we cannot be funded through development cooperation funds.

Investments in building relationships with private foundations in the USA resulted in further diversification of our income. In 2019 Wellspring Advisors and Freedom Fund continued their support to SOMO and we started a new partnership with the Ford Foundation. We are confident that there is a fruitful basis for our partnership portfolio to further develop, providing new opportunities for our work in the coming years.

SOMO's network and visibility among universities is growing. In 2019 SOMO had its first success with a Horizon 2020 proposal 'Responsible Sourcing or Responsible Business Conduct for mining' in a consortium led by Wirtschaftsuniversität Wien. We also observed an increase in the number of invitations by universities to join projects and funding proposals (NWO, Horizon 2020). We are confident that these investments will generate a new income stream in the coming years. Revenues from grants in 2019 came to a total of € 1.472.305 for the period 2019-2023, including a small share of funding from SOMO partners.

DONATIONS IN 2019

€1,432 was donated by individuals via the donation button on the website.

Forecast 2020

	2020 Forecast	
Income	€	€
Government grants/contributions		
Dutch Ministry of Foreign Affairs	2,868,000	
European Commission	219,000	
Other Government grants	135,000	
Private foundations	631,000	
Other contributions	540,000	
Total government grants/contributions		4,393,000
Professional services		330,000
Other income		-
Total income		4,723,000
Expenditure	€	€
Direct project costs	1,085,000	
Personnel costs	3,060,000	
General expenses	522,000	
Total expenditure		4,667,000
Operating result before interest and taxation		56,000

Supervisory Board Report

SUPERVISORY BOARD REPORT

The importance and effectiveness of SOMO's research is reflected in the impressive results described in this report. The Board is proud of SOMO's vital role in addressing corporate power and advancing corporate accountability.

The Board held four regular meetings to discuss organisational, financial and human resources issues, and to conduct its regular review of risks using SOMO's comprehensive risk register. In addition, the Board met with SOMO's employee committee and with its independent auditor to review and approve the 2018 Annual Report and financial accounts. The Board accompanied SOMO through implementation of a new management team structure and profile. The tasks of management team members now focus on management and no longer include research.

SOMO enjoys solid financial health and has made positive steps toward diversifying its funding. The Board discussed the importance of continuing these efforts, with particular emphasis on the potential to expand SOMO Services. Services assignments are both an important contribution to corporate accountability goals, as well as a valuable source of independent revenue.

The Supervisory Board members included Jasper Teulings, General Counsel at Greenpeace International; Niels ten Oever, Head of Digital at ARTICLE 19; and Angela Wigger, Associate Professor of Global Political Economy at Radboud University. A recruitment process to replace Nicky McIntyre, who resigned in 2019, is underway. The Board aims to maintain a suitable mix of expertise in financial management, legal issues, university relations, strategy development, fundraising, ICT, innovation and safety.

Looking forward, we are very excited by the outcomes of SOMO's strategy development process, which have drawn the contours of a new and powerful 2021-2025 strategic plan.

Ronald Messelink

Chair of the Supervisory Board





Financial Statements

Balance Sheet as of 31st of December, 2019

	31/12/2019	31/12/2018
	€	€
Assets		
Fixed assets		
Intangible fixed assets	130,841	113,314
Tangible fixed assets	31,190	34,636
Financial fixed assets	-	26,275
	162,031	174,225
Current assets		
Receivables, prepayments and accrued income		
Trade debtors	168,163	134,775
Subsidy receivable	128,264	146,921
Taxation and social securities	25,283	29,897
Prepayments and accrued income	193,694	171,435
	515,404	483,028
Cash and bank balances	2,196,855	1,837,117
Total assets	2,874,290	2,494,370
Liabilities		
Equity		
General reserve	693,250	693,575
Appropriated reserves	66,581	66,581
	759,831	760,156
Current liabilities, accruals and deferred income		
Creditors	414,238	320,356
Advanced payments/ advances received on subsidies	1,149,909	818,349
Taxation and social securities	169,470	156,115
Accruals and deferred income	380,842	439,394
	2,114,459	1,734,214
Total liabilities	2,874,290	2,494,370

Statement of Income and Expenditure, 2019

	Realization 2019	Budget 2019	Realization 2018
	€	€	€
Income			
Government grants/contributions			
Dutch Ministry of Foreign Affairs	2,801,954	2,700,000	2,781,204
European Commission	211,251	425,000	259,744
Other Government grants	32,167	125,000	86,398
Private foundations	566,307	650,000	584,432
Other contributions	425,830	500,000	512,913
	4,037,509	4,400,000	4,224,691
Professional services	329,958	350,000	182,930
Other income	3,000	10,000	30,730
Total income	4,370,467	4,760,000	4,438,351
Expenditure			
Direct project costs	1,017,394	1,125,000	1,126,986
Direct costs of professional services	24,166	25,000	13,025
Personnel costs	2,860,317	3,030,800	2,786,376
General expenses	471,003	525,000	480,904
	4,372,880	4,705,800	4,407,291
Operation result	-2,413	54,200	31,060
Financial income and expenses			
Interest income	457	-	1,229
Financial expenses	-2,266	-	-4,506
	-1,809	-	-3,277
Result on ordinary activities before taxation	-4,222	54,200	27,783
Taxation on ordinary activities	3,897	-	-4,650
Result after taxation	-325	54,200	23,133

Accounting Principles for Financial Reporting

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Dutch Accounting Standards Board as well, especially Guideline 640 "Organisations not for profit".

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

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

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

The following fixed percentages of cost are used for depreciation:

Intangible assets

- Software: 20% a year

Tangible fixed assets

- Rebuilding: 20% 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

Assets						
Fixed assets	2019			2018		
	Intangible fixed assets	Tangible fixed assets	Total fixed assets	Intangible fixed assets	Tangible fixed assets	Total fixed assets
Purchase value at historical cost	154,601	217,767	372,368	160,345	208,945	369,290
Accumulated depreciation	-41,287	-183,131	-224,418	-35,115	-162,631	-197,746
Balance as of 1 January	113,314	34,636	147,950	125,230	46,314	171,544
Investments	59,642	9,273	68,915	40,182	8,822	49,004
Desinvestments	-	-	-	-45,926	-	-45,926
Depreciations	-42,115	-12,719	-54,834	-26,554	-20,500	-47,054
Depreciation desinvestments	-	-	-	20,382	-	20,382
Total movements bookyear	17,527	-3,446	14,081	-11,916	-11,678	-43,976
Purchase value at historical cost	214,243	227,040	441,283	154,601	217,767	372,368
Accumulated depreciation	-83,402	-195,850	-279,252	-41,287	-183,131	-224,418
Balance as of 31 December	130,841	31,190	162,031	113,314	34,636	147,950

	31-12-2019	31-12-2018
Assets	€	€
Financial fixed assets		
Current account - bank guarantee	-	26,275
Total financial fixed assets	-	26,275
Trade debtors		
Trade debtors	168,163	134,775
Minus: allowance for doubtful receivables	-	-
Total trade debtors	168,163	134,775

FINANCIAL FIXED ASSETS

The bank guarantee is not available for expenditure by SOMO. This bank guarantee relates to the lease for the building of SOMO at Sarphatistraat 30 in Amsterdam.

	31-12-2019	31-12-2018
Assets	€	€
Subsidy receivable		
MoFA Human Rights Fund - Small activities	10,550	29,638
Netherlands Embassy Bogotá (Colombia)	-	11,000
Oxfam Novib - SIDA	7,463	14,601
Oxfam Novib (MoFA Reconstruction Fund)	-	3,974
Eurodad - (EuropeAid - Umbrella fund)	863	-
EuropeAid - DEAR (ECCJ)	-	1,710
Open Society Institute - OSIFE (Organizational Grant - Renewal)	25,573	-
Open Society Institute - OSIFE (Counter the race to the bottom in tax in Europe)	-	25,497
University of Austria - Horizon 2020	2,652	-
Christliche Initiative Romero (EuropeAid - DEAR)	-	18,263
Transnational Institute (EuropeAid - NSAED)	-	1,071
TIE-Netherlands (EuropeAid - CSD-III/PC Turkey)	-	12,555
US Department of State - Bureau of Democracy, Human Rights and Labour	-	29,204
Fastenopfer / Swiss Catholic Lenten Fund (Electronics Watch)	-	52
Norwegian Forum for Development and Environment (OECD Watch)	-	1,066
Freedom Fund	2,257	-
Justice for Iran	41,297	-
Private Security Network	6,682	-
Brot für die Welt	9,000	-
Wellspring Philanthropic Fund	21,927	-
Subtotal subsidy receivable	128,264	148,631
Minus: doubtful subsidy receivable (projects)	-	-1,710
Total subsidy receivable	128,264	146,921
Taxation and social securities		
Taxation (corporate tax)	13,193	4,856
Value added tax (VAT)	12,090	25,041
Total taxation and social securities	25,283	29,897

	31-12-2019	31-12-2018
Assets	€	€
Prepayments and accrued income		
Professional services to invoice	67,576	22,815
Rent	5,274	5,130
Interest	276	503
Pension contributions	31,440	29,849
Health insurance	51,870	30,728
Travel home-work	6,426	5,616
Matthat to receive return on investment	3,000	27,855
TrueLime to receive on settlement agreement	-	25,000
Payment for illness	5,081	2,578
Other prepayments and accrued income	22,751	21,361
Total prepayments and accrued income	193,694	171,435
Cash and bank balances		
Current accounts	143,656	220,722
Interest accounts	2,051,904	1,615,402
Money in transit	33	33
Stocks	1,262	960
Total cash and bank balances	2,196,855	1,837,117

PREPAYMENTS AND ACCRUED INCOME

For the development of project management software SOMO joined the user platform of Matthat. Together with nine other organizations SOMO invests in the development of tailor made project management software. The user platform agreed with Matthat on a Return on Investment (ROI) in case Matthat is able to sell the software also to other clients. The expected ROI in 2019 is € 3,000 (2018: € 23,322) and presented under other income in the statement of income and expenditure.

CASH AND BANK BALANCES

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

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

Liabilities	€	€	€
	Begin financial year 2019	Movements 2019	End financial year 2019
Equity			
General reserve	693,575	-325	693,250
Appropriated reserve housing	30,000	-	30,000
Appropriated reserve organisation development	36,581	-	36,581
Total equity	760,156	-325	759,831

EQUITY

General Reserve: The target amount as general reserve, equals 50% of the fixed organization costs. This contains the fixed personnel costs (gross salary, social charges, allowances, pension) and the fixed organization costs. The norm for 2019 is € 1,387,978 (2018: € 1,354,849). The actual general reserve for 2019 is € 686,384 (2018: € 693,575).

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

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

	31-12-2019	31-12-2018
Liabilities	€	€
Creditors		
Creditors	212,218	141,664
Contract obligations project partners	202,020	178,692
Total creditors	414,238	320,356
Advanced payments/ advances received on subsidies		
MoFA Human Rights Fund Grant Policy Framework 2017-2020	547,902	432,156
MoFA OECD Watch	12,188	-
BothENDS (MoFA Strategic Partnership Dialogue and Dissent)	140,726	84,531
Oxfam Novib (MoFA Strategic Partnership Dialogue and Dissent)	215,732	56,393
La Strada International (Human Rights Fund - Small Activities 2015-2016)	-	1,971
EuropeAid - NSAED (Good Electronics Network)	-	98,577
The Sigrid Rausing Trust (Organizational Grant)	15,510	2,438
Oxfam Novib (Facility support CSOs international CSR covenants)	-	1,770
Open Society Institute - FOSI (Organizational Grant)	-	3,276
Open Society Institute - OSI (Lobby Watch NL)	-	7,137
Open Society Institute - FPOS - (Tackling corporate lobby in the Netherlands)	-	8,202
Open Society Institute - FPOS (Public return on investment from the Dutch Government on R&D of new medicines)	-	3,709
Open Society Institute - OSPC - Pharma	29,092	-
Ford Foundation	80,617	-
Peru Equidad - Ford Foundation	9,898	-
MVO Platform advanced payments membership contributions	40,839	49,887
MVO Platform advanced payments other contributions	22,000	28,203
Tax Justice Netwerk membership contributions	15,382	-
PAX	-	3,838
Mondiaal FNV	5,594	-
Universiteit van Utrecht	9,222	-
Stichting Media en Democratie	5,207	-
Brot für die Welt	-	11,000
Wellspring Philanthropic Fund	-	25,261
Total advanced payments	1,149,909	818,349
Taxation and social securities		
Social securities (payroll tax)	163,815	156,115
Social Securities Belgium	5,655	-
Total taxation and social securities	169,470	156,115

	31-12-2019	31-12-2018
Liabilities	€	€
Other accruals and deferred income		
Holiday pay	95,536	88,497
Holiday days	94,787	108,551
Prepayments professional services	48,893	69,215
Audit fee	21,295	27,000
Salaries	2,416	-
Thirteenth month	78,963	79,902
Transfer costs pension	9,000	9,000
Dividend to be paid to charity organisation	305	103
Fundraising costs to be paid	964	12,264
Freelancers to be paid finance, research, ICT	5,686	11,172
Advise costs to be paid	5,439	-
Project costs to be paid	5,680	24,496
Other	11,878	9,194
Total other accruals and deferred income	380,842	439,394

CONTINGENT ASSETS AND LIABILITIES

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

SOMO started a capital account in 2007 related to the ING account for a bank guarantee. At the end of 2019, there is one bank guarantee for the sum of € 26,275. This relates to the lease for the building of SOMO at Sarphatistraat 30 in Amsterdam (rent in 2019: € 62,425). The lease for Sarphatistraat 30 SOMO signed in 2007 starts from 1 July 2007 – 30 June 2012. The contract is extended to 31 December 2020.

EVENTS AFTER THE BALANCE SHEET DATE

On March 11th 2020 COVID-19 was officially recognised as a pandemic. The financial implications of the pandemic on the income of SOMO are minor. There is a risk on efficiency level

which is a manageable risk, because employees of SOMO could organize their work from home properly. To overcome the gap in the efficiency SOMO also consults funders for a more flexible use of funding to fill the gap.

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

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

Notes to the Statement of Income and Expenditure

	2019	2018
Income	€	€
Dutch Ministry of Foreign Affairs		
MoFA Human Rights Fund - Small activities 2015-2016	63,527	33,380
MoFA Human Rights Fund Grant Policy Framework 2017-2020	329,223	276,096
MoFa (OECD Watch)	2,812	-
BothENDS (MoFA Strategic Partnership Dialogue and Dissent)	1,641,603	1,648,689
Oxfam Novib (MoFA Strategic Partnership Dialogue and Dissent)	715,895	670,903
Netherlands Embassy Bogotá (Colombia)	-	61,475
Oxfam Novib (Facility support CSOs international CSR convenants)	-	48,066
Oxfam Novib (MoFA Knowledge Platform Security & Rule Law)	-	1,983
Oxfam Novib - SIDA	48,894	14,601
La Strada International (Human Rights Fund - Small Activities 2015-2016)	-	26,011
Total Dutch Ministry of Foreign Affairs	2,801,954	2,781,204
European Commission		
EuropeAid - NSAED (Good Electronics Network)	200,263	259,744
Eurodad - (EuropeAid - Umbrella fund)	8,336	-
University of Austria - Horizon 2020	2,652	-
Total European Commission	211,251	259,744
Other Government grants		
US Department of State - Bureau of Democracy, Human Rights and Labour	9,130-	86,398
Green Business Project	41,297	-
Total other Government grants	32,167	86,398

	2019	2018
Income	€	€
Private foundations		
The Sigrid Rausing Trust (Organizational grant)	131,804	159,784
Open Society Institute - FOSI (Organizational Grant)	46,925	80,188
Open Society Institute - OSIFE - (Organizational Grant-Renewal)	180,033	-
Open Society Institute - OSI (Lobby Watch NL)	37,292	75,635
Open Society Institute - OSIFE - (Tackling corporate lobby in the Netherlands)	8,203	72,183
Open Society Institute - OSIFE (Counter the race to the bottom in tax in Europe)	10,003	60,077
Open Society Institute - FPOS (Public return on investment from the Dutch Government on R&D of new medicines)	3,709	29,549
Open Society Institute - FPOS (14th World Congress of Bioethics)	-	16,905
Open Society Institute - OSPC - Pharma	45,529	-
Brot für die Welt	20,000	24,401
Wellspring Philanthropic Fund	47,189	39,023
MAVA Foundation pour la Nature	-	26,687
Ford Foundation	11,272	-
Freedom Fund	24,348	-
Total private foundations	566,307	584,432
Other contributions		
Contributions by partners EuropeAid - NSAED (Good Electronics Network)	6,360	27,712
Membership contributions OECD Watch	6,000	9,246
Membership, and other contributions MVO Platform	195,125	224,757
MVO Platform Due Dillience project contributions	58,893	-
Membership contributions Tax Justice Network	87,618	82,000
FNV (contribution Dividend campagne Tax Justice Network)	-	14,958
Mondiaal FNV (contribution research India)	14,406	-
Oxfam Novib contribution Upcomming cases	6,400	-
WWF-International (OECD Watch)	-	80,000
PAX	3,838	2,786
Bank Information Center Europe	-	16,067
Contributions workshop "Effective Use of the OECD Guidelines' National Contact Point (NCP) System"	-	12,441
FNV contribution (Counter the race to the bottom in tax in Europe)	-	13,500
Cofinancing "IAWG retreat"	-	19,778
Stichting Media en Democratie	6,793	-
Universiteit van Utrecht	5,778	-
Peru Equidad - Ford Foundation	10,341	-
ISS - contribution	2,202	-
Private Security Network	14,000	-
Crowdfunding and gifts	1,432	1,323
Other contributions	6,644	8,345
Total other contributions	425,830	512,913

	2019	2018
Income	€	€
Professional services		
Corporate research	21,683	31,948
Sector research	117,487	38,479
Country and policy research	35,118	22,546
Quick Scans	1,000	-
Supply chain research	103,974	50,741
Trainings	32,504	5,116
Consultancy	7,592	12,325
Expert contribution	10,600	17,543
Other services	-	4,232
Total professional services	329,958	182,930

FUNDRAISING

The total of income received not from own fundraising of SOMO but as part of cofunding of project partners for 2019 is € 6,360 (2018: € 27,712).

EXPLANATION ONLINE FUNDRAISING AND DONATIONS

In 2019 SOMO received € 1,432 in donations (2018: € 1,323). For the use of this income the following rules apply:

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

	2019	2018
Expenditure	€	€
Direct project costs		
Travel costs	174,442	231,439
Office expenditure	155,878	149,185
Printed matter	93,376	36,106
Contracted work	536,599	675,509
Other direct project costs	57,099	34,747
Total direct project costs	1,017,394	1,126,986

	2019	2018
Expenditure	€	€
Direct costs of professional services		
Travel costs	4,135	3,805
Office expenditure	3,298	5,817
Printed matter	4,141	1,933
Contracted work	12,363	1,470
Other direct costs of professional services	229	-
Total direct costs of professional services	24,166	13,025
Personnel costs		
Salaries		
Gross wages	1,907,067	1,825,350
Social securities	361,982	344,193
Pension contributions	234,771	225,450
Change in debt holiday pay	7,039	19,212
Change in debt holiday days	13,764-	2,518
Total salaries	2,497,095	2,416,723
Remaining personnel expenditure		
Study	32,583	15,031
Insurance	43,592	43,203
Travel costs	44,929	40,339
Thirteenth month	156,570	154,505
Freelance costs support staff	34,552	41,872
Freelance costs project staff	159,293	127,147
Uitzendkrachten	8,550	-
Recruiting costs	1,579	95
Other personnel costs	24,479	29,155
Total remaining personnel expenditure	506,127	451,347
Subtotal personnel costs	3,003,222	2,868,070
minus: received payments for illness	131,086-	71,107-
minus: charged for (project) personnel expenditure	11,819-	10,587-
Total personnel costs	2,860,317	2,786,376

2019				
Title	Managing Director	Programme Manager	Programme Manager	Programme Manager
Name	Ronald Gijsbertsen	Esther de Haan	Gerhard Schuil	Irene Keizer
FTE	36 hours a week	36 hours a week	36 hours a week	32 hours a week
Months worked in 2019	12	3,5	12	8,5
Gross salary including thirteenth month holiday allowance and holiday pay	€ 78,747	€ 20,692	€ 71,433	€ 42,764
Pension premium paid	€ 9,928	€ 2,600	€ 8,916	€ 5,629
Total WNT income 2019	€ 88,675	€ 23,292	€ 80,349	€ 48,393

2018			
Title	Managing Director	Programme Manager	Programme Manager
Name	Ronald Gijsbertsen	Esther de Haan	Gerhard Schuil
FTE	36 hours a week	36 hours a week	36 hours a week
Months worked in 2018	12	12	12
Gross salary including thirteenth month holiday allowance and holiday pay	€ 77,166	€ 70,316	€ 68,325
Pension premium paid	€ 9,855	€ 8,852	€ 8,542
Total WNT income 2018	€ 87,021	€ 79,168	€ 76,867

PERSONNEL COSTS

At the end of 2019, SOMO was employing a total of 44 people (2018: 42) and 32,6 FTE (2018: 32.3 FTE). Concerning the Wet normering bezoldiging top-functionarissen publieke en semipublieke sector (WNT) below we set out in an overview of the amounts paid (including long-term remunerations) to our executives. The managing director and program managers together are our management team and lead the organization. In accordance with the regulations of the WNT therefore we set out the income of the employees who are involved in the Management Team.

Based on the WNT, the income of top officials in the (semi) public sector may not exceed the maximum of 100% of the minister's salary. For 2019 the maximum amount is € 194,000 including taxable allowances and employer pension contributions. Our board members are unpaid, they only receive an attendance of € 150 per year.

	2019	2018
Expenditure	€	€
General expenses		
Software and hardware		
Software and development	50,224	84,296
Hardware	2,134	6,846
System administration	70,839	50,944
Depreciation software and hardware	8,415	8,517
Depreciation development	42,115	26,552
Subtotal software and hardware	173,727	177,155
Housing expenses		
Rent and energy	76,109	76,949
Insurance and taxes	2,885	2,491
Maintenance and cleaning	18,107	32,369
Depreciation rebuilding	227	7,396
Other housing expenditure	2,696	3,122
Subtotal housing expenses	100,024	122,327
Office expenses		
Catering	12,217	8,445
Telephone	6,603	5,110
Postage and dispatch	64	320
Printed matter	2,568	2,852
Office supplies	4,597	4,114
Internet/ website	2,163	2,662
Contributions	8,380	8,291
Literature	932	857
Databank	10,438	9,087
Representation	1,954	1,940
Travel	3,468	5,536
PR and publicity expenditure	7,326	19,229
Translation/ interpreter expenditure	1,256	455
Depreciation equipment	4,078	4,588
Subtotal office expenses	66,044	73,486

	2019	2018
Expenditure	€	€
Organisation and administration expenses		
Advice	16,214	6,096
Audit fee	18,500	17,350
Administration costs	8,969	9,571
Insurances	10,620	10,003
Fundraising	96,518	80,020
Fines	414	-
Other general expenses	989	3,051
minus charged for		
Project costs organisational and administration expenses	21,016-	18,155-
Subtotal organisation and administration expenses	131,208	107,936
Total general expenses	471,003	480,904

TAXATION ON ORDINARY ACTIVITIES

Corporate tax 2019	€
Result on ordinary activities before taxation	-7,191
Added: Partly tax-deductible costs	3,755
Minus: investment deduction	-16,051
Fiscal result	-19,487
Calculated corporate tax 20%	-3,897

Explanation of differences between realization and budget 2019

The actual financial result of 2019 is -€ 325. The budgeted result was € 54,200. The two main reasons for this difference were delays in decision-making about funding proposals and a high rate of absence due to illness.

The total income was € 389,533 lower than expected. One large proposal for a grant from the European Commission was put on the reserve list. While we were ultimately awarded the contract in December 2019, the project will now start in April 2020 rather than 2019 as originally planned. This delay also affected the expected co-funding for the project, which was budgeted under other contributions.

Due to the high absence rate we were not able to work the total amount of days in 2019, which is reflected in lower income in the line of private foundations. The budget was available, but we lacked some capacity in 2019 to do the expected work. This budget will move to 2020.

With the incomes of 2019 we were able to cover all the fixed costs and costs related to the projects we carried out. The other budgeted costs were flexible, which helped in managing the financial result. The personnel costs for illness and maternity leaves were largely covered by SOMO's insurance. For this reason the personnel costs are lower than budgeted. The lower project costs are explained by the same reason as the lower income; some projects had to wait till 2020, following the delayed decision-making and limits to available capacity.

In anticipation of the end of the current five-year funding of SOMO by the Dutch Ministry of Foreign Affairs, we invested in fundraising capacity and fundraising advice. This investment is needed for the long-term financial stability of SOMO and is both focussed on renewal of the strategic partnership funding of the Ministry and the diversification of funding sources, especially from private foundations. In 2019 SOMO outsourced most of its ICT support. This led to some extra costs during the transition.

Other Information

BENEFITS

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

EXPENSES

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

APPROPRIATION OF RESULT 2019

The result after taxation 2019 is € 325 negative (2018: € 23,133 positive). The board of SOMO has decided deduct this from the general reserves.

May 20th 2020

Image caption



Fisherman showing effect of oil pollution by Shell in local creek in Niger Delta. By Marten van Dijk / Milieudefensie

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

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

A. Report on the audit of the financial statements 2019 included in the annual report
Our opinion

We have audited the financial statements 2019 of Stichting Onderzoek Multinationale Ondernemingen (Centre for Research on Multinational Corporations), based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Onderzoek Multinationale Ondernemingen (Centre for Research on Multinational Corporations) as at 31 December 2019 and of its result for 2019 in accordance the Guidelines 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 2019;
2. the statement of income and expenditure over 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

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

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

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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)(j) 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

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

- the Board's report (part 1 -3);
- report from the Supervisory Board;
- other information;
- annex 1: financial overview MVO Platform 2019.

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 Board's report, in accordance with the Guidelines for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements
Responsibilities of the Board and the Supervisory Board for the financial statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with the Guidelines 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). Furthermore, the Board is responsible for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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



As part of the preparation of the financial statements, the Board is responsible for assessing the organisation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board 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.

The Board 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 monitoring the financial reporting process of the organisation.

Our responsibilities for the audit of the financial statements

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

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

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 scepticism throughout the audit, in accordance with Dutch Standards on Auditing, as well as the Policy rules implementation WNT, including the Audit Protocol WNT, ethical requirements and independence requirements.

Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board;

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

Dubois & Co. Registeraccountants
Amsterdam

J.J.M. Huijbregts RA





Campaign 'No VIP rights for multinationals: human rights and environment first!'. By Andrea Bartosova

