



SOMO Annual Report 2008



SOMO

Annual Report

2008

SOMO

The Foundation for Research on Multinational Corporations (SOMO) was founded in 1973 and has its legal seat in Amsterdam, the Netherlands.

SOMO's address:
Sarphatistraat 30
1018 GL, Amsterdam
The Netherlands
Telephone: +31 20 6391291

Fax: +31 20 6391321
Email: info@somo.nl
Web site: www.somo.nl

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Director's report 2008

A. Mission

SOMO's research and activities are aimed at promoting sustainable, social and ecological development, improving labour situations, counterbalancing multinational corporations and effectively tackling exploitation, poverty and inequality worldwide. SOMO's research and activities are focused on the policies and conduct of multinational corporations in their international context.

SOMO has set itself the following goals:

1. Effectuating change through knowledge enhancement

SOMO's research projects are geared towards change. On the one hand this expresses itself in playing the role of a 'watchdog'. SOMO gathers information and carries out analyses to describe and highlight the conduct of multinationals and pinpoint the contradictions in economic and political systems that impinge on sustainability. On the other hand, SOMO's analyses and proffered alternatives make a contribution to the policy development of national authorities, international organisations, NGOs, companies and trade unions.

The first pillar of SOMO's activities is the integration of information and action through research.

2. Strengthening civil society in the North and South

By disseminating information and facilitating cooperation, SOMO is reinforcing civil society in the North and South. SOMO's activities are aimed at combining and unlocking fragmented

knowledge, building NGO networks and reinforcing and training NGOs. SOMO supports NGOs focusing on multinationals and international trade (trade unions, organisations working in the areas of human rights, consumer interests, environmental issues, development cooperation and gender justice, sectoral campaigning groups, lobby and research organisations).

The second pillar of SOMO activities is:

- Initiation and co-ordination of national and international networks
- Capacity-building in national and international NGOs

3. Enhancing the impact of civil society organisations

SOMO contributes to civil society debates through research projects, cooperation with Southern partners and joint NGO initiatives. SOMO aims its policy-influencing activities, workshops and public meetings at opinion leaders and decision makers in public service, civil society organisations and the media. SOMO promotes the interests of the South in policy dialogue, lobbying activities, conferences and expert meetings.

The third pillar of SOMO activities is contributing to participation in civil society debates.

B. Board and management

2008's Annual Report lists four Board Members:

- Nicola Jägers (Board Member)
- Melanie Peters (Board Member)
- Dick de Graaf (Chairman and Secretary)
- Dirk de Jager (Treasurer)

SOMO's Board operates on a no-pay basis.

In 2008, Ronald Gijsbertsen acted as SOMO's managing director (0.9 FTE). Management tasks take up some 70% of 0.9 FTE, constituting overhead costs. The remaining 30% is used for managing project organisation. The total personnel costs for the managing director were € 72.478. Gross salary, holiday allowance and social charges are € 60.591.

The total of a thirteenth month and payment of overtime including social charges are € 6.132. Pension cost are € 4.595 and insurance costs € 1160. Besides these personnel costs, the managing director received € 2.373 travel allowance (93% of the real costs) and € 325 general allowances.

C. Activities 2008

SOMO carries out research on commission (service provision) as well as at its own initiative, financed mainly by means of subsidies. SOMO's activities and research are invariably related to chains of production or the conduct of multinational corporations in relation to their social responsibility.

The fields SOMO focuses on include:

- Research into sectors, chains of production and countries
- International trade and investment
- Corporate Accountability / Corporate Social Responsibility (CSR)
- Corporate research

The survey of activities below lists projects first according to the sectors and subjects SOMO is working on. In this list a distinction is made between different types of funding and projects within the sectors and themes: 1. *subsidy projects* mainly focusing on research, capacity building, and awareness raising; 2. *subsidies and member contributions for network coordination*; 3. *services*. Corporate research is described under the relevant Sector or Theme as part of a subsidised project or separately after the sector and themes.

In view of the fact that every sector and subject includes projects that are realised with MFS subsidy, this programme will be explained first. The programme is running from 2007-2010, and is financed by the Dutch Ministry of Foreign Affairs within the 'Mede Financiering Stelsel' (MFS; Co-Funding System).

The MFS programme of SOMO aims at contributing significantly to sustainable development and poverty eradication by building the capacity of civil society organisations worldwide in order to influence the social, environmental, human rights and economic impacts of MNCs and their contribution to sustainability and poverty eradication.

The purpose of the programme is to build the capacity of civil society organisations around the world in order to improve their capabilities to influence the behaviour and activities of corporations and the international regulatory framework in which they operate.

The goal of the programme is operationalised in the following six objectives:

1. Knowledge building and research

to increase knowledge among civil society organisations worldwide about the effects of MNC activities and the position of developing countries in the world trading system. SOMO's analyses and proposals contribute to the policymaking of governments, international organisations, NGOs, companies and trade unions. SOMO explicitly aims to establish a connection between (research-inspired) policy changes and the resulting practical consequences.

2. Network coordination

to increase cooperation among civil society organisations worldwide, improve the exchange of knowledge and information and develop common strategies for influencing corporations and policy makers. SOMO aims its activities at upgrading the accessibility of available but fragmented knowledge, at NGO network building and at the strengthening and training of NGOs.

3. Capacity building

to provide civil society organisations with the capacities they need in order to successfully counterbalance problems in international trade and industry. Which capacities are most required depends on available knowledge and information, chosen strategies – such as negotiation or mobilisation – and the ability to work with other players in the field. These players include civic organisations, such as trade unions, and institutions, such as parliaments.

4. Influencing policy makers

encouraging lobbying at the national and international level. NGOs and trade unions are

trained in these activities, with an emphasis on making the perspective of southern civil society organisations more prominent in the debate surrounding CSR, the world trade system and investment regulations. SOMO itself does not engage in lobbying or campaigning activities, but will act as an expert organisation in political discussions or the public debate.

5. Influencing international trade & industry by maintaining an ongoing debate with the relevant business sectors. The effectiveness of research done on companies manifests itself largely through the review procedures of a particular research project. SOMO presents its research results preferably in a multi-stakeholder setting or at the sector level as opposed to the company level.

6. Influencing stakeholders through awareness-raising and education on development and CSR issues related to business policy and practice. The behaviour of influential stakeholders, such as investors and organised consumers and workers, determines government and business policy to a considerable extent. Ethical funds have a great need for reliable information about business practices. Trade unions and shareholders present further means to exert influence on the policy of investment funds.

The programme is implemented in cooperation with twenty Southern partners and fifteen Northern partners.

C.1 Sectors

C.1.1 Garment and Textiles

→ Project financed through subsidies

□ *MFS Garment & Textiles*

The garment sector is one of the first industries in which debates around supply chain responsibility and labour rights actually led to some improvements for workers. In spite of these improvements, there are still many issues that need to be addressed.

In 2010, SOMO plans to have set up a research and campaigning network of organisations in Latin America in the area of garments. In Africa and Asia, SOMO will have consolidated its

network of organisations that do research on the garment industry.

In early 2008, SOMO participated in a seminar organised by the Economic Policy Institute in Washington DC. At this meeting, investments and labour conditions in the garment industry in African countries were discussed. Later, in June 2008, SOMO organised a round table meeting in Buenos Aires, Argentina. Over ten organisations from Peru, Argentina, Brazil, Mexico, Spain, El Salvador, Chile and the Netherlands were present. These organisations decided to carry out joint research activities.

Currently, Fundación El Otro in Argentina and PLADES in Peru are doing research on the supply chains of large garment retailers from the Netherlands and Spain. This research will be published in 2009. Provisional results and information on the garment sector in several Latin American countries are shared with other civil society organisations on a blog (<http://traslaetiqueta.wordpress.com/>).

In Latin America, SOMO set up a network of civil society organisations to conduct research and coordinate campaigning activities. This network works in close cooperation with Red Puentes (www.redpuentes.org). SOMO also contributed to building knowledge among African union leaders, researchers, US members of Congress, NGOs and unions in the US about the functioning of the African Growth and Opportunity Act (AGOA). The consequences of this act in relation to investments and labour conditions in the garment sector are clear to many stakeholders.

C.1.2 Financial Institutions

→ Project financed through subsidies

□ *MFS Finance*

The financial services programme encompassed the following themes and activities:

- Research on liberalisation of financial services and its impact in poorer countries and on financial stability.
- Research, capacity building, and supporting policy work on taxation and financing for development.

The project raised awareness about the impact of foreign banks in developing countries, with a particular focus on poor customers, and the influence of free trade & investment agreements as well as the financial crisis on foreign bank behaviour:

- Tax Justice Network for Africa has carried out a research on 'financial leaks' in the tourism industry in Kenya and presented the findings to NGOs and policy makers at the UNCTAD XII pre-conference in Ghana. SOMO acted as a coach for the research.
- SOMO has given active input to Tax Justice NL and the international Tax Justice Network on tax policies, the fiscal planning of multinational corporations, and financing for development.
- SOMO has written a briefing paper on taxation and financing for development. The paper has been actively distributed to over 300 NGOs and policy makers and it has been downloaded over 200 times from the SOMO website in Oct-Dec 2008. It has also been translated into Spanish.
- SOMO has contributed to 'tax learning days' for NGOs in Denmark and other Scandinavian countries.
- SOMO has contributed to a workshop in Zambia on tax policy and development organised by Tax Justice Network for Africa. The workshop was attended by over 30 NGOs from 12 countries in Southern Africa.

Results are:

- A case study by partner organisations Madhyam and Cividep about the impact of foreign banks, especially on poorer people, in India was used in publications, discussions and advocacy activities by European and Indian civil society organisations regarding the negotiations for a free trade agreement between India and the EU.
- Capacity building: Contribution to network information sharing, strategy meetings, workshops and public debates about the origins of the financial crisis and civil society proposals about what financial system reforms are needed for a sustainable financial system, organised by several national, European and international networks. Different declarations from for example BankTrack, ATTAC Europe and the MVO Financial taskforce contained contributions from SOMO.
- Email briefings with talking points about the links between the financial crisis and free

trade agreements, including in the World Trade Organisation under the General Agreement on Tariffs and Trade.

- Research by the organisation CSRCs about the financial sector, including the presence of foreign banks, and access to finance by the poor.
- Research on the scope of the CSR policies of internationally operating banks and the extent to which these policies apply to the investments of banks

→ Services

□ *EU mapping financial regulation*

A consortium of European NGOs working on the impact of financial markets on developing countries asked SOMO to do research about the decision making process on financial services regulation and supervision at EU level, and its impact on developing countries. The purpose was to map the main decision-makers and the main stakeholders who are able to influence the decision-making process.

SOMO researched and analysed who has which mandate in the EU decision-making process on financial regulation and supervision, which EU and national institutions are involved in the decision-making process, and who is mainly influencing that decision-making process. In addition, the research exposed how EU member states take positions on financial markets, financial regulation and supervision in international fora dealing with these issues. The research concluded with an analysis of the impact of this EU decision process on developing countries' interests in the international financial system.

The research was providing the Consortium with a new tool for strategising and advocacy because it was covering a decision-making process about which none of the development and environmental civil society organisations in the EU had any knowledge.

The research and analysis was published and distributed beyond the consortium of NGOs so that a wider group of civil society organisations was informed about these decision-making processes, which had become very important in the light of the financial crisis that erupted during the period of writing.

The research document was used as an educational instrument during a meeting of more than 100 civil society groups and trade unions to discuss and

strategise about the financial crisis at European level (Paris, 10 January 2009).

□ *Tax Justice learning day*

This was a one-day informative workshop for NGOs. It took place in Ireland and initiated internal strategy discussions with the NGOs most interested in starting work on tax and development.

A SOMO researcher was one of the three external resource persons who gave a presentation at the 'tax learning day' and who provided input for the strategy discussions.

By the end of 2008, several NGOs in Ireland (including Christian Aid Ireland, Trócaire and the Debt and Development Coalition Ireland) increased their capacity for working on taxation and development and have actually started activities in this area.

C.1.3 Electronics sector

→ **Project financed through subsidies**

□ *MFS Electronics*

SOMO supports the workers programmes of its partners in a number of production countries – Mexico, China, Thailand, Indonesia and the Philippines – and works together on fact-finding studies on labour conditions. International strategising and information exchange with trade unions, environmental and local workers organisations turns out to be effective to address the problems at the electronics industry and to start up dialogues for improvements.

In 2008, SOMO and its partner in the Philippines, the Workers' Assistance Center, conducted a follow-up study on labour conditions at Hard Disk Drive (HDD) manufacturers in the vicinity of Manilla. Whereas the first study in 2006 was the first experience of criticism in this respect for the mainly Japanese manufacturers, and the first time they were questioned about their labour conditions by their buyers, this time some of the companies were willing to explain what they have done since the first SOMO report and to show their new CSR policies. At the same time many workers were interviewed. Fact-finding studies

were also conducted in China, Mexico, and India. In Thailand, research was done for an urgent appeal and in Indonesia a sector study was carried out. SOMO has an ongoing dialogue with big brands of consumer electronics and the industry initiatives, the Electronic Industry Citizenship Coalition (EICC) and the Global electronics Sustainability Initiative (GeSI). SOMO's research on the electronics sector is used in various international projects and by many international organisations. For example, in the EU project makeITfair, the Swiss campaign 'High tech, no Rights', by ethical investors, but also by the UN for its sustainable procurement guidelines for office IT.

□ *Connecting people (makeITfair)*

Connecting People is a Europe-wide project co-financed by the European Commission and is known under the banner makeITfair. The project involves twelve project partners from the North and the South and is coordinated by SOMO. The project wants to inform the young consumers of electronics devices like game consoles, laptops and mobile phones about the poor labour conditions under which these products are made and the devastating environmental effects in developing countries. Ideally, the project will inspire young consumers to get active and to address the brand companies about these issues directly, eventually working towards change together with the industry.

In 2008, a lot of activities followed on the three fact-finding studies on the impact of mining of metals for the electronics industry like the coltan and tin extracted in the DR of the Congo. After initial hesitation to take responsibility for conditions under which the metals are mined, because it is so far down the supply chain, the electronics industry acknowledged their responsibility and the fact that they do have leverage for change at the Round Table organised by makeITfair. In reaction, a second Round Table was organised by the industry in 2008 to talk about follow up steps. A lot of effort was put into developing educational material for scholars in an attractive design, making use of a webquest with short videos, this year. The assignment for students is to open their own sustainable mobile phone shop. The educational material is available for free through the makeITfair website, in different languages.

□ *Sustainable public procurement*

The objective of the project is to get computer companies to improve their social and environmental

standards, through the purchasing power of universities and municipalities in the context of the European Procurement Directives. The leading organisation in the project is WEED in Germany. Other project partners are: Südwind Agentur (Austria), EAP (Czech Republic), KARAT (Poland), SETEM (Spain) and CES (Hungary).

During the course of 2008, the consortium partners decided that the campaign be named "Procure IT Fair", in alignment with "Make IT Fair". The fundamental difference between Make IT Fair and Procure IT Fair is that the latter is not a campaign aimed at consumers. Procure IT Fair targets buyers who use public money for the common good.

In 2008, Procure IT Fair organised two round table meetings, set up a website, organised a speakers' tour, carried out field research in China and Eastern Europe, and published a research study on the European Procurement Directives. Preparations were made to publish a criteria list and a manual on social criteria in procurement procedures. Several countries also launched national campaign websites in different languages.

An international campaign was started to get public buyers to include social considerations in tenders for computers and other electronic devices. Several public authorities, such as the municipality of Geneva, have included social criteria in their procurement policies.

→ Network coordination

□ *GoodElectronics*

GoodElectronics is an international network for human rights and sustainability in electronics, bringing together NGOs and trade unions, social activists and academic researchers. The Coordinator is hosted by SOMO. Besides being one of the initiators, SOMO is to this day active within GoodElectronics as a member of the Steering Committee. The participants of GoodElectronics apply different strategies. The coordinator facilitates the linking and learning among the participants: organising and training workers, addressing companies, campaigning among consumers.

In 2008, in short, GoodElectronics maintained a well visited website; published five widely disseminated newsletters; set up an urgent appeal in support of Electronics and Electrical Appliances Relation Labour Union (EEALU), a Thai labour union in conflict with Hoya Glass Disk, an electronics company. An impressive flow of information was shared with and among the participants. GoodElectronics met in a successful general round table in Jakarta, Indonesia. The programme included capacity building sessions on precarious work, freedom of association - with a specific focus on Indonesia, how to strategically engage with companies, extractives, e-waste and occupational health & safety. On behalf of its participants, GoodElectronics maintained contacts with individuals companies as well as with EICC, the industry's CSR initiative.

As a result of these efforts, the GoodElectronics network is slowly but steadily developing into a factor to reckon with in the electronics sector. Individual participants of the network have benefited from the support extended by the network, especially where it concerns strategising. Increasingly, Southern labour rights and environmental organisations are gaining direct access as local stakeholders to brand name companies and their suppliers.

C.1.4 Food and agriculture

→ Project financed through subsidies

□ *MFS Food and agriculture*

SOMO and its partners aim to improve social, economic and ecological conditions in the Food and Agricultural sector. This project has the tea sector as its primary focus. It also deals with supply chain problems originating from supermarket purchasing practices.

After case study research was conducted in 2007 and early 2008 in six of the world's leading tea producing countries, a comparative analysis was made of social, economic and ecological conditions in these countries. In June 2008, an international tea-expert meeting was organised in Amsterdam during which the publication of the research and comparative analysis was presented and the results discussed. The case studies were also published in the tea producing countries in question and workshops were organised discussing and presenting the results. In addition, tea research started in China.

SOMO contributed to the Tropical Commodity Coalition (TCC) an NGO-corporate tea round table and a NGO network to enhance sustainability of the tea, cocoa and coffee sector. SOMO contributed to the Agribusiness Accountability Initiative (AAI) that deals with problems in the agricultural and food supply chains amongst others because of concentration. At the EU level, SOMO was active in the AAI working group that raises awareness about the need for investigations and regulation to stop adverse effects of purchasing malpractices by supermarkets towards their food suppliers world wide. Because such malpractices result from concentration of supermarkets, different EU institutions dealing with competition policy and NGO-academic networks were actively approached.

Outcomes of the project are:

- A comparative international and six national reports with the following impact: awareness raised of critical sustainability issues in the tea sector among key stakeholders/decision makers and via media exposure to a broader audience;
- Dialogue with tea stakeholders (including corporates) in expert meeting at the occasion of the tea report publication.
- Capacity building in the tea sector has increased capacity of project partners in research, advocacy, knowledge and lobby.
- Through tea network participation and lobby: more competent and effective NGO network(s), proposals to improve conditions in the tea sector through multi-stakeholder initiative (Dutch Ethical Trade Initiative).
- As the result of lobby and awareness raising: The European Parliament (EP) agreed in majority that the European Commission (Competition Policy Department) should investigate supermarket abuses and develop measures to address problems arising from increasing concentration by supermarkets.
- Continued support to members of the EP to press the European Commission to start an investigation, which resulted in the Commission declaring an interest to deal with the problems.
- Gathering evidence of the problems has increased the networking among organisations in the EU dealing with supermarket malpractices towards agricultural and other suppliers.

□ *Capacity building on CSR in Egypt*

This project started towards the end of 2008 and aims to build NGO capacity in Egypt to do research on and address conditions of workers and small producers in export oriented fresh fruit and vegetable supply chains in Egypt.

SOMO made a visit to Egypt for this study and to find an appropriate research partner. This resulted in interviews with local stakeholders, and an identification of relevant stakeholders.

→ **Services**

□ *Desk research supply chain Egypt*

This research project started towards the end of 2008 and focuses on conditions for workers and smallholders in export oriented fresh fruit and vegetable supply chains in Egypt. It was commissioned by Oxfam Novib that wishes to improve conditions for these stakeholders through the leverage of importing fresh food and vegetables and retailing companies in the Netherlands with whom it is involved in a dialogue.

C.1.5 Pharmaceutical sector

→ **Project financed through subsidies**

□ *MFS Pharmaceutical sector*

Work in this sector includes research and the support of policy work on clinical trials ethics, in order to promote more ethical clinical trials in developing countries.

Main activities:

- A local organisation in India has carried out a research study, including three case studies, on clinical trial ethics in India. SOMO has intensively coached this research, together with Wemos Foundation.
- SOMO has contributed to several expert meetings on clinical trial ethics and to a seminar of clinical researchers.
- SOMO has supported the activities of Wemos and provided cooperation to journalists writing about clinical trial ethics.

Results are:

- The research in India has resulted in a high quality report that was published in early 2009
- It drew the attention of the media and of Dutch and European politics to unethical drug trials in

developing countries, involving drugs for the European market.

- The European Medicines Agency has started a process to enhance regulation of clinical trial ethics for drugs that are approved in the EU and have been tested in developing countries.

→ Services

□ *Clinical trials in developing countries*

This project concerns a tender of DG External Policies of the European Union assigned to SOMO. The main objective is to provide the European Parliament with a research paper containing concrete recommendations, both at legislative and enforcement level, aimed to guarantee that trials conducted in third countries are done so in conformity with EU and international ethical standards.

The research for the paper involved desk research, participation at an expert meeting on the subject and interviews with representatives of European medicines agencies. For the legal part SOMO worked together with legal experts of Environmental Law Service based in the Czech Republic and members of the Legal & Policy Working Group of the European Coalition for Corporate Justice.

The research paper was finished in March 2009 and presented at the European Parliament in Brussels end of March.

C.1.6 Public Services

→ Project financed through subsidies

□ *MFS Public services*

With its MFS Public Services project, SOMO aims to build knowledge and capacity of civil society organisations working in the electricity sector by engaging partners in conducting field research on the impact of multinational power companies on the quality of electricity services in Argentina and Peru. Furthermore, the project worked to develop normative standards for sustainable electricity provision. Using these standards as a basis for its normative approach, SOMO engaged both businesses and policy makers to better implement the standards with the overall aim of

improving the quality and as a contribution to sustainable development of electricity provision in developing countries.

Activities included field research in Argentina and Peru conducted by SOMO partners in those countries, drafting of three company profiles and a review process with each of the three companies, contribution to databases on energy companies and trends, and participation in discussions on public services infrastructure in various policy making fora.

The field research component of the project enabled two partner organisations to build their capacity to conduct research on the electricity sector and companies active therein. The drafting of the company profiles enabled SOMO to engage with three multinational power companies and begin a dialogue on sustainable electricity provision in developing countries. As a result of SOMO's input into discussions on investment in infrastructure at the OECD, SOMO was invited by the OECD secretariat to coordinate NGO input into one of their infrastructure policy projects.

→ Services

□ *Normative framework for electricity companies*

The project's overall aim was to improve the quality, poverty-reducing capability, and contribution to sustainable development of electricity provision in developing countries. In order to do so, the project addressed the general absence of normative standards for sustainable electricity provision by identifying the critical issues and criteria that must form the basis for more transparent and effective normative-practical guidelines for providing "quality kilowatts". Further, the project sought to address the lack of empirical knowledge as to how the CSR policies of electricity TNCs are developed and implemented in developing countries.

As part of the project, SOMO in cooperation with the Oslo University developed a normative-analytic framework for evaluating sustainable development issues in the electricity industry through comparative case-study analysis. The project identified and defined the relevant critical issues and laid the theoretical and practical foundation for the formation of normative standards for sustainable electricity provision in developing countries. Finally, the project developed a model for analyzing how different

electricity TNCs interpret and implement the normative standards.

The project resulted in the publication of a joint SOMO-ProSus report and an academic article. The article was accepted for publication and presentation at the 15th Annual International Sustainable Development Research Conference to be held 5-8 July 2009.

□ *Benchmark energy companies*

The Dutch power sector was investigated in a series of power company fact sheets with the aim of raising public awareness about the sustainability of power companies operating in the Netherlands and influencing those same companies to become more sustainable. The series consisted of ten company fact sheets and four thematic fact sheets, a total of 14. For each company, the fact sheet contained information on four measures of sustainability: the company's current fuel mix for installed electricity generation capacity in Europe, current fuel mix of electricity supplied in the Netherlands, investments in new generating capacity in Europe, and initiatives to encourage consumers to become more sustainable in their energy use by conserving energy and reducing overall use (demand-side initiatives) in the Netherlands. Funding for the fact sheets was provided by Greenpeace.

Information for the fact sheets was gathered from news articles and databases, company sources such as websites, annual reports and CSR reports, and interviews. All of the companies were given, and made use of, the opportunity to review a draft of their fact sheet, .

The 14 individual fact sheets were produced and collected into one report, entitled "Sustainability in the Dutch Power Sector", of which 100 copies were printed and distributed. Based on the results of the report, Greenpeace ranked the companies on a 'thermometer', staged a protest at E.ON, and rewarded Eneco. There was a high degree of media attention for the Greenpeace action and SOMO research, with no less than 23 articles in newspapers and online news sources reaching over 4 million readers.

C.1.7 Extractives

→ **Project financed through subsidies**

□ *MFS Extractives*

As a follow up on the report on PGM mining, which was part of the makeITfair project, SOMO published a report on the PGM supply chain. This report focuses on the roles and responsibilities of the companies directly purchasing from the mining companies and gives input on where the responsibility for improvement lies. The PGM report was written using public internet sources, as well as interviews and feedback from business and trade organisations. The report was published on the SOMO websites and distributed to the relevant networks and contacts. The PGM report served multiple purposes; It was used as input for a round table on the role of the electronics industry regarding their use of metals, it served as background information for groups who organise local communities around PGM mines, and increased the overall transparency of supply chains from metals to consumer products.

SOMO's MFS Extractives project on uranium mining aimed to investigate and explore the environmental, labour and human rights conditions in Namibia's uranium mining industry. Based on the results of that research, SOMO sought to raise awareness among local communities and workers about the potential environmental and human rights impacts of uranium mines.

Gemstones are mostly artisanally mined, for example in Africa, processed in Asia and sold in the US, Japan, and Europe. There are several critical issues in the supply chain, on Health and Safety for example and on living wages, which should be addressed. There is the need for a thorough analysis of the chain of production and recommendations for the sector on improvements.

SOMO contacted an organisation in Thailand to conduct a research into the refining phase of gemstones which will be part of a report to be published in 2009.

Cement mining has a huge influence on the environment and the surrounding communities. Various organisations expressed a need for more background information on cement mining in general and on specific international operating companies in particular. A report was written on cement mining,

detailing the critical issues as well as responsibilities taken by the international operating cement companies which were contacted. The cement report was distributed through mailing lists and on the internet.

SOMO and its partner, LaRRI are conducting research into the environmental, labour and human rights conditions at Namibia's two active uranium mines: Rössing (Rio Tinto Group) and Langer Heinrich (Paladin Resources). Based on the results of that research, SOMO, LaRRI and Earthlife Namibia conducted a series of workshops to raise awareness on the potential environmental and human rights impacts of uranium mines. The workshops took place in the capital, Windhoek, and in the mining communities of Arandis and Swakopmund from 27-30 October. In addition to presentations based on the results of the research in Namibia, international experts from Germany, Brazil, South Africa, Malawi, Tanzania and the Netherlands spoke to local workers and community members about radiation health and safety, labour issues, nuclear energy, and other topics related to uranium mining in Africa. LaRRI, with the support of SOMO, produced a research report of which 300 copies were printed and distributed. Based on the findings in the report, 3 awareness raising workshops were organised with a total of 300 participants from a wide variety of backgrounds, including government, business, workers and unions, community members, academics, media, and civil society. An awareness raising pamphlet was produced, and more than 1,000 copies were distributed at the meetings. The combined publication of the research report and organisation of the workshops generated considerable media attention in Namibia. As an outcome of the project, at least 13 articles in 5 Namibian newspapers were written about the impact of uranium mining in Namibia, reaching a combined readership of more than one million readers. The Namibian mining industry umbrella group, the Chamber of Mines, officially responded to the report, and the country's largest uranium miner, Rio Tinto, invited participants to tour their Rössing Uranium mine site. Moreover, a DVD documentary of the workshops and visit to the Rössing Uranium mine was produced. As a direct result of the project activities, Namibian uranium miners and examiners organised themselves into a group called

Namibian People Affected by Occupational Health (NPAOH) and elected a committee to represent them before the company, industry umbrella group and the government. A further outcome of the project activities is that after the awareness raising meetings, the Namibian government, several representatives of which attended the meetings, requested the help of some of the SOMO experts in drafting a new Namibian mining law.

→ Services

□ *Natural stone*

Within the context of a multistakeholder working group, a code of conduct for the full supply chain of natural stone was developed in 2007. The purpose of this project in 2008 and 2009 is to initiate a number of pilot projects to implement this code of conduct, in coordination with Dutch companies, their Indian and Chinese suppliers, and local stakeholders.

In 2008 preparations were made for four pilot projects that are to take the first steps towards improvements within the natural stone supply chain. A number of dialogue sessions took place between companies and local stakeholders, and the working group has lobbied the Dutch government for a more integrated approach to sustainable purchasing of natural stone.

In 2008, preparatory steps have been taken for pilots that will start and be concluded in 2009. Meetings have taken place between SOMO, organisations from China and India, and Dutch companies. Some of the initial problems involved in implementing the code of conduct have been identified. In addition, the working group issued a press release in which it welcomed the more proactive stance of the Dutch government, but also called for more sustainability within the public procurement of natural stones.

C.1.8 Tourism

→ Project financed through subsidies

□ *MFS Tourism*

The tourism sector is characterised by low wages and hazardous, stressful working conditions. The extremely low level of unionisation in the sector further exacerbates these problems and allows for greater exploitation in the tourism sector.

By monitoring multinational corporations in the tourism sector, SOMO and its partners analyse the policies, behaviour and impacts of these companies

vis-à-vis poverty reduction. SOMO wants to find out whether and how these corporations can have a positive impact on poverty reduction.

SOMO has developed a joint work programme with CICLO in Brazil and Equations in India. Both organisations are carrying out monitoring activities of the major multinationals in the tourism sector in their countries. SOMO has set up a joint research framework, but each organisation focuses its activities on its own country and context. In 2009, SOMO will publish a report with the results of these research projects, as well as a briefing paper on the tourism sector and trade and investment issues.

SOMO has promoted collaboration among civil society organisations in the field of tourism. Moreover, it is in the process of establishing a system of regular monitoring and information dissemination about the tourism sector. SOMO scrutinises the real impacts and the potential benefits of tourism with regard to the reduction of poverty in developing countries.

C.2 Themes

C.2.1 Corporate Responsibility

→ Project financed through subsidies

□ MFS Corporate accountability

The corporate accountability team of the MFS programme aims to contribute to sustainable development and poverty eradication by facilitating cooperation and building the capacity of civil society organisations worldwide to enable them to influence the social, environmental, human rights and economic impacts of MNCs. SOMO aims to achieve this by supporting and hosting CSR and CA related networks, training and capacity building activities in the South, research and documentation, and policy influencing of CSR debates.

Activities were:

- Co-organisation of a CSR Worldwideweek by the MVO Platform, supporting SOMO partners in their participation
- Expertise input and support for the various CSR related network that SOMO is involved in or hosts (MVO Platform, OECD Watch, ECCJ, Global Compact Critics, Red Puentes

- Lobby and advocacy at OECD, EU and national level, on key instrument and policy debates (OECD Guidelines, National Contact Points, John Ruggie, ISO 26000, Global Compact)

Results are:

- Presentation of legal proposals at EU level to improve corporate accountability
- Presentation of the Southern perspectives on CSR to Dutch and European decision and policy makers
- Better cooperation and strengthened networking among NGOs between and within the MVO Platform, OECD Watch, ECCJ and Red Puentes.
- Uptake of OECD Watch policy recommendations by the OECD Investment Committee and various members state governments.

→ Network Coordination

□ MVO Platform

The MVO Platform (Dutch CSR Platform) is a network of 33 Dutch civil society organisations and trade unions working together to promote corporate accountability and to lobby government and parliament.

The goal of this network is to stimulate, facilitate and coordinate activities of the different organisations in order to reinforce each other's efforts. The emphasis of the MVO Platform lies with issues dealing with CSR in developing countries.

Regular activities of the MVO Platform include, amongst others, a quarterly general assembly, workshops and public debates. This year workshops were organised about sustainability systems; sustainable procurement and gender. A well attended public debate with business representatives, members of parliament and NGO representatives on supply chain responsibility and transparency took place in March 2008.

Also, in 2008 the MVO Platform began organising meetings on specific corporations, the first one focusing on Unilever. At these meetings platform members share their experiences in order to improve their strategies towards the company.

In 2008, a working group on financial institutions was added to the existing working groups on supply chain responsibility; sustainable procurement; the Dutch NCP and regulation. The working groups play an important role in the formulation of common

viewpoints and in preparing lobby strategies for the MVO Platform.

The CSR Frame of Reference, which reflects the vision on CSR of the MVO Platform, was translated into Chinese in 2008. The booklet is now available in six languages (English, Dutch, French, Spanish, Portuguese and Chinese) and has been distributed widely.

Lobby at the national level was focused on the following subjects: supply chain responsibility & transparency, sustainable procurement and regulation.

In 2008 the Dutch government published its vision and action plan on CSR for the forthcoming years (2008-2011). In a response to this document, the MVO Platform presented some concrete policy proposals. MVO Platform members have elaborated on these proposals in their conversations with members of parliament. This has led to the proposal and adoption of several motions regarding CSR by the Dutch parliament.

□ *CSR World Wide Week*

Through contacts with experts and organisations in developing countries, the MVO Platform discovered that people from developing countries often have a different point of departure and set other priorities when it comes to CSR and have other ideas about the way sustainable development can be promoted. If sustainable development is to be achieved on a global scale, it is of great importance that the different ideas and strategies are combined and coordinated. It is essential that parties from all over the world meet and acknowledge each other's positions and ideas, learn from each other and develop common strategies.

To help accomplish this, the MVO Platform organised the 'CSR World Wide Week' in May 2008.

This six-day event brought together 27 CSR experts from civil society and trade union organisations from Africa, Asia, Latin America and Europe. They were invited to join in the discussion with MVO Platform members, policy makers and business representatives.

The programme contained debates, working visits, discussions, lectures, etc. Included were a session with Dutch Minister of Trade, Frank Heemskerck, and a conference on CSR regulation held at the European Parliament. During the CSR World Wide Week, Lokaalmondiaal provided training on how to produce film footage. Together with Lokaalmondiaal the MVO Platform launched CSRtube (like youtube but solely focusing on CSR issues).

Participants of this second CSR World Wide Week – the previous one was held in 2004 – indicated that they greatly appreciated the exchange of experiences from different parts of the world. It enhanced their understanding of CSR and all its practicalities, they shared knowledge and expertise, and once more they experienced the value of being part of a network.

The African participants have decided to launch an African CSR network, which means that soon the regional platforms in Europe (European Coalition for Corporate Justice), Latin America (Red Puentes) and South Asia (South Asia Forum on Responsible Business) can welcome a new partner for exchange and cooperation. The participants from North and South also identified two urgent topics on which they will combine forces. They will start cooperating to improve the corporate accountability with respect to human rights, and to find solutions to the challenges of small producers in relation to the ever mounting pressure of corporate social responsibility. The views and experiences of the participants were collected in a publication.

□ *OECD Watch Network*

OECD Watch is an international coalition of NGOs that aims to contribute to the wider civil society campaign for international regulatory frameworks for corporate behaviour with a specific focus on the OECD Guidelines for Multinational Enterprises.

Main activities include:

- Ongoing evaluation and testing of the OECD Guidelines and related mechanisms, by reviewing the implementation of the OECD Guidelines and performance of the National Contact Points, consulting and advising the OECD Investment Committee and other relevant OECD bodies, coordinating civil society input and influencing the ILO and National Contact Points, and commenting on the work of Special Representative John Ruggie.

- Promotion and capacity building of NGOs to use the OECD Guidelines and other corporate accountability instruments by organising regional seminars/training/capacity building workshops in cooperation with OECD Watch members in Africa, Latin America and Asia. Training seminars were held in Cameroon, Burkina Faso and Argentina. Further to the training, OECD Watch advised and supported NGOs in filing complaints against companies alleged to have breached the OECD Guidelines.
- Research, documentation and dissemination of information including updating and maintaining of the OECD Watch case database, the production of Quarterly Case Updates and briefing papers on specific themes or issues of relevance to the OECD Guidelines and corporate accountability (e.g. labour mobility, financial crisis).
- General maintenance of the OECD Watch Secretariat, hosted by SOMO, and overall network coordination and maintenance.
- Facilitation of (Southern) NGO participation in the OECD Investment Committee consultations in Paris. Furthermore, OECD Watch organised a General Assembly and several Coordination Committee meetings/teleconferences, supported local and regional meetings between OECD Watch members and other stakeholders, and participated in a number of forums, workshops, meetings and events.
- Engagement with stakeholders such as TUAC, ITUC and other national and international trade unions, as well as BIAC and other national and international business associations and individual businesses.

The publication of OECD Watch NCP Review 2008 was the OECD Watch submission to the OECD's Annual Report on the OECD Guidelines for Multinational Enterprises. It pointed out the importance of restructuring the NCPs to overcome shortcomings and stressed the need for a new evaluation of the Guidelines since its revision in 2000. OECD Watch further promoted best practices and a "Model for NCPs" throughout the OECD region. OECD Watch presented recommendations for the revision of the OECD Guidelines to strengthen the instrument as a corporate accountability tool, in particular on the human rights chapter and procedural guidance, to strengthen the ILO MNE Declaration and increase synergies with the

OECD Guidelines. OECD Watch' findings were taken up by the Special Representative John Ruggie in his recommendations towards the UN Commission on Human Rights.

As part of the OECD Watch capacity building programme dozens of civil society organisations in the South were capacitated to use available tools to address corporate behaviour and influence policies in the interest of sustainability and poverty eradication. Civil society organisations were supported in filing complaints under the OECD Guidelines procedure. The OECD Watch Guide to the Guidelines and Resource Pack updates and chapter supplements were produced (in English, Spanish and French, Portuguese, Urdu and Chinese) and disseminated among civil society organisations and used in training sessions.

The database of cases raised by NGOs under the OECD Guidelines procedure has been constantly updated and consulted by, among others, SRI agencies and ethical investors. Quarterly Case Updates were published (250 copies per update, in English) and bi-annual newsletters were sent to over 500 recipients. Briefing papers on specific themes of labour migration and the financial sector were produced and presented at OECD meetings, presenting a civil society perspective in the international policy debate.

□ *European Coalition for Corporate Justice (ECCJ)*

This project aimed at financially supporting the ongoing activities and operations of the secretariat of the European Coalition for Corporate Justice in the second half of 2008, due to a gap in European Union funding. Financial support to bridge the gap was provided by Oxfam Novib, Trócaire and individual ECCJ members.

Main activities include:

- Overall coordination of the ECCJ by the secretariat hosted at Friends of the Earth Europe
- Organisation of Steering Group meetings to prepare proposals for future strategies and advocacy campaigns
- Publication of map of legal tools
- Lobby and advocacy towards the European Commission, European Parliament, member state representatives and business representatives

Results are:

- Successful negotiation of a broader scope and a more inclusive agenda of the European Commission Multistakeholder Forum on CSR.
- Commitment from the European Commission to undertake a study to analyse the current legal framework which is applicable to EU companies in their operations abroad.
- Broader recognition of ECCJ as an important coalition with well prepared and well grounded policy proposals.

▣ *Red Puentes*

This project aims at strengthening the Red Puentes network and improving its governance. In 2008, SOMO worked towards this goal by promoting the exchange of best practices among the members of the network. Red Puentes is a network of over 50 civil society organisations from nine countries in Latin America and Europe. Its mission is to promote corporate accountability in Latin American countries from the perspective, rights, vision and needs of those societies.

In 2008, SOMO set up a system to exchange successful experiences (best practices) among the members of the network. These best practices were published in a report and were posted on a special blog: <http://rppraciticas.wordpress.com/>. The discussions on this blog focus on how gender justice is implemented in the activities of the Red Puentes network. On behalf of the network, SOMO has been participating in the ISO Working Group that is developing an international standard that will provide guidance on social responsibility: the ISO 26000 standard.

SOMO has helped the member organisations of Red Puentes to develop high-quality research projects and to use the results of these projects effectively in campaigning and lobbying in Latin America and Europe. SOMO has also offered guidance on how to exchange and learn from best practices in the network.

→ **Services**

▣ *OECD case Shell*

This project involved continuing to follow up the still pending OECD Guidelines case filed by Milieudefensie, Friends of the Earth International and two local NGOs in the Philippines against Shell. The project received funding from Milieudefensie.

SOMO prepared for and attended meetings at the Dutch National Contact Point (NCP) about the OECD Guidelines case against Shell, and provided written comments on Shell and NCP positions in the case.

Due to SOMO's involvement in and follow-up on the case, the NCP conducted a fact-finding mission in the Philippines in 2008. Such a fact-finding mission creates a precedent among National Contact Points under the OECD Guidelines Specific Instance procedures. The Dutch NCP is also preparing to hold mediation meetings between the complainants and the company in the Philippines in the first half of 2009.

▣ *CSR reporting*

Research on trends in reporting about Environmental, Social and Governance (ESG) issues by multinationals corporations, commissioned by Royal NIVRA.

A SOMO researcher co-edited the research report together with professor Harry Hummels of Maastricht University. Various other SOMO researchers and members of the Dutch CSR Platform provided input on specific sections. The report 'Tug of war on slippery ice' ('Touwtrekken op glad ijs') was presented at a NIVRA lunch meeting and the first copy of the report was handed to a representative of the Ministry of Economic Affairs. The research findings were also presented to the Dutch CSR Platform.

▣ *Investment code charity organisations*

SOMO was subcontracted by Maastricht University to gather information about the investment policies of a number of charitable institutions. Through desk research and telephone interviews, these data were used to develop a so-called 'preliminary advice' for the development of an investment code for the VFI, the business association of charitable institutions.

SOMO conducted around 30 structured telephone interviews with the financial officers of the members of the VFI, to gather information about the current policies and practice of investments of the funds of these charitable organisations. In addition, SOMO conducted desk research into the relevant existing codes related to a number of possible positive and negative investment criteria.

The research done by SOMO was taken up in a report by the Maastricht University, which was presented to the board of the VFI in December 2008.

□ *Mission related investment*

Research on the context and the trends regarding Mission Related Investment of Dutch Foundations. Commissioned by the Maastricht University.

SOMO joined forces with professor Harry Hummels of the Maastricht University and the Dutch organisation for sustainable investment (VBDO) to make an analysis of the legal aspects of Mission Related Investment in the Dutch context and conducted a survey among fifty Foundations to research trends and ambitions regarding Mission Related Investment. The report 'A share in social development' ('Een aandeel in Maatschappelijke Ontwikkeling') will be presented in March 2009.

The research was supported by different associations of cooperating foundations and charity organisations. The research aims to improve mission related investment by relating the mission of the organisations to the investment practice and informing board members about possibilities and legal conditions.

□ *ICCO feasibility study 'Made in Israel'*

The goal of this feasibility study is to advise ICCO about the possibilities of supply chain research of products that originate from the Occupied Palestine Territories and are sold on the Dutch consumer market, often labelled as 'Made in Israel'.

The feasibility study included desk research, interviews with experts in the Netherlands and interviews with Palestinian and Israeli organisations and stakeholders in Israel and the Occupied Palestine Territories. These activities were carried out in close cooperation with ICCO.

The report of the feasibility study for supply chain research was presented by SOMO and different NGO's working in the Middle East.

□ *China labour salon*

Mid 2008, Oxfam Novib approached SOMO to help organise a 'salon' on the development of in-company labour relations in China and the question what the academic community, in an international context, can contribute to its further positive development. The salon took place in November 2008 in Beijing and was organised by

CASS (Chinese Academy of Social Sciences) in collaboration with SOMO and Oxfam Novib.

The project resulted in a work plan, that possibly will lead to a follow-up project on labour relations in China.

□ *Consultancy IDH*

In October 2008 the Dutch Sustainable Trade Initiative (IDH) was created to improve the sustainability of international supply chains, by tackling social, ecological and economical bottlenecks for the first chain actors in developing countries. The challenges and lessons identified in the sectoral studies provided a basis for the governance and operating principles of the initiative. The Initiative is a multi-stakeholder process in which actors from both Northern and Southern (production) countries actively participate.

■ *Natural stone*

The Dutch Working Group for Natural Stone (WGDN) is one of the initiatives that will be part of the IDH, the sustainable trade initiative of the Dutch government. All the companies active in the working group were asked to draft a working plan for their activities in the coming years. SOMO was asked to develop a standard format for these working plans, in order to create coherency between the plans of the different companies.

In cooperation with CREM, SOMO developed a standard format for the working plans of the companies active in the WGDN.

The format of the working plans has been used by two of the companies active in the working groups.

■ *Evaluation multistakeholder initiative*

The Dutch Ministry of Foreign Affairs commissioned SOMO and a number of other research organisations to provide insight into the lessons and bottlenecks of existing CSR initiatives in various production chains that aim to improve social, environmental and economic conditions in the production countries. The reports provided a basis for setting up a Dutch multistakeholder initiative for sustainable trading by the Dutch government. SOMO drafted a report on the tea sector, and provided input into the reports on the electronics sector, natural stones, coffee and toys.

■ *Tea*

SOMO contributed to the development and drafting of a proposal by a consortium of stakeholders in the

tea sector (NGOs, trade unions, companies and the Netherlands Association of Coffee Roasters and Tea Packers (VNKT)), as part of a development phase aiming at the development of a common proposal for activities in the tea sector within the framework of the Dutch Sustainable Trade Initiative (IDH)

SOMO participated in the working group that actively supported the project leader of the development phase, contributed to the preparation of the stakeholder meetings and draft proposals for discussion. All stakeholders agreed on a list of ten key topics that need further attention and would form the basis of a common proposal. Further commitments and clarifications are needed in 2009 before a full proposal can be submitted to the IDH Board.

C.2.2 Trade and Investment

→ Project financed through subsidies

□ *MFS Trade and Investment*

SOMO continued to assess the sustainability aspects of services sectors and investment issues included in trade negotiations in the World Trade Organisation (WTO) and free trade agreements (FTAs) negotiations between the EU and developing countries. The financial crisis made SOMO focus on financial services liberalisation. SOMO also raised awareness about the need for a cost-benefit analysis of foreign direct investment.

SOMO and partner organisations organised or participated in workshops, expert meetings, networks and strategy meetings about liberalisation of services and investments through free trade agreements negotiated by the EU. The purpose is to ensure that a civil society perspective is being heard so that the interests of societies in developing countries are being taken into account in the treaty texts.

SOMO participated in national (CEH), European (S2B) and international (OWINFS) networks that challenge the dominance of corporate interests in free trade negotiations.

SOMO produced papers that highlighted how free trade in financial services contributed to the financial crisis to prevent further deregulation of

the financial sector through new trade agreements.

Results are:

- organisation of and participation in workshops that have built capacity of civil society and negotiators in Africa, regarding how to make sustainable agreements on free trade in services and investment, that are in the interest of societies and regions in Africa;
- training workshop with civil society representatives from 11 French speaking West African countries about all aspects related to foreign direct investment;
- three briefing papers that promote a cost benefit analysis of foreign direct investment and FDI incentive measures;
- support for partner organisations dealing with liberalisation of investment
- participation in official international fora (e.g. UNCTAD XII, OECD Global Forum on International Investment) which raised awareness and stimulated the debate among governments how measures for attracting FDI must take into account costs involved such as lost income from taxes, loss of policy space, unacceptably low wages for workers, and environmental damage;
- briefing papers, letters to WTO negotiators and contributing at a WTO seminar about the problems of liberalising financial services and deregulating the financial industry through free trade agreements, raising awareness about this issue world wide.
- discussion paper about environmental and social clauses in free trade agreements that was used in discussions at national (the Netherlands, Belgium), EU and OECD level.

→ Network Coordination

□ *Coalitie voor Eerlijke Handel (Coalition for Trade and Development)*

The Coalitie voor Eerlijke Handel is a coalition of Dutch civil society organisations that have joined forces to strive for equitable global trade by means of international trade agreements in multi and bilateral trade agreements. The primary aim of the coalition is lobby activities, informing and influencing Dutch civil servants and politicians. In addition, the coalition is a platform for information exchange, fine tuning opinions and activities of its members.

In 2008, several internal and external activities were carried out, for example: joined letters to ministerial departments; meeting with politicians and civil

servants of the economic department, a parliamentary hearing on trade agreements.

→ Services

□ *ETI case Bolivia*

Research about the financial flows and investment activities of ETI (ETI, Euro Telecom International NV) in Bolivia where ETI has the ownership of a privatised telephone company. The research aimed at supporting the Bolivian government who had been sued by ETI in an international investment dispute panel because ETI was being nationalised after bad service.

Main activities included:

- Research of the annual accounting reports of ETI which is registered in the Netherlands although being an Italian company.
- Finding counter arguments that ETI has invested huge amounts in the Bolivian privatised telephone company, and researching how much capital ETI took out of Bolivia.
- Distribution of the paper to the Dutch campaign against ETI's investment dispute case against the Bolivian government.
- Discussions on how the bilateral investment agreement signed by the Netherlands can be used by non – Dutch companies to sue governments of poor countries.

Results are:

- The fact that the international investment panel (ICSID) dealing with the dispute between ETI and the Bolivian government postponed any further procedures on the case for another year allowed the draft paper to be further discussed internationally and with Bolivian groups and experts, before being formally published worldwide.

C.3 Corporate Research

Within the subsidised programmes, a range of corporate research is carried out at the initiative of SOMO. SOMO has also conducted a large amount of corporate research for trade unions, development organisations, sustainable investors and consumer organisations.

→ FNV Company Monitor

The FNV Company Monitor researches the social policies of Dutch multinational companies in

developing and transitional countries, and supports the development of networks between Dutch employees of these companies and their colleagues abroad. The motivation for this programme is solidarity with workers far away: by making contact the FNV can help them improve their working situation. In a globalising world, it is important to have these contacts in the Netherlands. In ten years, the headquarters of many companies may no longer be in the Netherlands, or even Europe, but much further away. That is why it is important for trade unions to know the interests and situations of workers abroad now, and to exchange experiences and strategies. Only in that way can trends be identified within a company, and can unions worldwide anticipate changing situations. The project depends on three elements: trade union networks - corporate research – dialogue and action. SOMO carried out three projects within the programme:

▪ Company profile ING

Early in 2008, FNV indicated that it wants to include ING into the FNV Company Monitor. In light of this FNV commissioned SOMO to write a report that could serve as a background document for setting up an ING Company Monitor network.

On the basis of the report, ING union members held a strategy meeting to explore future network and research activities.

▪ Cases labour flexibilisation

For the FNV Decent Work conference early March 2009, SOMO has written several case studies on global flexibilisation trends and trade union activities and strategies including an article on Nokia activities in Mexico, G4S in South Africa, flex work in the tea and the electronics sector, etc. The articles are included in a booklet that will be widely distributed during the conference.

▪ Company profiles

Within the context of this project, FNV commissioned SOMO late 2008 to compose and update company profiles that will be published on the Company Monitor website. In 2008 SOMO wrote a pilot profile. The bulk of the work of this project will be executed in 2009.

→ Quick Scans

One of SOMO's specialities is scanning corporations on the basis of CSR criteria, using criteria from the CSR Reference Framework as drawn up by the CSR

Platform. As such, they constitute widely acknowledged criteria, derived from internationally accepted standards and treaties: the ILO Conventions and the UN Declaration on Human Rights. In addition to these general criteria, SOMO's scans also include sector-specific standards.

A Quick Scan entails a four-to-six-day investigation of a specific company. An analysis is made of the sector(s) the company concerned is active in, as well as of the relevant CSR issues in those sectors. Next, an assessment is made of the extent to which the critical issues in the sector can be linked to the company concerned. The company's CSR policy is also evaluated.

A Quick Scan generally consists of three elements:

- Risk analysis: an investigation is done of whether there has been any media coverage of the company violating CSR criteria or its own code of conduct.
- Policy analysis: the focus here is on the guidelines and/or sector-based codes of conduct signed by the company, as well as an assessment of the quality of these codes.
- Policy implementation analysis: here, the focus is on implementation, management systems, monitoring, verification, the level of transparency and reporting methods.

Four Quick Scans were carried out or initiated in 2008.

→ Benchmarking

Consumer organisations are interested in making a comparison between different brands of the same product. At the European level, SOMO conducted benchmarking in various areas, in order to make a comparison on CSR issues possible. SOMO carried out benchmark research in the following sector:

□ Sugar

Euroconsumers, a European consortium of consumer organisations, commissioned SOMO to conduct research on the corporate social responsibility in the sugar sector.

Desk research was conducted. A questionnaire was developed to investigate CSR policies and

practices of sugar companies and the results were subjected to analysis.

A research report was completed for the commissioner, the results will be published in 2009.

→ Sustainable Investment

SOMO created overviews of controversial practices that occurred or remained unresolved in 2007, for two publicly listed Dutch multinationals, Unilever and Philips. The VBDO (Dutch Association of Investors for Sustainable Development) addressed some of these at the shareholders' meetings in the period March to May 2008 and in confidential follow-up meetings with the management.

D. Organisational aspects

1. Organisational development

In 2008 SOMO continued with two programmes with a running time of three (2007-2009) and four years (2007-2010). In many respects 2008 was a year of stabilisation after some years of growth and major changes. SOMO implemented some changes in its aim to be a professional organisation.

- Capacity: The support staff team was expanded with a function for administration.
- Cooperation with IRENE: In 2007 the board of the IRENE organisation and SOMO intended to integrate projects and the employee of IRENE in the SOMO organisation. In 2008 the employee of IRENE was seconded to SOMO. For the common projects IRENE and SOMO signed an administration agreement. After several evaluations both organisations agreed to end the integration by the end of 2008. In 2009 SOMO will continue the common projects (OECD Watch, makeITfair and the European Coalition of Corporate Justice) with new funding and team members. The organisation of IRENE will be ended in 2009.
- Websites: in 2008 SOMO integrated different old and several new websites in one new content management system (CMS). SOMO is now hosting seven websites in one CMS called, Plone:
 - www.somo.nl
 - www.mvoplatform.nl
 - www.goodelectronics.org
 - www.eerlijkehandel.nu
 - www.oecdwatch.org
 - www.maikeitfair.org
 - www.procureitfair.org

The source of the publications is the SOMO database in Pluriform. In 2008 a export-import function is developed to make integrated database management possible.

- Fundraising: in 2008 the European Commission (DG EuropeAid) accepted two proposals for programmes with a running time of three years (2009-2011). The first programme aims to improve the European cooperation among NGOs and Trade Unions in the European Coalition for Corporate Justice, the second programme aims to build a stronger network and body of knowledge regarding Tax Justice issues. Besides the European Commission, the Dutch foundation Stichting Doen (Doen Foundation) also accepted a three-year programme aiming to improve labour and living conditions along the supply chain of electronic products.

2. Sustainability

Sustainability and accountability are key elements of the strategy and primary process of SOMO. In spite of the fact that it is not possible to compare a small sized civil society organisation with a large production company with its supply chain, SOMO wants to do its utmost to implement high sustainability and accountability standards in its own management systems. Over the past few years SOMO implemented several procedures to improve the sustainable management:

- Travel: SOMO promotes the use of public transportation for their employees. Employees travelling for work within a radius of 700 km are expected to use the train instead of the airplane. All airplane travel is compensated for its emissions (Greenseats).
- Purchase: in all its purchases SOMO searches for the most sustainable option. Where possible SOMO chooses for Fair Trade, green or organic products. For the inventory SOMO first tries to buy second hand products as much as possible.

3. Accountability

In 2006 SOMO implemented its Code of Conduct and Complaints Procedure to improve its accountability. In 2008 both the Code of Conduct and Complaints Procedure were translated into English in response to several requests. In 2008 no complaints were submitted regarding the Complaints Procedure.

4. Governance

After an internal evaluation and external advice both staff and board of SOMO agreed to improve the management structure of the organisation. This resulted in a new governance statute (*directiestatuut*). The most important aspects are:

- The responsibility of the board is explicitly to supervise (toezichhouden) the organisation;
- The managing director is the only member of the directorate and together with 2 senior employees the managing director forms the management team of SOMO;
- The steering committees of the networks and coalitions hosted by SOMO are responsible for the strategy and plans of the networks. In a steering committee the members of the network are represented. The management and board of SOMO are responsible for the organisational and managerial context.
- The staff of SOMO remains the most important decision making organ regarding strategy and year plans.

5. Personnel

- Employment: at the end of 2008, SOMO was employing a total of twenty-two people (17,4 FTE).
- Contracts: sixteen employees have permanent contracts, four have a one-year contract, two are employed on base of a temporary project contract. Two freelancers (total 0,7 FTE) are working for SOMO at the end of 2008. The Housekeeper (0,6 FTE) is hired from Pantar. SOMO shares an ICT manager with BothEnds and Wemos (employed by BothEnds, SOMO's share is 0,4 FTE). SOMO trained five interns in 2008.
- Absence through illness: 1,7%
- Fundraising and acquisition: The only cost for fundraising are personnel costs. 3,8% of the time available is used for fundraising. The total costs for fundraising are 1,6% of the total budget of SOMO in 2009.

6. External Networks

SOMO participates in a number of ad hoc and structural coalitions and networks. For some networks SOMO hosts the coordinator. In some other networks SOMO is member of the steering committee. In other networks SOMO is a member organisation. Besides the networks SOMO is the lead agent for a consortium and a member of another consortium.

Host organisation (including membership of the steering committee):

1. MVO Platform
2. Coalitie voor Eerlijke handel
3. Good Electronics
4. OECD Watch

Member of the steering group:

5. Tax Justice Netherlands
6. European Coalition for Corporate Justice

EU consortia:

7. MakelTfair (SOMO is lead agent)
8. ProcureITfair (the German organisation World Economy, Ecology & Development (WEED) is the lead agent)

Member of the following networks:

9. Agribusiness Accountability Initiative
10. Our World is Not For Sale
11. Red Puentes
12. Seattle to Brussels Network
13. The Northern Alliance for Sustainability (ANPED)
14. Tropical Commodity Coalition
15. Werkgroep Duurzame Natuursteen
16. Clean Clothes Network
17. GATS Platform
18. Bank Track
19. Dutch Social Forum

For the networks and coalitions SOMO is hosting, an annual evaluation is carried out with the steering group or the members. This evaluation gives input for the new annual plan. For the MFS programme of SOMO and the two consortium programmes, a consultation is carried out every year among the programme and consortium partners to formulate a new annual plan. Both the MFS programme and the EU consortium programme are evaluated by an external evaluator in the period December 2008 – March 2009. The results of these evaluations will be used to improve the strategies of both the programmes and the organisation.

E. Financial position and continuity

The financial year 2008 ended with a positive result, after taxes, of € 68,845. The result realised was higher than was forecasted. The budget forecast for 2008 was a positive result of € 25,000. This budget was based on commissions to which commissioning parties had actually committed themselves in April 2008.

With the long-term subsidy programmes up to 2010, SOMO has a solid basis of commissions and income. SOMO managed to raise new funds in 2008. In 2009 the following programmes will start:

- European Coalition for Corporate Justice (Funding from European Commission DG EuropeAid 2009-2011)
- Toward Tax Justice (Funding from European Commission DG EuropeAid 2009 - 2011)
- Funding a programme on electronics, extractives and waste (Stichting Doen 2009 – 2011)
- Membership of PSO (association for development organisations working on capacity building)

The coming two years, attempts will be made to broaden the funding channels, particularly in the light of the subsidy conditions after 2010 and the ending of the MFS programme. SOMO wants to obtain its income from subsidy from the various levels of Dutch government, European government, international funds and income from service provision.

SOMO is following a strategy of incremental growth. To ensure both quantitative and qualitative growth, SOMO has opted for a scenario of incremental development. The current size of the organisation is 23 employees. It is expected that 2 new researcher will be added in 2009.

At the time of writing this management report in March 2009, the majority of staff members are already fully occupied with the commissions to which commissioning parties have committed themselves for 2009.

Forecast 2009	
Income	
Government grants/contributions	€2.750.000
government grants	€2.400.000
other contributions	€350.000
Professional services	€250.000
Total Income	€3.000.000
Expenditure	
Direct costs of professionals services	€50.000
Direct project costs	€1.437.878
Personell costs	€1.204.622
General expenses	€272.500
Total expenditure	€2.965.000
Operating result	€35.000

April 2009

Dick de Graaf (chair of SOMO)

Ronald Gijsbertsen (managing director of SOMO)



Financial Statements 2008

Balance Sheet as of 31 December, 2008 (after appropriation of result)

	31-12-2008	31-12-2007
ASSETS	€	€
<i>fixed assets</i>		
tangible fixed assets		
Other equipment	37.058	39.720
<i>current assets</i>		
receivables, prepayments and accrued income		
trade debtors	64.273	173.493
subsidy receivable	134.575	233.502
prepayments and accrued income	151.970	120.138
	<hr/>	<hr/>
	350.818	527.133
cash and bank balances	1.180.953	665.223
TOTAL ASSETS	<u>1.568.829</u>	<u>1.232.076</u>
LIABILITIES	€	€
equity		
general reserve	266.890	198.045
appropriated reserves	40.000	40.000
	<hr/>	<hr/>
	306.890	238.045
provision		
provision personnel	15.213	13.274
current liabilities, accruals and deferred income		
creditors	351.896	248.535
advanced payments/ advances received on subsidies	533.897	427.873
taxation and social securities	51.345	2.632
accruals and deferred income	309.588	286.728
guarantee	-	14.989
	<hr/>	<hr/>
	1.246.726	980.757
TOTAL LIABILITIES	<u>1.568.829</u>	<u>1.232.076</u>

Statement of Income and Expenditure, 2008

	2008		2007
	realization €	budget €	realization €
INCOME			
government grants/contributions			
government grants	1.545.742	1.800.000	1.391.444
other contributions	483.198	425.000	412.203
	<u>2.028.940</u>	<u>2.225.000</u>	<u>1.803.647</u>
professional services	170.791	240.000	198.703
other income	94.061	-	124.599
TOTAL INCOME	<u>2.293.792</u>	<u>2.465.000</u>	<u>2.126.949</u>
EXPENDITURE			
direct project costs	963.829	1.134.000	927.361
direct costs of professional services	51.388	50.000	12.816
personnel costs	973.866	1.000.000	878.803
general expenses	224.189	256.000	230.877
TOTAL EXPENDITURE	<u>2.213.271</u>	<u>2.440.000</u>	<u>2.049.857</u>
OPERATING RESULT	<u>80.520</u>	<u>25.000</u>	<u>77.092</u>
financial income and expenses			
interest income	7.033	-	7.076
financial expenses	- 1.313	-	- 257
	<u>5.720</u>	<u>-</u>	<u>6.819</u>
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>86.240</u>	<u>25.000</u>	<u>83.911</u>
taxation on ordinary activities	- 17.395	-	- 17.715
RESULT AFTER TAXATION	<u>68.845</u>	<u>25.000</u>	<u>66.196</u>

Accounting principles for Financial Reporting

General accounting principles for the preparation of the financial statements

The financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. For the preparation and presentation of the financial statements SOMO uses also the Guidelines for annual reporting of the Dutch Accounting Standards Board, 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 if they have become known before preparation of the financial statements.

Principles of valuation of assets and liabilities

Tangible fixed assets

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

The following fixed percentages of cost are used for depreciation:

- Computers: 20% a year;
- Office equipment: 20% a year.

Receivables

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

Securities

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

Provision

Provision personnel: This provision is based on the 'Conditions of employment' formed for the personnel which have the right to built up 'pension' and 'holiday rights' during uncompensated absence. The provision for personnel has been formed for the amount expected to be due in the future and is built up during the labour period to a maximum amount. The amounts paid during the absence period are deducted from this provision.

Principles for the determination of the result

Government grants/ contributions (allowances)

The allowances are included in the statement of income and expenses in the year to which the subsidized 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 as of 31 December 2008

	2008	2007
ASSETS	€	€
other equipment (computer/office equipment)		
purchase value at historical cost	70.720	64.771
accumulated depreciation	- 31.000	- 45.434
balance as of 1 January	39.720	19.337
<i>movements</i>		
investments	9.468	33.165
desinvestments	-	- 27.216
depreciation	- 12.130	- 12.782
desinvestment depreciation	-	27.216
	- 2.662	20.383
purchase value at historical cost	80.188	70.720
accumulated depreciation	- 43.130	- 31.000
balance as of 31 December	<u>37.058</u>	<u>39.720</u>
	31-12-2008	31-12-2007
ASSETS	€	€
trade debtors		
trade debtors	89.273	204.993
minus: allowance for doubtful receivables	25.000	31.500
	<u>64.273</u>	<u>173.493</u>
subsidy receivable		
Subsidies Dutch government	46.841	90.331
Subsidies European Government	87.734	143.171
total subsidy receivable	<u>134.575</u>	<u>233.502</u>
prepayments and accrued income		
professional services to invoice	114.815	94.109
other prepayments and accrued income	37.155	26.029
	<u>151.970</u>	<u>120.138</u>
cash and bank balances		
cash and bank balances	1.180.953	665.223
	<u>1.180.953</u>	<u>665.223</u>

Except from 2 bank guarantees (with the sum of € 83.969) all cash and bank balances are available for expenditure by SOMO.

SOMO only buys shares when it 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 2008	movements 2008	end financial year 2008
equity			
general reserve	198.045	68.845	266.890
appropriated reserve removal	-	-	-
appropriated reserve housing	20.000	-	20.000
appropriated reserve organization development	20.000	-	20.000
	<u>238.045</u>	<u>68.845</u>	<u>306.890</u>
provision			
provision personnel	<u>13.274</u>	<u>1.939</u>	<u>15.213</u>

LIABILITIES	31-12-2008		31-12-2007	
	€	€	€	€
creditors				
creditors		84.781		79.529
contract obligations project partners		267.115		169.006
total		<u>351.896</u>		<u>248.535</u>
advanced payments/ advances received on subsidies				
advances received on subsidies Dutch government		268.268		251.836
advances received on subsidies European government		78.253		13.702
advances received on other contributions		174.553		159.300
advances received on professional services		12.823		3.035
		<u>533.897</u>		<u>427.873</u>
taxation and social securities				
taxation (corporate tax)	-	110	-	5.714
tax dividend		6	-	1
value added tax (V.A.T)		5.966	-	15.644
social securities (payroll tax)		45.483		23.991
		<u>51.345</u>		<u>2.632</u>

LIABILITIES	31-12-2008		31-12-2007	
	€	€	€	€
accruals and deferred income				
pension contributions	-	1.844	-	48.132
other accruals and deferred income				
project related expenses		32.239		52.603
holiday days		70.778		64.122
thirteenth month		60.919		58.183
services, auditing, controlling and ICT		47.532		48.058
undue payment		-		50.000
other		99.964		61.894
		<u>311.432</u>		<u>334.860</u>
		<u>309.588</u>		<u>286.728</u>

Reservations

In 2007 SOMO started a general housing reservation. This first year € 20.000 was added to this reserve. SOMO will add € 10.000 to this reserve annually from any positive results that exceed the result needed to reach the necessary general reserve.

The necessary amount as general reserve equals fifty percent of the fixed annual personnel costs (gross salary, social charges, holiday allowance, pension) of the employees with a contract for an indefinite period (for 2008 the norm would be: € 300.000). Any residual positive results will be added to the reserve for organisational development and can be used for different types of projects serving the goals of SOMO. This reserve can be used to hire extra capacity when needed, or to start research for which there are no funds available yet but which must start at a particular moment for reasons of urgency. In addition to this kind of strategic deployment, this reserve can also be used for investments in infrastructure to improve sustainable cooperation with partners in the North or South.

Contingent assets and liabilities

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

to the defined benefit plan have been reported in the balance sheet.

SOMO started a capital account in 2007 related to the Postbank account for bank guarantees. At the end of 2008, the total sum of bank guarantees is € 83.969. This amount refers to 2 bank guarantees. The first one (€ 26.275) relates to the lease for the building of SOMO at Sarphatistraat 30 in Amsterdam (rent in 2008: € 52.987) The second bank guarantee (€ 57.694) was required by the European Commission in order to receive advanced payments of a subsidy. The lease for Sarphatistraat 30 SOMO signed in 2007 starts from 1 July 2007 – 30 June 2012.

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. In the case of the programme commissioned by the European Commission, seven consortium partners are involved (SwedWatch, FinnWatch, GermanWatch, IRENE, Cividep, SACOM, SOMO). For the period of the programme, SOMO signed a Memorandum of Understanding with the 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

INCOME	2008 €	2007 €
government grants		
<i>subsidies Dutch government</i>		
Ministry of Foreign Affairs	1.180.883	919.558
Ministry of VROM	9.968	23.943
	1.190.851	943.501
<i>subsidies European governments</i>		
DG Europe Aid	307.657	259.280
DG Employment and Social Affairs	47.233	188.663
	354.890	447.943
	1.545.742	1.391.444
other contributions		
Network Contributions	481.793	374.948
Capacity building and awareness raising subsidies	1.405	37.256
	483.198	412.203
total income government grants and contributions	2.028.940	1.803.647
professional services		
professional services	170.791	198.703
total income professional services	170.791	198.703

EXPENDITURE	2008 €	2007 €
direct project costs		
travel costs	199.608	160.643
office expenditure	32.289	52.567
telephone and postage	5.116	5.356
printed matter	64.263	64.633
contracted work	591.933	603.904
other direct project costs	70.620	40.258
	<u>963.829</u>	<u>927.361</u>
direct costs of professional services		
direct costs of professional services	51.388	12.816
total direct project costs	<u>51.388</u>	<u>12.816</u>
personnel costs		
<i>salaries</i>		
gross wages	668.297	633.089
social securities	108.537	95.328
pension contributions	61.150	48.197
expenditure employee saving scheme	1.813	932
	<u>839.797</u>	<u>777.546</u>
<i>remaining personnel expenditure</i>		
remaining personnel expenditure	201.652	148.942
	<u>201.652</u>	<u>148.942</u>
subtotal personnel costs	1.041.449	926.488
minus: charged for (project) personnel expenditure	67.583	47.685
total personnel costs	<u>973.866</u>	<u>878.803</u>
general expenses		
services (auditing, controlling, advice)	42.536	35.302
literature, website, internet and databank	37.425	20.906
ICT (software and hardware)	57.416	48.995
housing expenditure (including removal)	20.109	71.262
depreciation	12.130	12.782
building expenditure (rent/energy)	60.060	70.148
other general expenses	57.906	49.341
	<u>287.582</u>	<u>308.736</u>
minus charged for project costs	63.393	77.859
total general expenses	<u>224.189</u>	<u>230.877</u>

Explanation of differences between realization and budget 2008

Analysis of difference

The positive result in 2008 is higher than budgeted. The budgeted result 2008 was € 25.000 before taxation. The positive result is € 68.845. The differences can be explained by several causes. In the first place the average effectiveness (direct time in projects / time worked) was higher than the norm of 75%. Secondly, absenteeism was very low (1,7%). More projects were carried out in 2008, and for this reason extra capacity was recruited on a temporary basis. The fixed costs did not rise.

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 can not be related to specific project activities are reported as general expenses.

Other Information

Appropriation of result 2008

The result after taxation 2008 is € 68.845 positive (2007: € 66.196 positive). The board of SOMO decided to add this result to the general reserve.

Auditor's report 2008

dubois & co

REGISTERACCOUNTANTS

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

AUDITORS' REPORT

We have audited the financial statements 2008 of Stichting Onderzoek Multinationale Ondernemingen (SOMO), in Amsterdam, which comprise the balance sheet as at 31 December 2008, the statement of income and expenditure for the year then ended and the notes to the balance sheet and the statement of income and expenditure.

Managements' responsibility

Management of the foundation is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Oranje Nassaulaan 1
1075 AH Amsterdam
Postbus 53028
1007 RA Amsterdam

Telefoon 020 571 23 45
Telefax 020 664 21 87
E-mail info@dubois.nl
www.dubois.nl

VENNOTEN

M. Karman
A.F.M. van Klaren
C. Offerman

MANAGER

J.J.H.G. Stengs

MEDEWERKERS-REGISTERACCOUNTANT

drs. P.A.J.M. Bonants
drs. R.W.J. Bruinooge
drs. A.P. Buteijn
drs. J.J.M. Huijbregts
drs. G. Visser
drs. J.P. Walter

SENIOR ORGANISATIEADVISEUR

drs. P.W.A. Kasteleyn, RC

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Onderzoek Multinationale Ondernemingen (SOMO) as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Amsterdam, 29 April 2009

Dubois & Co. Registeraccountants

Signed on original: C. Offerman and R.W.J. Bruinooge



**Centre for Research
on Multinational Corporations**

Sarphatistraat 30
1018 GL Amsterdam
The Netherlands
T: +31 (0)20 639 12 91
F: +31 (0)20 639 13 21
info@somo.nl
www.somo.nl