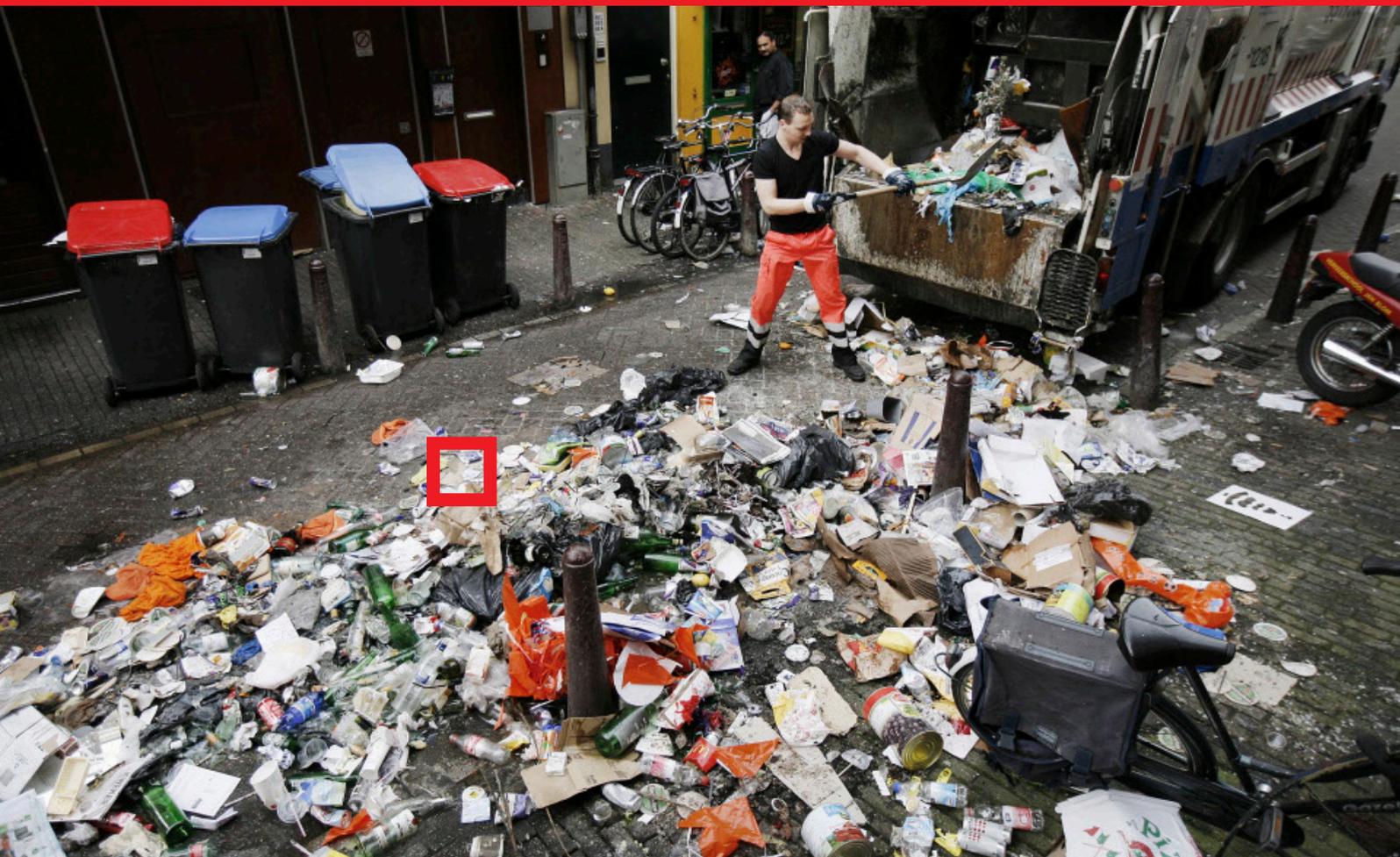




# SOMO

Annual Report 2013



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# Report from the Board

**SOMO can take pride in the fact that it has remained true to its mission: to generate research and to support civil society to be a positive force for change, capable of challenging the unsustainable strategies and practices of multinational corporations.**

At the same time, SOMO continues to adapt and respond to new developments and contexts, both internal and external, societal and technological. The development of innovative online tools to assist civil society in navigating non-judicial grievance mechanisms is just one example of this.

2013 was an exciting year for SOMO, which also marked its 40th anniversary. In December, SOMO's board members joined an audience of over 250 people in celebrating this important milestone at an event organised together with Studium Generale (the scientific discussion platform of the University of Utrecht).

Since SOMO's collective staff is the major policy making body within the organisation, SOMO's board has a supervisory responsibility. The board members execute their work on a voluntary basis and receive an annual allowance of 150 as a reimbursement of their expenses. At the end of this reporting year the board consisted of Dick de Graaf (chairman/secretary), Ronald Messelink (treasurer) and Melanie Peters (member). It is the intention to expand the board with two more people in 2014. Angela Wigger of the Nijmegen University is one of the intended new members.

Besides fulfilling its main tasks, SOMO is also reflecting on the effectiveness of its internal structures and processes. The board took a serious interest in this issue during its three meetings in 2013. In March it discussed a midterm evaluation of SOMO's internal functioning. This evaluation, which was conducted by an external consultant, concluded that the 2011 organisational changes were met, but that they could be refined and improved upon to further facilitate the cooperation and the exchange of ideas amongst staff members. The board re-examined this issue in July and welcomed the staff's decision to restructure its organisation into six programme teams from 2014 onwards. Also the board welcomed the decision to strengthen the collaboration with trade unions and social movements, which both are crucial sections of SOMO's target groups.

In 2013, the board advised SOMO's staff to invest more substantially in fundraising, and to intensify efforts to diversify funding. In October the board specifically discussed SOMO's future position in respect to the changing funding policies of the Dutch government regarding organisations working on international development. The current Dutch funding system MFS II will be replaced in 2015 by partnerships between selected organisations and the Dutch government. The board reflected on the potential of SOMO within this new context.

Regarding SOMO's financial situation, the board also reviewed SOMO's financial reserve fund policy, which currently aims to cover staff salaries for a period of six months in the case of a substantial drop in funds from the Dutch government. Further investigation will be undertaken to determine if this amount is sufficient.

As this 2013 annual report clearly demonstrates, SOMO continues to make significant progress towards reaching its objectives. The board is proud to see SOMO's accomplishments up to 2013 and looks forward to another forty creative years.

**Dick de Graaf** *chairman/secretary*

**Melanie Peters** *member*

**Ronald Messelink** *treasurer*

# Director's Report

## Introduction

# Forty years of knowledge-driven change

A man in a brown sweater and black beanie is speaking into a megaphone. He is standing in front of a group of people gathered outdoors. The background shows a large building with a corrugated metal roof and a concrete wall. The ground is dirt and there are some shadows cast on it. The overall scene suggests a community meeting or protest.

**SOMO grew out of a solidarity movement that originated with efforts to democratise the Chilean economy in the early 1970s. When the people-centred democratisation process was derailed by interference from multinational corporations (MNCs), Dutch activists set out to establish a research bureau to monitor their activities. SOMO was founded in 1973. Since then, the economic and political power of corporations has expanded and solidified. Forty years on, SOMO's mission and methodology of knowledge-driven change are more relevant than ever before.**

To mark SOMO's 40<sup>th</sup> anniversary, more than 250 people gathered in Utrecht for a lively debate that focused on regaining public control over multinationals. Guest speakers were: Eva Joly, Member of the European Parliament; Ewald Engelen, financial geographer at the University of Amsterdam; and human rights lawyer Martyn Day. They described how the current legal, political and economic systems are not functioning to promote the public interest and sustainable development. Money flows from the public to the private sector, from South to North, and accountability for violations of human rights remains far too limited. The speakers highlighted the need to break through the obscure complexity of corporate business practices and to build public pressure for change. In this, SOMO has and will continue to play a vital role.

To this day, a central element of SOMO's vision is to ensure that a strong civil society acts as a countervailing power for companies and governments to make sure that the development landscape is just and sustainable.

With the accumulation of 40 years of knowledge about MNCs, SOMO has a unique ability to connect forces, actors and processes at multiple levels. SOMO makes links between:

- **the macro-level:** including international frameworks and treaties such as the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and international regulation of trade, investment and taxation;
- **the meso-level:** including corporate activities within diverse supply chains and complex trans-national ownership structures on the one hand; and national regulations and policies on the other hand; and
- **the micro-level:** such as the rural community, the mine or the factory where the struggle for access to justice and respect for rights plays out.

SOMO has also achieved important results by starting at the community level and working upwards. Together with partners including the India Committee of the Netherlands and Kenyan Human Rights Commission, SOMO has reported on precarious work and dangerous working conditions on a Kenyan tea estate owned by Unilever. SOMO has documented sexual harassment and many other violations of Unilever's own code of business principles, as well as internationally recognised labour rights. The findings also raised doubts about the reliability of the certification system that had deemed the plantation to be 'sustainable'. As a result of this work, in 2013 Unilever introduced a range of measures to improve the safety of female workers, increased the share of women in more senior positions, and claimed to have taken strong disciplinary action into allegations of sexual harassment.

Extensive and effective outreach was a key factor behind these achievements. Community-based organisations, international NGOs, UN agencies, Dutch and European policy-makers, journalists, banks, companies – these are just a few of the many stakeholders that turned to SOMO in 2013 for expertise and advice.

SOMO has succeeded in putting key issues on the public radar and the political agenda: from the above-mentioned double tax treaties and the link between tax avoidance and human rights, to the Dutch development aid agenda and EU financial reform. SOMO was mentioned more than 100 times in Dutch national newspapers in 2013, reaching an audience of more than five million people. SOMO publications were downloaded nearly 54,000 times and more than 2,000 subscribers receive the SOMO newsletter, an increase of nearly 20% from the previous year.

The following pages offer a glimpse into the results SOMO is so pleased and proud to have achieved in 2013. Looking ahead, SOMO will formalise a new structure that better reflects its three external 'faces': SOMO as service-provider; SOMO as network host; and SOMO as knowledge centre.

Internally, the four broad project-based teams that were created in 2011 will be re-organised into six more narrowly and thematically focused programme teams. This new programme structure will enhance communication, facilitate development of more integrated strategies and promote synergy and incorporate the lessons learned from the 2011 changes.

SOMO will also be taking steps to prepare for a new funding landscape after 2015, when the Dutch government will implement a new funding framework for organisations working on international development. With the goal of further diversifying funding sources, in 2013 SOMO hired staff to coordinate fundraising efforts. Moving forward, programme teams will have the responsibility for identifying and following up on new fundraising opportunities.

## Highlights – Progress towards SOMO objectives in 2013

Achievements toward SOMO's three objectives are only made possible through close cooperation with hundreds of partners and allies, working together in coalitions and networks toward common goals. Each result represents years – sometimes decades – of work. A simple activity focused on a seemingly narrow topic may evolve into a global campaign involving a wide range of stakeholders, which creates the pressure for real change. SOMO's contribution to these achievements varies: most were collective efforts with other organisations and networks.

These 2013 highlights reflect the successful mix of SOMO's four strategies: knowledge building; strengthening civil society organisation (CSO) cooperation and information-sharing; capacity building of Southern CSOs; and advocacy for policy change toward government policy-makers, corporate actors and other stakeholders.

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

- Nearly 100 civil society representatives in three countries learned about non-judicial grievance mechanisms and how they can be effectively used to seek remedy for corporate misconduct. Through the new website [www.grievancemechanisms.org](http://www.grievancemechanisms.org), individuals, workers, communities and CSOs now have access to information and tools to help them file complaints to address corporate human rights abuses and seek justice.
- Workers and peasant farmers in Liberia have taken a step toward claiming their rights by seeking redress for damages to their livelihoods caused by the company Buchanan Renewables.
- More than 50 European CSOs developed and promoted the Alternative Trade Mandate (ATM), a shared vision of global trade based on core principles of human and labour rights and environmental protection.

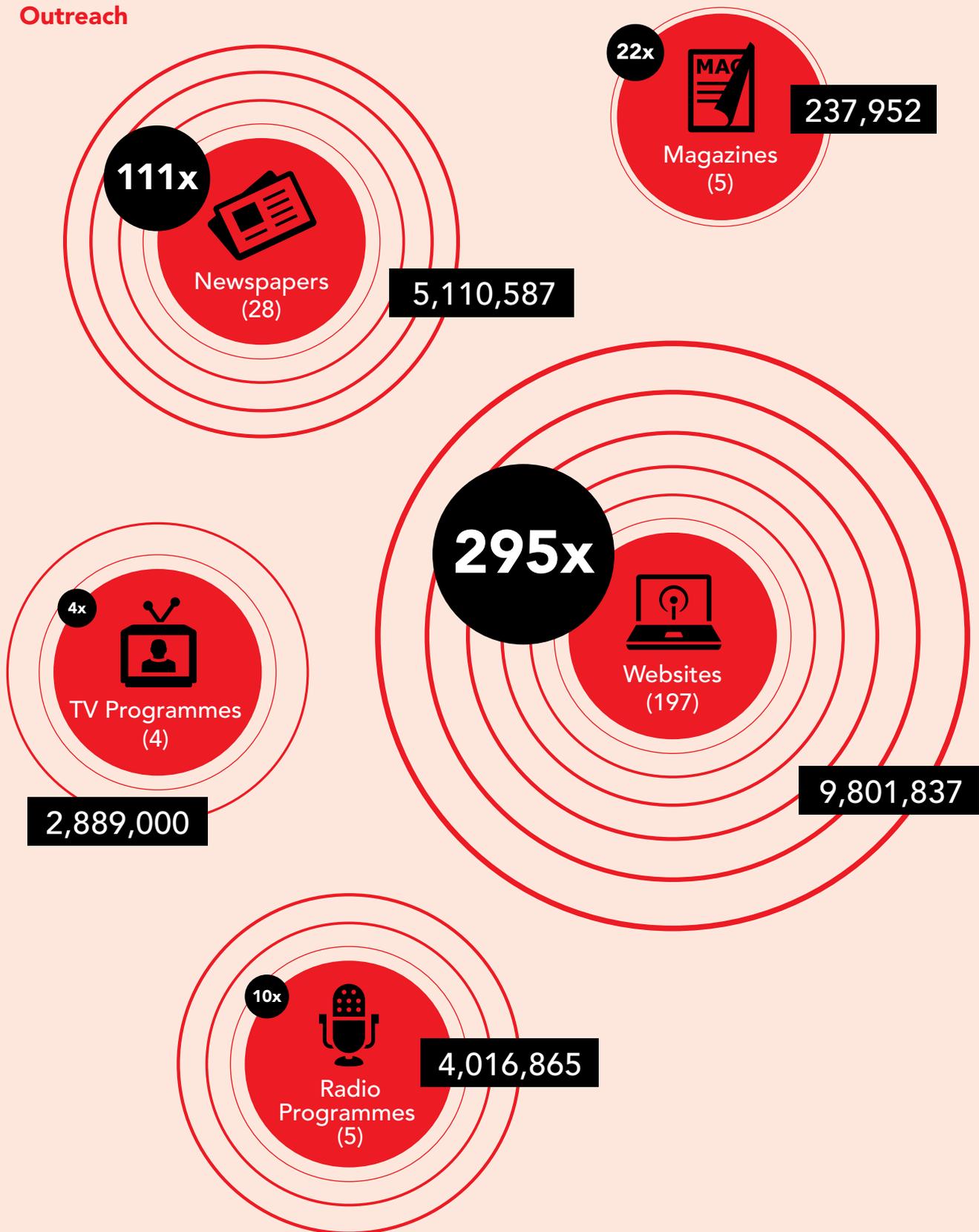
### **SOMO Objective 2: Corporate conduct and policies serve sustainable development.**

- More than 100 clothing brands and retailers signed the legally binding Accord on Fire & Building Safety in Bangladesh, which requires independent safety inspections of factories and public reporting of results.
- An Organisation for Economic Co-operation and Development (OECD) complaint filed by SOMO and partners in the Fair, Green and Global coalition resulted in a landmark decision by the Netherlands National Contact Point confirming that even minority investors have a responsibility to exert influence where possible on companies in which they invest.
- Unilever took real action to stop sexual harassment on its Kericho tea plantation in Kenya. The company announced improvements in the plantation's grievance mechanism, disciplinary action and an increase in the number of women team leaders.
- Six Dutch banks pledged to be more transparent about their lobbying activities. Rabobank and ABN AMRO promised to publish their policy positions and submissions for consultations.

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

- The Dutch government finally admitted that its tax policies and treaties, which facilitate tax avoidance by multinational companies, deprive poor countries of the revenue necessary to provide citizens with essential services such as education. The government committed to improving tax transparency and adding anti-abuse provisions in 23 tax treaties.
- EU officials agreed to put limits on food price speculation by financial players (banks, hedge funds, investment funds) in the proposed Markets in Financial Instruments Directive.
- Minister for Foreign Trade and Development Cooperation Lilianne Ploumen called on the Dutch garment and textile industry to formulate an action plan for supply chain transparency and insisted on increased transparency in the Netherlands' coal supply chain.
- The Dutch government responded to concerns about the Dutch Good Growth Fund by improving its transparency requirement and excluding tax-evading companies from eligibility.

## Outreach

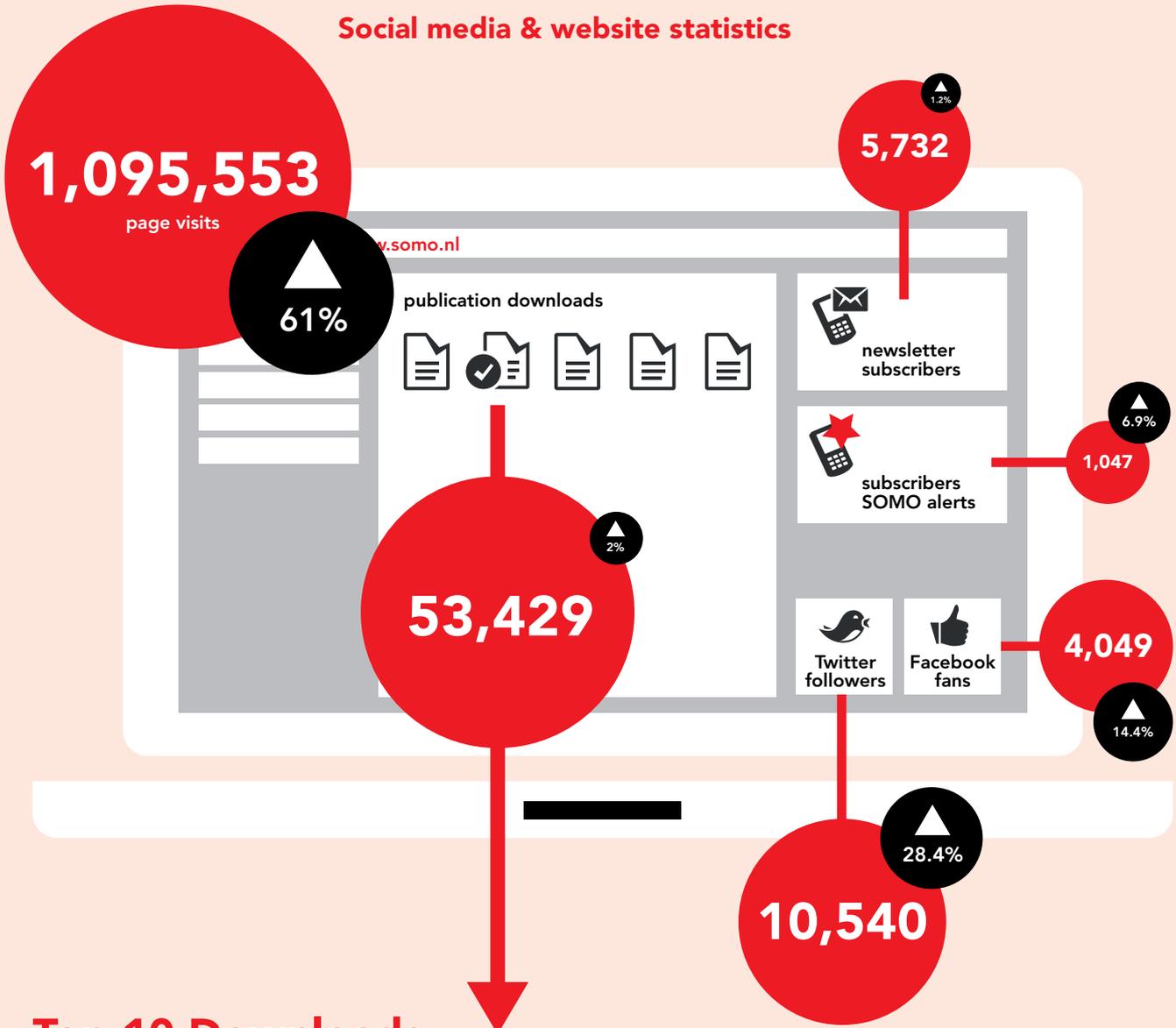


**x** = number of mentions

**XXX,XXX** = individuals reached

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

## Social media & website statistics



## Top 10 Downloads

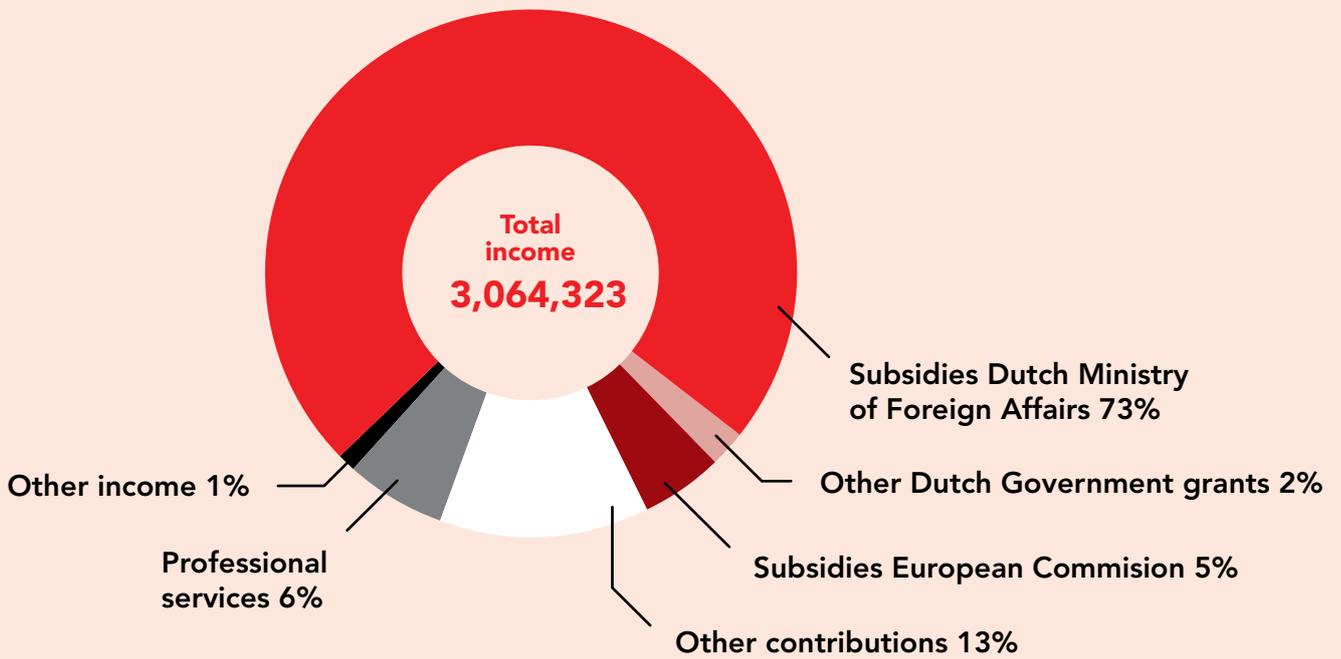
1	Apple – CSR Company Overview (2,165)	6	Examples of Unethical Trials (669)
2	The Netherlands: A Tax Haven? (1,050)	7	Duurzaamheid in de Nederlandse Elektriciteitssector (500)
3	Fatal Fashion (851)	8	Private Gain, Public Loss (484)
4	Avoiding Tax in Times of Austerity (687)	9	Het Financiële Overgewicht van Nederland (475)
5	Should the Netherlands Sign Tax Treaties with Developing Countries (678)	10	How to Use the UN Guiding Principles on Business and Human Rights in Company Research and Advocacy (421)



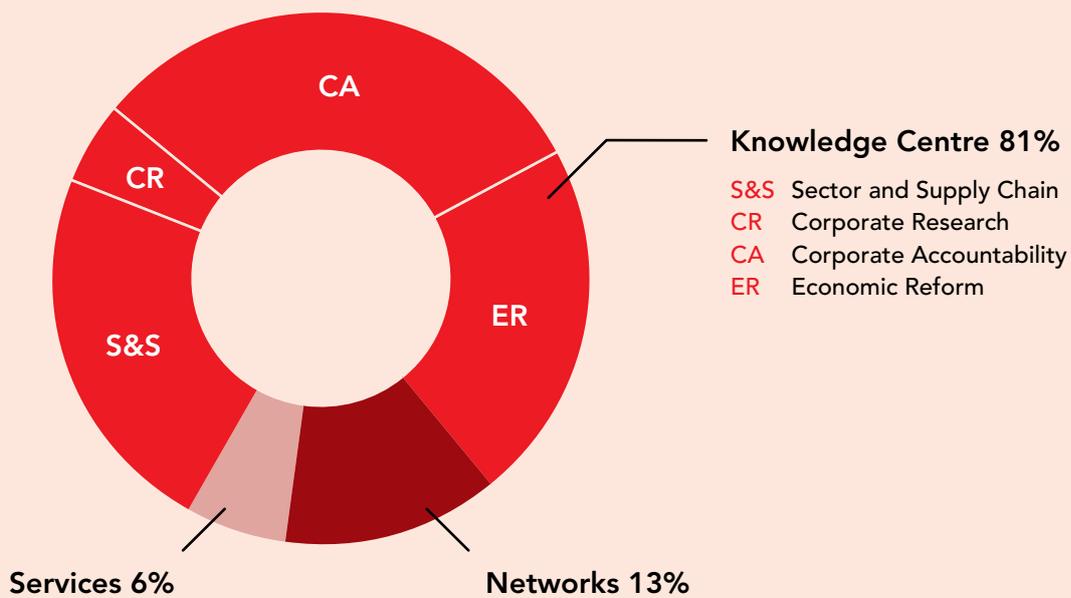
= related to 2012 numbers

## SOMO's income

### Income by funder



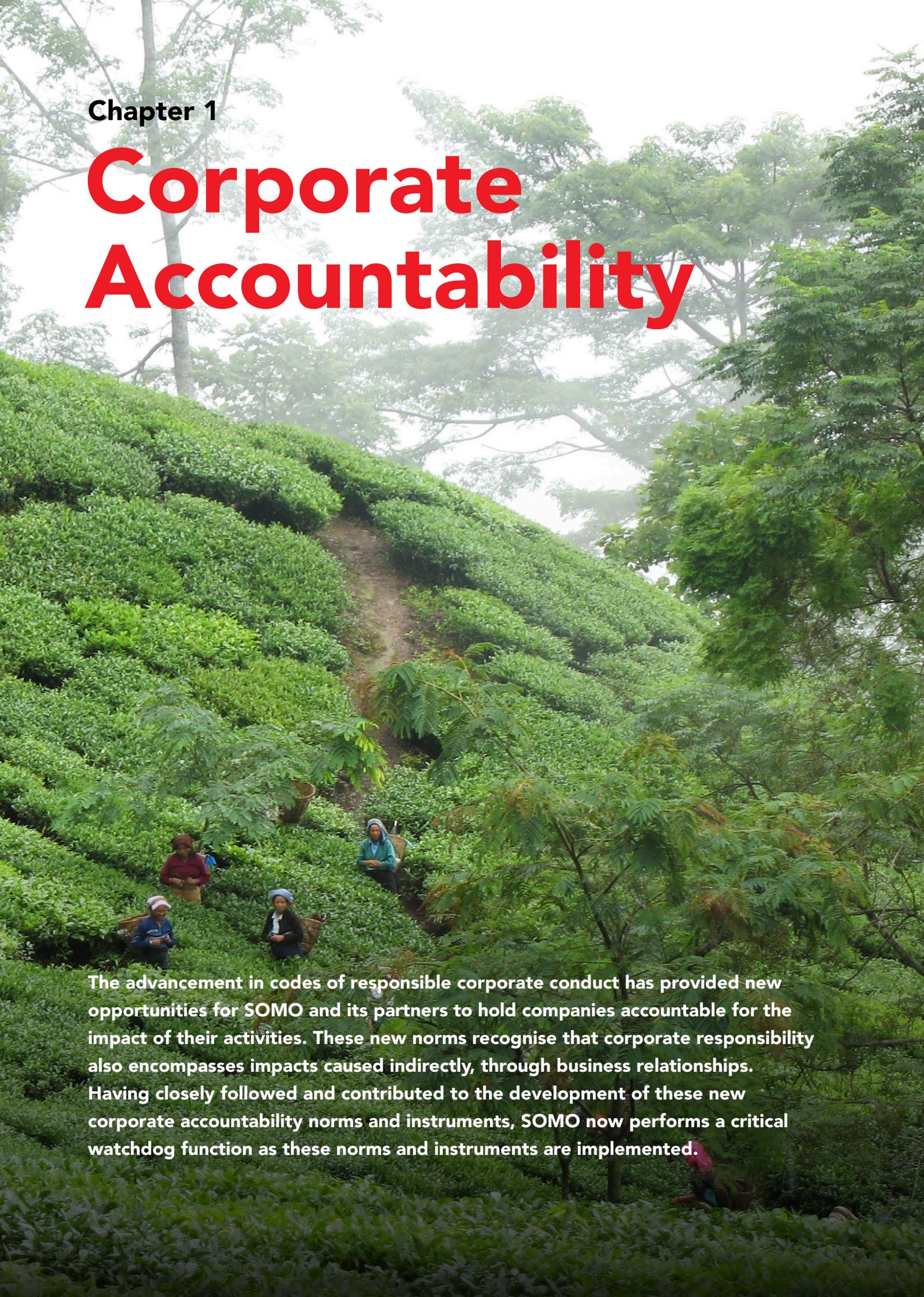
### Divided over SOMO's 3 faces



**Part I**

**SOMO**

**as Knowledge  
Centre**

A photograph of a lush green tea plantation on a hillside. Several workers wearing traditional head coverings are seen tending to the tea bushes. The background is filled with tall, leafy trees under a bright sky.

## Chapter 1

# Corporate Accountability

The advancement in codes of responsible corporate conduct has provided new opportunities for SOMO and its partners to hold companies accountable for the impact of their activities. These new norms recognise that corporate responsibility also encompasses impacts caused indirectly, through business relationships. Having closely followed and contributed to the development of these new corporate accountability norms and instruments, SOMO now performs a critical watchdog function as these norms and instruments are implemented.

**S**OMO provides vital knowledge and support to partners, workers and local communities seeking to address environmental, social and human rights abuses. In 2013, SOMO focused particular attention on two corporate accountability issues: the need for effective grievance mechanisms and for human rights due diligence by companies active in fragile states.

## Corporate accountability guidelines and regulation

Forty years after SOMO's founding, there are now a variety of international guidelines aimed at encouraging corporations to take responsibility for the consequences of their activities. Three of these instruments form the core set of internationally recognised principles and guidelines for corporate social responsibility (CSR): the OECD Guidelines for Multinational Enterprises; the United Nations Global Compact; and ISO 26000 Guidance on Social Responsibility. Identifying the need for more information about these instruments and the differences between them, in 2013 SOMO published a comparative guide. It was accompanied by a simple web-based tool to help CSOs to evaluate whether and how to use these instruments in their efforts to promote and enforce corporate accountability. The new materials complement SOMO's well-received 2012 guide to the UN Guiding Principles on Business and Human Rights (UNGP), which was translated into a sixth language, Russian, in 2013 at the request of the UN.

Since the UN's adoption of the Guiding Principles two years ago, SOMO and partners have monitored how and if states and businesses are putting them into practice. Prior to the Second Annual UN Forum on Business and Human Rights in Geneva, SOMO co-hosted a Civil Society Dialogue to discuss trends, needs and challenges in realisation of the core elements of the principles: the state duty to protect human rights, corporate responsibility to respect human rights and effective access to remedy for victims of rights violations. The dialogue helped frame the official interventions made by SOMO during the plenary session of the UN Forum.

## Human rights and grievance mechanisms

SOMO has been at the forefront of efforts to help people seeking remedy for corporate misconduct through grievance mechanisms. Although such mechanisms are no substitute for legal action, they can be a useful alternative in the face of weak governance, inadequate legal frameworks or poor implementation of regulation and court decisions. As well as advocacy for strong and accessible grievance mechanisms that ensure protection of human rights and remedy, SOMO trains and supports CSOs and individuals and helps them to conduct research and file complaints.

To that end, SOMO launched a new website in 2013 that provides information and advice about using various non-judicial grievance mechanisms. The website provides a video introduction, a step-by-step guide and answers to basic questions about filing a complaint. In-depth resources include brochures on the grievance mechanism of the African Development Bank (AfDB), and the World Bank's Compliance Advisor Ombudsman and Inspection Panel. SOMO also trained nearly 100 civil society representatives in three trainings in Mexico, Kenya and Indonesia, with exciting results. Participants at the Kenya training already identified 11 cases of corporate misconduct for which remedy could be sought by filing a grievance. Further exploration of these cases is now taking place. In Mexico, SOMO's collaboration with the Centre for Reflection and Action on Labour Rights (CEREAL) has created positive momentum. After participating in a SOMO 'training of trainers' on grievance mechanisms, CEREAL went on to organise its own successful training for local CSOs.

An OECD complaint filed by SOMO and partners in the Fair, Green and Global coalition resulted in a landmark decision by the Netherlands National Contact Point (NCP) in 2013. The complaint was directed at South Korean company Pohang Iron and Steel Company (POSCO), which has been linked to human rights violations and violence in relation to planned mining operations, a steel plant and a port in India. The Netherlands NCP addressed the part of the complaint related to the Dutch pension fund ABP, which has a 1% share in POSCO. The Netherlands NCP found that ABP, due to its investment in POSCO, has a responsibility under OECD Guidelines to try to prevent or mitigate any violations carried out by the Korean company. The NCP thus confirmed that expectations of due diligence apply to financial institutions that have minority shares in multinational enterprises. This interpretation was also supported by the office of the UN High Commissioner on Human Rights in an official letter to SOMO.

SOMO welcomed the decision, which represents a major step towards recognition of the responsibility of financial actors for the impacts of businesses in which they invest.

## Corporate accountability in conflict-affected areas

Among the issues raised by SOMO at the UN Forum on Business and Human Rights was the problem of companies exploiting weak governance zones and conflict-affected areas. Natural resources extraction in these areas is often linked to violent conflicts and human rights abuses. In 2013, SOMO launched a new programme focused on this issue, targeting five conflict zones: Democratic Republic of Congo, Liberia, Sierra Leone, South Sudan and Colombia. The programme focuses on the capacity building of local communities and improvement of their livelihoods in relation to private sector development. A key objective is to pressure multinationals to behave responsibly and in a way that is sensitive to conflicts, and to support local non-governmental organisations (NGOs) in monitoring companies. A first meeting with partners was held in November.

Among the partners in the new programme is the Liberian group Green Advocates, which has collaborated with SOMO to expose the adverse social and environmental impacts caused by biomass company Buchanan Renewables. In 2013, the two groups joined SwedWatch in publishing *Cut and Run*, which followed up on the 2011 study *Burning Rubber*. The new report showed how smallholder farmers and charcoal producers continue to face difficulties in sustaining their livelihoods as a result of Buchanan Renewables' actions and the subsequent hasty divestment of Swedish utility Vattenfall. The research prompted the American-based Accountability Council to prepare a complaint to the US Overseas Private Investment Corporation (OPIC), one of the financiers of Buchanan Renewables' operations in Liberia. The aim of the complaint is to secure redress for people who have been adversely affected, including many smallholder farmers who lost their source of subsistence – income from rubber trees – because of the company's actions.

Since many resources that end up in consumer products originate in conflict areas, supply chain responsibility is of fundamental importance. Recent corporate accountability standards, including the UNGP and OECD Guidelines, recommend that companies should make themselves aware of and actively address the human rights harm they cause directly or indirectly through business relationships. The concept, known as human rights due diligence, is now at the core of the debate around corporate accountability in fragile states and conflict zones.

Bolstered by 2013 research showing a lack of due diligence by European companies using conflict minerals, SOMO joined a coalition of 59 NGOs demanding strong EU legislation. The coalition's recommendations, which include mandatory due diligence, were put forth in the briefing *Breaking the Links Between Natural Resources and Conflict: The Case for EU Regulation*. In the Netherlands, SOMO staff gave critical input to the debate on due diligence by participating in the Committee for International Corporate Social Responsibility of the Social and Economic Council of the Netherlands. Two SOMO staff members serve on the Committee, which has been tasked by Minister Ploumen to advise the government on the issue.

# Corporate Accountability

## Overview of projects 2013

### Support ECCJ

The European Coalition for Corporate Justice (ECCJ) promotes corporate accountability by bringing together national platforms of CSOs including trade unions, consumer advocacy groups and academic institutions from all over Europe.

### CSR instruments-Global Compact Critics

SOMO hosts the Global Compact Critics Blog, an online platform where civil society organisations and individuals share critical information on the functioning of the UN Global Compact. The blog aims to offer a platform for discussion and for airing critiques of the Global Compact.

### MRF Lobby Business and Human Rights

This project is a continuation and integration of SOMOs work on the United Nations Framework and Guiding Principles on Business and Human Rights over the past couple of years, and lobby and advocacy on various grievance mechanisms.

The project aims to ensure that the UN Framework and Guiding Principles on Business and Human Rights actually do what they were designed for: address business related human rights abuses. In addition, the project aims to contribute to the improvement of existing grievance mechanisms and the development of new effective grievance mechanisms.

### MRF Grievances

Workers and communities in developing countries where production and extractive companies are producing are often denied access to justice in case of violation of their rights. Company based grievance mechanisms are seen as one tool that could be used by workers and communities to get justice and get companies to amend their practices.

### Fragile States Programme

Between 2012 and 2016, SOMO will carry out a global programme on responsible and conflict-sensitive business as a central element in the peace building process. The goal of the programme is to ensure a fair and sustainable reconstruction process by empowering local communities to improve their livelihoods in relation to private sector development and by ensuring that the foreign private sector operates in a responsible and conflict-sensitive way. The programme also focusses on the role of the war economy, more specifically how to prevent multinational corporations to profit from conflict and to prevent them from fueling the conflict through their operations.

### OECD Watch

OECD Watch is a global network with more than 80 members in 45 countries. Membership consists of a diverse range of civil society organisations bound together by their commitment to ensuring that business activity contributes to sustainable development and poverty eradication, and that corporations are held accountable for their actions around the globe. In the absence of a globally binding framework for corporate accountability, the OECD Guidelines are one of the few mechanisms available for holding corporations to account for their international operations.

2013

### MRF Training

This project is aimed primarily at strengthening the capacity of Southern organisations to use mechanisms for negotiation and conflict resolution from existing guidelines and instruments in the field of corporate accountability and human rights (international, sectoral, company level) to protect their rights and those of individuals and communities they represent, including human rights defenders.

### MRF Case work

This project revolves around on multinationals with regard to human rights to support complaints at non-judicial grievance mechanisms and to monitor the implementation of the UN Guiding Principles on business and Human Rights. SOMO will coordinate corporate research by partner organisations, support their work through corporate research and undertake own research initiatives.

### MRF legal expert pool

SOMO will seek to bring together and pool resources amongst legal experts and lawyers to defend NGOs and provide legal advice in order to share experiences about threats and retaliation actions against NGOs, and to discuss how best to respond to these risks, in terms of prevention (in the execution of research, anonymity of researchers, workers, victims, authors, etc) and in terms of protection when retaliation occurs (solidarity campaigns, legal support, negotiation, etc).

## Chapter 2

# Economic Justice



**PAY YOUR TAXES**



BE THAT AGENT OF POSITIVE CHANGE  
PAY YOUR TAXES FOR **GROWTH & DEVELOPMENT**

The Ministry of Finance Tax Sensitization Message  
Sponsored by the Integrated Framework Unit 

As the economic and financial crisis continues, the unequal distribution of wealth and power in the world has grown to obscene proportions. The political response to the crisis, which has included severe austerity measures, has made the rich even richer while exacerbating poverty and insecurity among ordinary people. SOMO is collaborating with CSOs in both the North and the South to counter this injustice through innovative research, policy analysis and advocacy.

**E**liminating poverty and environmental degradation means tackling their structural causes. It means ensuring coherence across a wide range of policy areas – not only development cooperation but also trade, taxation, and banking – all of which have an effect on economic well-being and the use and distribution of the earth's resources.

When the financial crisis first hit, civil society was in desperate need of facts and in-depth analysis on finance and investment systems from a people-centred and justice perspective. SOMO has been at the forefront of efforts to generate evidence and develop insight into the unjust workings of the current economic system at multiple levels: Dutch, European and global. In 2013, the economic justice team booked some important results in shifting government regulations toward sustainability and a more equitable distribution of wealth, a key SOMO objective.

## Tax justice

SOMO celebrated a major victory when the Dutch government finally admitted that its tax policies, including tax treaties, are harmful to many people, countries and companies worldwide. Minister for Foreign Trade and Development Cooperation Lilianne Ploumen and State Secretary for Finance Frans Weekers committed to working together at both national and international levels to fight tax avoidance, and to include anti-abuse provisions in 23 double taxation treaties. Working with allies like Tax Justice Netherlands, SOMO has played a critical role over the years in achieving the government's about-face. In 2013, SOMO added to the mounting evidence of tax injustice with the report *Should the Netherlands Sign Tax Treaties with Developing Countries?* The research showed how Dutch tax treaties lead to a total annual revenue loss of €54 million for 28 countries.

With the report *Private Gain, Public Loss*, SOMO delved even deeper into the role of the Netherlands in facilitating international tax avoidance, drawing the connection to human, social and economic rights. Focusing on eight extractive companies incorporated in the Netherlands, SOMO illustrated the negative effects of Dutch policy on the ability of other countries to secure the resources needed to protect and uphold their citizens' rights. Moreover, SOMO found that the government's active promotion of mailbox companies and opaque holding structures facilitates companies' avoidance of accountability and prevents people from seeking remedy for rights violations.

The negative impact of tax evasion and avoidance is not limited to developing countries. In 2013, SOMO also turned the spotlight on the tax gap within the EU, looking at the role the Netherlands plays in reducing the tax payments of Portuguese corporations in Portugal. *Avoiding Tax in Times of Austerity* showed how 19 out of the 20 biggest Portuguese multinationals are using a front company in

the Netherlands in order to pay fewer taxes in their home country. SOMO's findings attracted not only the attention of Dutch policy-makers, but also the European Commission (EC) and Parliament.

SOMO's work on tax justice piqued significant interest from a variety of stakeholders, including journalists, academics, civil society and politicians. The Dutch Parliament invited SOMO to participate in a round table discussion about the costs and benefits of Dutch fiscal policies and the Senate solicited SOMO's input in preparation for its discussion on tax policy. For the second year in a row, SOMO organised a popular seminar to discuss new tax justice research and policy initiatives, and to examine the issue within the context of academic disciplines of law, political sciences and economics. The seminar's participants included journalists from leading Dutch newspapers, including *De Volkskrant* and *Het Financiële Dagblad*, attesting to the interest in this important and timely subject.

## Financial reform

SOMO has been among the many voices insisting on stronger regulation of financial markets in the EU and globally. SOMO advocates for financial reforms that take into account the interests of developing countries, the poor and the environment. For example, SOMO has identified how financial investments in food commodity derivatives contribute to hunger by causing sharp and sudden swings in food prices. In 2013, SOMO worked with a broad coalition of NGOs across Europe to advocate for EU regulation to end food price speculation. One of SOMO's senior researchers provided critical input as a speaker at the EC's Expert Group on Agricultural Commodity Derivatives and Spot Markets. SOMO contributed technical advice, briefing papers and supported public and political advocacy throughout the decision-making process related to preparation of the proposed new Markets in Financial Instruments Directive (MiFID II). As a result of this effort, the proposed new law is significantly stronger than the original 2011 text. It imposes limits on how much financial players (banks, hedge funds, investment funds) can speculate on food prices.

While the new proposal is an improvement, due to the efforts of the financial industry lobby, it will be a long time before it takes effect and it includes many exemptions and loopholes. In the report *Taking Lobbying Public*, SOMO shed light on this problem. Research into six Dutch banks revealed that they fail to report fully on lobbying activities despite their claims to adhere to Global Reporting Initiative guidelines. This lack of transparency increases the risk that policy-makers and regulators will cater to the interests of the banking sector, rather than uphold their duty to protect the public interest. In response to the report, Rabobank and ABN AMRO promised to publish their policy positions and submissions for consultations. All six banks pledged to improve transparency and implement some of SOMO's

recommendations. Meanwhile, members of the Labour Party took up the issue in the Parliament, demanding that legislative proposals should include a record of lobbying interests.

## Trade and investment

The current neo-liberal trade and investment regime has severely restricted the ability of countries to devise and implement their own strategies for eradicating poverty and ensuring sustainable societies. SOMO has long argued that there is a better way. In 2013, SOMO joined more than 50 European CSOs to present the *Alternative Trade Mandate* (ATM), a shared vision of global trade based on core principles of human and labour rights and environmental protection. SOMO contributed extensively to the ATM's proposals on financial services and investment. The ATM was launched prior to the World Trade Organization meeting in Bali, where SOMO was pleased to support partner organisation Indonesia for Global Justice in reporting and raising awareness about the talks and the resulting Bali Package.

In 2013, SOMO analysed the impact on financial services of EU free trade agreements (FTA) with Colombia and Peru, highlighting the danger of opacity in financial transactions. SOMO's analysis helped to influence debates in the Dutch, German and EU parliaments. Likewise, working with the European-wide Seattle to Brussels (S2B) network, SOMO decried the EU's proposed Transatlantic Treaty and Investment Partnership (TTIP) with the United States and the Comprehensive Economic and Trade Agreement (CETA) with Canada. SOMO drew attention to one of the most dangerous components of the proposed agreements, the Investor State Dispute Settlement clause. The clause grants corporations the right to sue governments before a non-judicial investment tribunal over policy measures that potentially damage profitability. Claims and awards from such cases have amounted to hundreds of millions of dollars, with severe impacts on public spending particularly in developing countries. SOMO's advocacy and lobbying efforts around trade and investment have had a tangible impact: for the first time, the Dutch government has acknowledged that EU investment treaties and FTAs can have negative consequences, marking an important change in discourse.

## Dutch policy coherence

Sustainable development and eradication of poverty cannot be achieved if government policies do not consistently support these goals. In a joint effort to promote better Dutch and EU policy coherence toward development goals, SOMO, Both Ends and ActionAid raised critical questions about the new Dutch Good Growth Fund (DGGF), which will be launched in 2014. The fund will support private sector development in developing countries. SOMO and its partners warned of the risks entailed in the new policy and made concrete recommendations for aligning the fund's policy with internationally accepted corporate accountability standards and best practices. The government responded by improving the transparency requirement of the DGGF and excluding tax-evading companies from eligibility.

# Economic Justice

## Overview of projects 2013

### Impact EU Financial Reform on Developing Countries

This research maps the effects of the new wave of financial reform options considered in the EU and at the G20 level on developing countries. More specifically, the research focuses on the structural reform of banks and the curbing of shadow banking.

### Public Loss, Private Gains

This project is partly a continuation of the 2012 project Public Losses, Private Vices. It aims to analyse the impact of shifts in economic foreign policy of the Dutch government and development policy as a political and economic foreign policy instrument on public goods vis-a-vis private interests. The findings are used to formulate recommendations and advocate for a change in development policies.

### Tax Justice Research

Economic globalisation has led to a governance gap in the taxation of MNCs, which in turn has led to large-scale tax avoidance practices, facilitated by secrecy jurisdictions. The related drop in revenue is particularly devastating for poor countries, making tax justice a development and policy coherence issue. CSO intervention strategies focus on building capacity to research and advocate for change. Policy solutions centre around transparency (at government and MNC level), an end to tax havens, more justice in international profit allocation and a multi-lateral UN-led approach to international taxation.

### Research Commodity Speculation & Financialisation of the Commodity Sector

Regulation of financial commodity markets both in the EU and developing countries that have commodity derivatives markets are a key aspect to stop the financial MNEs to dominate & manipulate the commodity sector. At the same time, showing the problems of financialisation of natural resources should stimulate the debate on alternatives to production and pricing of food and extractives. The 2013 project follows up on SOMO's work on food speculation and energy sector in 2011 & 2012.

### Sustainable Trade Regime

Liberalization and deregulation have contributed to causing the crisis as civil society has argued since long. This is most clearly visible in the debate on the need of financial reform that is very slowly extended to trade and investment treaties. With FGG alliance members Both Ends and TNI, SOMO focuses on increasing coherence between international trade and investment policies and development policies in the Netherlands and Europe, and presenting perspectives from the Global South.

### EU Investment Coherence for Sustainable Development

This projects aims to contribute to a 'better understanding of the concerns that are foremost in the public debate' in order to promote a constructive, structured and transparent dialogue between active and engaged civil society and the EU institutions in the field of investment and development policy. The project builds on previous work by SOMO and allies which have been campaigning and engaging with EU institutions for an EU investment policy which is coherent with development objectives. This project has close links with the MFS investment project and is executed with FGG project partners

2013

### Fragile States Program EJ

The goal of the programme is to ensure a fair and sustainable reconstruction process by empowering local communities to improve their livelihoods in relation to private sector development and by ensuring that the foreign private sector operates in a responsible and conflict-sensitive way.

The programme will also focus on the role of the war economy, more specifically how to prevent multinational corporations to profit from conflict and to prevent them from fueling the conflict through their operations. The programme will be carried out in the Democratic Republic of Congo, Liberia, Sierra Leone, South Sudan and Colombia.

### Human Trafficking - La Strada

Together with La Strada International, SOMO identifies the sectors and companies vulnerable to trafficking in their supply chain, maps the existing practices by grass-root anti-trafficking NGOs and possible other relevant stakeholders at the national level targeting the private sector and provides strategic advice on private sector engagement to these NGOs.

## Chapter 3

# Sectors and Supply Chains

Thanks to decades of work by SOMO and others, it is increasingly recognised that companies must take responsibility and should be held accountable for the conditions and impacts of their supply chains. SOMO's research demonstrates how many of the problems facing people in developing countries – precarious working conditions, displacement, environmental devastation – can be traced back to the practices and policies of multinational corporations right at the top of the supply chain.

**S**OMO uses a comprehensive, systems-based approach that takes into account market power relations and the economic realities of diverse sectors. The growing demand for supply chain transparency has given new shape and significance to this field of work. 2013 marked the implementation of new or revised national regulations and normative standards affecting supply chains. SOMO has monitored the impact of these developments, while also venturing deeper into sectors like energy, where supply chain responsibility has received limited attention.

## Mining and extractives

Among the most important new regulations affecting supply chains is a section of the US Dodd-Frank Act (2011), which requires companies to disclose whether certain minerals in their products originate from the Democratic Republic of the Congo. If so, companies must report on their efforts to understand, monitor and mitigate the human rights impacts of their sourcing practices, known as due diligence. In anticipation of a similar European initiative aimed at more responsible sourcing from conflict areas, SOMO investigated 186 European companies that use conflict minerals and found that the majority do not conduct due diligence. Along with a broad coalition of 59 NGOs, SOMO called on the European Commission to require companies to check their supply chains for all natural resources originating in conflict and high-risk areas. Meanwhile, Triodos bank responded to SOMO's research by committing to raise the issue of conflict due diligence with companies in its investment portfolio. SOMO's expertise on conflict minerals has also informed efforts to improve the electronics sector. In October, SOMO participated in a conference in Switzerland on the issue of conflict minerals, labour conditions and transparency in the electronics production chain.

## Food and agriculture

For many years SOMO and partners have exposed problematic conditions on tea estates around the world, including a plantation in Kenya owned by Unilever. In a 2011 report, SOMO and the Kenyan Human Rights Commission revealed violations of ILO labour rights and Unilever's own code of business principles on the plantation, where 16,000 people are employed. In 2013, this perseverance paid off. When the TV station ARTE broadcast a documentary based on SOMO's research, Unilever finally took serious action in relation to sexual harassment, one of the main issues for workers on the plantation. Among other things, Unilever announced improvements in the plantation's grievance mechanism, disciplinary action and an increase in the number of women team leaders.

SOMO continued to call on Dutch and European policy-makers to rein in the abusive purchasing practices of supermarkets, which lead to forced overtime, low pay and

poor working conditions throughout the agricultural supply chain. In February, SOMO published research on the failure of supermarkets to address unfair practices in food supply chains in developing countries. The research included a case study revealing poor working conditions on Moroccan green bean farms, which supply Dutch supermarkets. SOMO teamed up with Dutch trade union FNV Bondgenoten and TIE Netherlands to organise a national stakeholder dialogue on the issue, featuring a delegation from the Moroccan trade union FSNA/UMT. Representatives from supermarkets, NGOs and the government took part in the dialogue.

At the European level, SOMO worked with a large coalition including farmers, consumer groups, labour unions and fair trade organisations to curtail the abusive buying practices of supermarkets. In December, the coalition delivered 40,000 signatures to European Commissioner for Internal Market, Michel Barnier demanding strong action. The European Parliament took notice, proposing that the Commission should investigate the need for a mechanism with strong enforcement and investigative powers.

SOMO continued to provide essential support to local partners in the South working on the food and agriculture sector. With financial support from SOMO, the Malawi Centre for Advice, Research and Education on Rights challenged labour rights violations and uncompensated community displacement caused by sugar producer Illovo, a subsidiary of British multinational food processing and retailing company ABF. Following a multi-stakeholder meeting, the group secured a commitment by Malawi government officials to address problems around the sugar plantation. In China, positive measures were taken by the Ministry of Agriculture to tackle problems in the tomato supply chain thanks to research and advocacy by a Chinese organisation supported by SOMO.

## Energy

SOMO is charting new territory by applying supply chain research methodology to the energy sector. SOMO published a ground-breaking report in 2013 examining the degree of biomass supply chain transparency provided by six electric utilities in the Netherlands. The research showed that transparency was insufficient to ensure that biomass use in Dutch power plants does not contribute to adverse social and environmental impacts down the supply chain. The biomass report complements SOMO's past study of coal supply chains, which linked human rights violations and negative societal impacts in Colombia and elsewhere to electricity generation in the Netherlands. That research helped give impetus to a formal dialogue between the government, electricity companies and civil society stakeholders aimed at improved transparency in the Dutch coal supply chain. Although the dialogue did not yield the desired results, SOMO and allies succeeded in pushing the issue high up on the government's agenda in 2013, with Minister Ploumen publicly demanding full transparency.

## Garments

In March, SOMO and the Clean Clothes Campaign (CCC) released a joint report, *Fatal Fashion*, documenting dangerous conditions in garment factories in Bangladesh and Pakistan with a focus on two garment factory fires that cost the lives of more than 400 workers. *Fatal Fashion* issued an urgent call to governments, suppliers, brands, retailers, audit firms and certification bodies for fundamental change in the garment industry. Just one month later, another 1,100 garment workers lost their lives in the collapse of the Rana Plaza complex in Bangladesh. After decades of indefensible inaction, more than 100 brands and retailers finally committed to accept a degree of responsibility by signing the legally binding Accord on Fire & Building Safety in Bangladesh.

Meanwhile, the Dutch government promised to invest € 9m in capacity building of Bangladeshi unions and reinforcement of labour inspection. Minister Ploumen also called on the Dutch garment and textile industry to formulate an action plan for supply chain transparency. When the industry associations presented a weak plan in June, SOMO, Clean Clothes Campaign and allies severely criticised it for not doing nearly enough to protect the safety and lives of workers. As a result of the pressure, which garnered significant media attention, industry groups made some improvements to the plan, agreeing to meet the standards of transparency required in the Bangladesh Accord. While the plan leaves much to be desired, it is a step forward.

SOMO was also pleased in 2013 to launch a new initiative aimed at educating European brand employees — from designers to buyers — about the impacts of their business decisions. Led by the Fair Wear Foundation, the WellMade initiative offers practical guidance on how to improve working conditions along the supply chain.

## Electronics

Promoting information-sharing among CSOs is a top priority for SOMO. This is particularly true of its work on the electronics sector. SOMO is host of the global GoodElectronics network and participates in the European makeITfair project, which focuses on informing young people in Europe about labour abuses and environmental problems linked to production of consumer electronics. In 2013, SOMO launched another collaborative project, Electronics Watch. The new organisation aims to improve working conditions in the electronics industry through socially responsible public procurement of ICT hardware in Europe. By combining its buying power, the European public sector can build up leverage to improve the lives of electronics workers in low-wage production countries. SOMO organised the first international Electronics Watch conference in November, bringing together some 30 participants to discuss improved monitoring of factories and to bring about structural changes in business and purchasing practices.

## Pharmaceuticals

Corporate accountability issues in the pharmaceutical industry include access to medicine, development of medicines serving public health priorities, clinical trial ethics and responsible marketing. In 2013, SOMO focused on advocating for a new clinical trial system based on a need clause. The clause would allow trials only for medicines that are actually needed and not for contested patent extensions or for products that duplicate the action of existing drugs. In an article published in the *Indian Journal of Medical Ethics*, SOMO examined ethics and safeguards for trial participants in a proposed new EU regulation on clinical trials.

# Sectors and Supply Chains

## Overview of projects 2013

### Electronics

The goal is to positively change the policies and practices in the supply chain of ICT multinationals, especially regarding the excessive use of temporary agency labour and some categorically denied workers' rights.

Activities in this project include the participation of SOMO in the Reflection Group of the electronics program of IDH (The Sustainable Trade Initiative), the hosting of the GoodElectronics Network and the continuation of the makeITfair website.

### Supporting Advocacy, Dialogue and Research in Food

SOMO is capacitating NGOs that are involved in research on food and agricultural supply chains in a number of countries to help them to (further) address companies and regulators to curb such negative impacts through various strategies including advocacy and dialogue.

### Textiles & Garments

Over the last few years SOMO, together with ICN and partner organisations in India, has been successful in raising awareness about bonded labour and other labour rights concerns in the South Indian garment industry. Together with ICN, Indian partner organizations and campaign groups such as the Clean Clothes Campaign, SOMO will continue to pressure European and American clothing brands and retailers to assume responsibility beyond their first tier suppliers.

### Extractives

The project is a continuation of work that has been done since 2008 on free, prior and informed consent in South Africa and the DRC (and with some possible outreach in other countries in Africa). The project follows up on this work, which includes research in South Africa and the DRC, an exchange meeting between the DRC and South Africa, a meeting with local communities and CSOs in South Africa and a toolkit for African communities.

### Sustainable City Squares

A life-cycle analysis of the electricity value chain reveals that there are a multitude of direct and indirect environmental, social, and economic impacts of electricity provision, both upstream and downstream in the chain. Taking a holistic perspective, this project systematically addresses various aspects of the energy system with the aim of making global systems of energy provision more sustainable and ensuring that they genuinely meet basic human needs.

### Creating Change Agents

This project is aimed at creating change agents in the European portions of international clothing supply chains by providing them with the knowledge necessary to understand the relationship between spheres of influence and the developing countries where clothing is produced. SOMOs role in the project is to help develop the content of awareness raising and competency development materials.

### ProcureITFair

The overall objective is to establish a Workers Rights Consortium modelled organisation for sustainable public purchasing of electronics in Europe to promote sustainable and worker friendly supply chains of the global electronics industry improving workers rights and living conditions.

### Duurzame Pleinen

The Duurzame Pleinen project started in 2011 with the goal to challenge three municipalities in the Netherlands to develop a square with maximum sustainability. The project resulted in a large body of knowledge and experiences on sustainable public procurement.

2013

### Impact of Certification

A 5-year research programme into the impact & effectiveness of CSR (sustainability) standard systems (certification) in food & agriculture chains. The project has started in 2011 and collects and analyses evidence of the impacts of a number of such standards through field research in two to three developing countries that have important agricultural exports and will continue to monitor these over the years.

### Clinical Trials and Health Systems

This project is a continuation of SOMO's work on ethics of clinical trials in previous years. The project aims to contribute to the protection of Clinical Trial Participants in emerging regions and developing countries and to a system change towards People Centric Health Systems.

### Natural Stone

The overall objective is to make the Indian natural stone production more sustainable, with specific focus on the improvement of working conditions, getting child labourers back to school, respecting the rights of tribals and Dalits and environmental aspects, by promoting the trade and consumption in the Netherlands and Europe of sustainably produced natural stone.

### Supermarket Supply Chains

In this 3 year project SOMO is working together with a coalition of European NGOs to promote decent work and fair buying practices in supermarket supply chains that originate in developing countries through awareness raising, research and advocacy.

### EU Supermarket Survey

The aim of the overall project to build awareness, empathy and understanding among EU citizens/consumers of the benefits, issues, and difficulties experienced by developing world workers and farmers participating in EU supermarket supply chains, and of initiatives that could bring about positive change. Part of this project involves a survey of European Supermarket Policies on Labour Rights and Purchasing Practices from developing world suppliers.

**Part II**

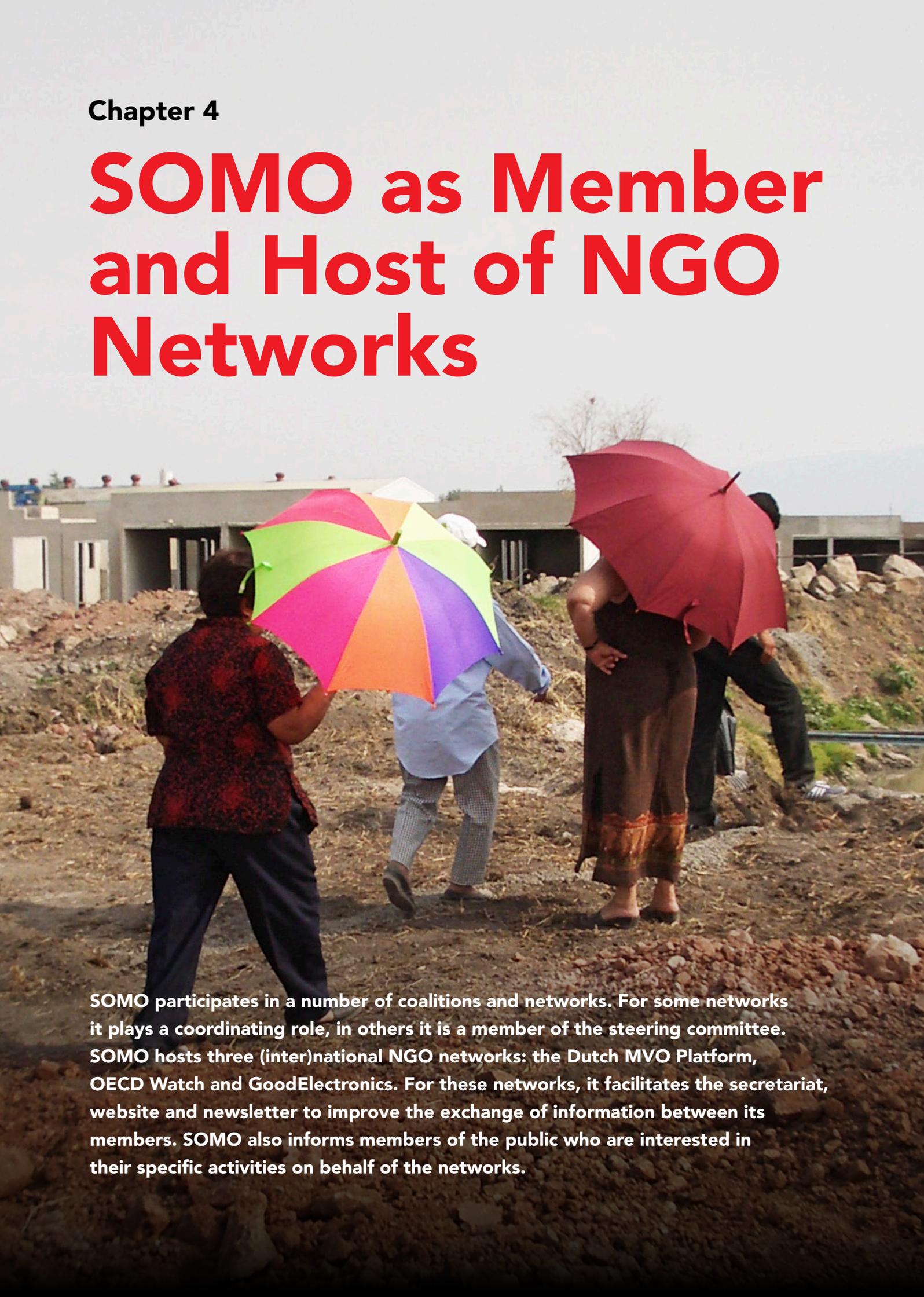
**SOMO**

**& NGO**

**Networks**

## Chapter 4

# SOMO as Member and Host of NGO Networks

A photograph showing a group of people standing on a dirt path at a construction site. In the foreground, a woman on the left holds a large, multi-colored umbrella (pink, green, orange, purple). In the center, a man in a light blue shirt and patterned pants walks away. On the right, a woman in a dark dress holds a large red umbrella. Another person is partially visible behind her. The background shows a concrete building under construction with several windows. The ground is uneven and covered with dirt and rocks.

**SOMO participates in a number of coalitions and networks. For some networks it plays a coordinating role, in others it is a member of the steering committee. SOMO hosts three (inter)national NGO networks: the Dutch MVO Platform, OECD Watch and GoodElectronics. For these networks, it facilitates the secretariat, website and newsletter to improve the exchange of information between its members. SOMO also informs members of the public who are interested in their specific activities on behalf of the networks.**

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

## MVO Platform

The MVO Platform is a network of 31 Dutch CSOs and trade unions working together to promote corporate accountability and to advocate for better CSR policies in the Netherlands. The network's goal is to stimulate, facilitate and coordinate activities of the different members in order to reinforce each other's efforts. The MVO Platform focuses on CSR in developing countries. Activities include formulating joint strategies, workshops and working groups and political lobbying.

SOMO hosts the Dutch MVO Platform and is an active participant and steering group member. In the course of 2013, several CSR-related resolutions were adopted by Dutch parliament that strengthen the CSR requirements for government support to business and increase transparency in supply chains. Multiple strategy meetings amongst platform members resulted in increased knowledge and capacity of its member organisations on the UN Guiding Principles on Business and Human Rights.

Regular activities of the MVO Platform include a general assembly held every quarter, working group meetings, internal newsletters and the development of joint vision documents. The most significant activities in 2013 included:

- ❑ The government recognised the structural character of abuses in some sectors. A new policy was announced: a study was commissioned to define the sectors that run the highest risk of violations. This will be followed by reaching agreements to address these risks with business enterprises that operate in these sectors. This approach was proposed by the MVO Platform.
- ❑ The MVO Platform developed and disseminated an extensive vision paper on transparency and CSR reporting, which includes 12 concrete policy proposals. Aspects of this paper were adopted into the new CSR policy paper of the current government. This paper was followed by advocacy activities on the Dutch position on the EU legislative proposal on non-financial reporting, and on the revision of the Dutch 'Transparency Benchmark'.
- ❑ The network performed advocacy at the national level focusing on the presentation of the OECD Guidelines,

especially on conditions for state support to business: The MVO Platform has lobbied for proper CSR principles for public support for years. This year they were published. The MVO Platform issued a position paper with main findings on the proposed CSR frameworks. The recommendations were successfully used by members of the parliament in debates with the minister.

- ❑ The MVO Platform provided input to Members of the Dutch Parliament through 11 advocacy letters and many meetings.
- ❑ The MVO Platform provided input to political parties for their European election programmes. Several suggestions are being incorporated into the programmes on inclusion of and policy coherence with the UNGP and on passing a strong law to prevent European businesses fuelling conflict through their purchases of natural resources.
- ❑ The MVO Platform participated in several consultation processes, amongst them a reference group that accompanied the establishment of a new revolving fund, founded by the Dutch government, to support activities of small and medium-sized enterprises (SMEs) in developing countries. The MVO Platform also took part in a consultation organised by the Social and Economic Council of the Netherlands (SER) on CSR policy.
- ❑ The MVO Platform organised several workshops for its members in order to build expertise on new developments in CSR. For example one on '*How to use the UN Guiding Principles on Business and Human Rights in company research and advocacy*'. And one on '*Meten in de keten*', a workshop on the systems behind True Price, Life Cycle Assessment and the Cumberland initiative.

## OECD Watch

As an international network of more than 80 CSOs from across the world promoting corporate accountability and responsibility, OECD Watch is committed to testing the OECD Guidelines for Multinational Enterprises as part of the wider CSO campaign towards binding regulation of multinationals. OECD Watch monitors the work of the OECD Investment Committee, which governs the Guidelines, and that of the individual National Contact Points (NCPs) for the OECD Guidelines in OECD and adhering countries. As a recognised NGO representative, OECD Watch serves as a focal point for bringing civil society perspectives into discussions around the Guidelines.

Work in 2013 centred on effective implementation of the OECD Guidelines by the OECD and NCPs and providing enhanced guidance for NCPs and enterprises about how to apply the Guidelines. As host of OECD Watch and member of its Coordination Committee, SOMO has participated in consultations and dedicated working groups at the OECD. Within these configurations, SOMO has played a constructive role in conveying a civil society perspective into discussions about implementation of the OECD Guidelines in general and within working groups set up to guide work

on the OECD's proactive agenda projects intended to help enterprises identify and respond to risks of adverse impacts associated with the financial sector, extractive sector and agricultural sector.

Highlights of OECD Watch achievements in 2013 include the publication of a civil society guide *Calling for Corporate Accountability: a guide to the 2011 OECD Guidelines* and the launch of the online OECD Watch Case Check to help potential complainants assess the applicability of the OECD Guidelines to a particular case. Both tools have been received by NGOs and other stakeholders as valuable additions to available knowledge and information on the OECD Guidelines for Multinational Enterprises. Highlights further include outreach and capacity development generated through training on the OECD Guidelines within training programmes in Kenya, Indonesia, and Mexico organised within SOMO's Human Rights and Grievance Mechanisms project. As part of ongoing work, OECD Watch also assisted and supported CSOs preparing or involved in OECD Guidelines complaints. This has strengthened the capacity of organisations to apply the OECD Guidelines and engage in a complaint process.

## GoodElectronics

SOMO is hosting the GoodElectronics Network, a collaborative effort of trade unions, grassroots organisations, campaign and research organisations, academics and activists to address human rights and sustainability issues in the global electronics supply chain. GoodElectronics bases its work on a set of Common Demands on the electronics industry, that were created and agreed upon by the entire network, thus covering the whole production cycle of electronics, from extractives to production to e-waste and recycling.

In essence GoodElectronics is an information platform for issues to do with manufacturing in the global electronics industry, including the problems around labour rights, supply chain responsibility, and transparency. In particular the effects of the increased outsourcing of labour and the excessive use of temporary workers, occupational health problems during manufacturing, and the fact that freedom of association and collective bargaining are not respected, are recurring topics. The GoodElectronics website, social media, and newsletters are the main tools.

In 2013, GoodElectronics started with Facebook (some 300 likes by the end of 2013) and stepped up using Twitter (achieving some 500 followers by the end 2013). Via the 'list serves' some 1,500 contacts are served.

In 2013, GoodElectronics continued pressurising individual brands. GoodElectronics decided, for instance, to 'keep an eye on Apple' to monitor whether Apple's association with the Fair Labor Association (FLA) would indeed bring the announced improvements at supplier Foxconn. In close collaboration with Chinese labour groups GoodElectronics pointed out that excessive overtime, the use of student labour and the failure to facilitate democratic elections of worker representatives are still highly problematic.

GoodElectronics also made sure to continue monitoring Samsung's performance, supporting network members in raising concerns over labour issues at Samsung in particular over occupational health and safety issues.

GoodElectronics also followed up on concrete leads provided by organisations in electronics production countries, addressing disturbing labour issues in the supply chains of companies such as ASM (Netherlands), Electrolux (Sweden), Nokia (Finland), NXP (Netherlands), and others, with regard to workers' exposure to the human carcinogen benzene, union busting, unfair wage policies, etc.

SOMO and the GoodElectronics Network, together with FNV Bondgenoten and IndustriALL, have an advisory role in the electronics programme of the Sustainable Trade Initiative (IDH) in China. GoodElectronics members sit on the Chinese steering committee and are involved as service providers in this programme.

In 2013, GoodElectronics got involved in Electronics Watch, an innovative initiative driven by SOMO and a number of European NGOs. This organisation-under-construction aims to improve working conditions in the global electronics industry through the socially responsible public procurement of ICT hardware in Europe. By combining their buying power the European public sector can build up leverage to improve the lives of electronics workers in low-wage production countries. GoodElectronics liaised with labour groups in electronics production countries to prepare for their role in the Electronics Watch monitoring and reform programmes.

## **SOMO is also member of a wide range of international civil society networks. In 2013, SOMO was member of the following networks:**

Red Puentes, Seattle to Brussels Network (S2B), The Northern Alliance for Sustainability (ANPED), GATS Platform, Dutch Working Group on Sustainable Natural Stone, Clean Clothes Network, Bank Track, Dutch Social Forum, The Global Union Research Network (GURN), Agribusiness Accountability Initiative (AAI), Eurodad



In 2013, SOMO was also a member of the following EU consortia: European Coalition for Corporate Justice (ECCJ), makeITfair, Consortium for EU Financial Reform and the Pro-development supermarket supply chain consortium.

## IMPACT Alliance

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

The IMPACT Alliance provided co-financing for a large number of sectoral studies undertaken by SOMO, as well as capacity building and lobby and advocacy on corporate accountability.

The IMPACT Alliance works in a programmatic way and through a rights-based approach. Its five programmes are:

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

## Fair Green Global Alliance

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

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

The alliance's Southern partners play a fundamental role in the programme by bringing their knowledge of the needs and capacities of the target group, their networks and their expertise and experience in civil society building, influencing policy and developing alternatives to the preparation of the context analysis, and the design and implementation of the programme.

## ECCJ

The European Coalition for Corporate Justice (ECCJ) promotes corporate accountability by bringing together national CSR platforms of CSOs, trade unions, consumer advocacy groups and academic institutions from all over Europe. ECCJ represents more than 250 CSOs in 15 European countries. ECCJ believes corporate accountability and CSR mechanisms should be based on international legal frameworks and principles, serving as the foundation for corporate justice. ECCJ aims to increase European cooperation among NGOs working on corporate accountability issues.

In 2013, the European Commission published a legislative proposal that requires large companies to include a non-financial statement within their annual report. This proposal is the result of long-term advocacy efforts by ECCJ to make companies more transparent about their environmental, social and human rights impact on society. During 2013, the proposal was discussed in both the European Parliament and the European Council, which implied continuous involvement and advocacy of ECCJ.

To strengthen the network internally in 2013, ECCJ discussed and approved a new strategic plan, placing more efforts on internal communication (by an internal newsletter and involvement of members through thematic working groups).

## MakeITfair

Coordinated by SOMO, makeITfair is a European awareness-raising project involving 12 project partners. MakeITfair aims to increase awareness in Europe, especially among young people, about the conditions under which their mobile phones, laptops and digital cameras are made. With this growing consumer awareness, the alliance pressures the electronics industry to improve the working and environmental conditions within their whole supply chain.

In 2013 makeITfair continued its pressure on the individual brands, especially Apple and its cooperation with the Fair Labor Association (FLA). But also Samsung and Electrolux were given specific attention through the makeITfair website, which was visited by over 18,000 individuals. Through its facebook page, makeITfair had over 500 followers in 2013. Also in 2013, its educational material was requested over 35 times by high school teachers in both the Netherlands and in Germany.

## Towards Tax Justice

SOMO is an active member of Tax Justice Netherlands, which is in turn part of the Global Tax Justice Network. On the Dutch national level the network has created a common strategic approach towards policy makers and politicians, which has been very successful. In cooperation with TJNL, SOMO successfully countered the main arguments of the influential report by SEO Economic Research on the effects of the Dutch tax policies: SOMO's concerns were taken into account and SOMO and TJNL were present at the public hearing about the report. They drew attention to the negative impact of the Dutch fiscal system on other countries, most importantly developing countries.

Joint advocacy efforts, combined with SOMO's research on bilateral tax treaties, had a great impact on the Dutch government which decided to renegotiate tax treaties with 23 developing countries and to offer these countries anti-abuse provisions in the existing treaties in order to tackle further treaty abuse.

In 2013, SOMO became an official member of Eurodad, although it has been participating in the network before. Through active participation in two strategy meetings hosted by Eurodad, SOMO was able to exchange valuable information about tax-related subjects such as country-by-country reporting, anti-money laundering and tax evasion, and tax treaties. These meetings and other forms of communication have helped to develop SOMO's strategies and activities in line with European partner organisations. Moreover, together with Eurodad (and Glropolis) SOMO organized a workshop on the offshore industry and its link with tax issues and financial transparency which gained positive attention.

SOMO shared news updates, research, relevant tax developments in the Netherlands and advocacy endeavours with the international tax justice movement. Amongst other things, this led to joint parliamentary questions by a Dutch and Portuguese MEP on missing tax revenues for Portugal, due to the Dutch fiscal system.

## Consortium for EU Financial Reform

Since January 2010, a consortium of six European NGOs has been working on the development impact of the financial crisis and of the current financial reforms in a joint project: 'Towards a Global Finance System at the Service of Sustainable Development'. The project focuses on preventing food speculation, regulating offshore centres, regulating and supervising all financial actors and products, strengthening public, micro-, community- and cooperative banking and reforming exchange rate systems.

## Pro-development Supermarket Supply Chains Consortium

SOMO is part of a European group of CSOs that want to address the current practices of European supermarkets and the way in which they impact farmers and workers via: low pay, forced overtime and precarious employment. Other members of the consortium include: Traidcraft (UK); Consumers International (UK/EU wide); Oxfam Germany; Christliche Initiative Romero (Germany); and the Association of Conscious Consumers (Hungary). The consortium aims to raise public awareness and subsequently build support for responsible supply chains. The programme started in July 2011 and will run for three years. Plans encompass joint advocacy at the EU level, research, campaigning, films and publications for various audiences.

**Part III**

**SOMO**

**Services to  
CSOs**

# SOMO's Services to CSOs

A photograph of a city skyline. In the foreground, there is a slum with several small, dilapidated buildings and a large pile of rubble. In the background, there are several modern skyscrapers with glass facades and balconies. The sky is clear and blue.

In 2013, SOMO has seen a growth in the amount of commissioned research. Partners, but also other CSOs, pension funds, unions and other semi-public and public bodies are asking SOMO to carry out research on specific topics, companies or countries.

**W**ith commissioned research, SOMO provides reliable and valuable information as a foundation for further actions, as input for partnerships and in campaigns, for awareness raising and educational goals, in multi-stakeholder initiatives, in dialogues and in negotiations. The information is also used as input into strategies on sustainable investments, for fundraising, for lobby and advocacy purposes and in policy development. In addition to generating and disseminating knowledge about corporations, SOMO advises organisations about how to use and operationalise CSR codes and guidelines and corporate accountability regulations. SOMO carries out research, consultancy and training services.

The increasingly complex and quickly changing financial and ownership structures of corporations makes it challenging for CSOs to understand who they are dealing with, much less hold them to account. Solid, reliable research on corporations – their structures, investors, financial flows, tax payments, business strategies, practices and policies – is of critical importance to civil society's efforts to bring about social and economic justice, sustainable development, transparency and a fair distribution of power. In other words, it's of critical importance to SOMO's mission.

SOMO's Corporate Research Knowledge Centre (CRKC) is integrated into all of SOMO's core activities. It provides research services to a variety of clients including trade unions, consumer groups and CSOs. SOMO's clients make use of the research for purposes ranging from public campaigns to risk assessment of partnerships to participation in multi-stakeholder initiatives and negotiations. The CRKC also plays a vital role within SOMO itself, ensuring that all of SOMO's corporate research meets a high standard of quality. The team dedicates time to researching particular cases that have been identified internally – by other SOMO staff – as noteworthy, novel or of strategic significance to SOMO's programmes and objectives. At the same time, CRKC researchers flag interesting cases coming from clients that may be of interest and deserve further exploration from SOMO's thematic experts.

## External Service Provision

The significant increase in external demand for SOMO's services in 2013 confirms that the Corporate Research Knowledge Centre is filling an essential need. Services provided in 2013 fell into three main categories: quick scans, tax scans and benchmark research.

Over the last few years, SOMO has seen increasing interest from NGOs in cooperation with companies, including receipt of corporate funding. A growing number of NGOs are developing strategies and decision-making processes regarding potential partnerships with companies. These strategies are not only influenced by the opportunities that partnerships offer, but also the risks that they pose.

SOMO's quick scans serve as a risk analysis for potential partnerships with a company. In 2013 SOMO conducted 11 quick scans at the request of NGOs, more than triple the amount conducted the previous year. A quick scan focuses on the corporate social responsibility (CSR) of the company based on internationally recognised corporate accountability standards and recommendations. The quick scans focus on the responsible implementation of the company's core business activities. For example, SOMO conducted a quick scan of a large palm oil company operating in Africa. SOMO's research helped the NGO client to identify risks related to a potential partnership with the company. SOMO's researchers found that the company was the target of criticism and campaigns by other CSOs. In partnering with the company, SOMO warned that the NGO could risk censure from partners and other stakeholders for legitimising a highly contested economic system based on export-driven, large-scale monoculture. The client subsequently followed SOMO's recommendation to consult with civil society stakeholders before pursuing the partnership further.

In another example, a quick scan of UK-based oil and gas company Cuadrilla Resources conducted for Milieudefensie (Friends of the Earth Netherlands) provided critical information about the company's financial condition. SOMO research found that Cuadrilla's complex corporate structure and its financial situation provided little assurance that Cuadrilla would be able to bear the financial consequences of any potential damage caused by shale gas exploration in the Netherlands. The research prompted Milieudefensie to demand that the Dutch government cancel the company's preliminary license to drill for shale gas.

There was continued demand in 2013 for SOMO's research expertise on corporate tax avoidance. SOMO conducted tax scans of three companies in 2013 for NGOs. The aim of the tax scans is to help organisations uncover evidence of possible aggressive tax avoidance (shown in transactions or explanatory notes detailed in annual reports), and/or indirect evidence of a strong likelihood of aggressive tax avoidance, for example by using a company subsidiary structure that has no likely reason other than tax avoidance.

SOMO also produced two benchmark reports, a tool for organisations to assess multiple companies in a particular sector based on corporate accountability criteria. The benchmark reports have provided SOMO the exciting opportunity to develop new methodologies based on accumulated research experience. For example, in 2012 SOMO conducted a quick scan of a coffee trading company for international development organisation Hivos. The quick scan evaluated the company based on the organisation's ten guiding principles for private sector cooperation. That same year, SOMO and partner Oxfam Novib developed extensive criteria for evaluating the social responsibility of food companies. In 2013, SOMO integrated these two different sets of corporate accountability criteria into one and put them to use, for Hivos, in a comparative evaluation of four

companies in the coffee sector. The 2013 benchmark report used 47 criteria to assess the possibility of candidates for partnership.

## **Building Internal Research Capacity**

Alongside of its external services, the CRKC provides internal support to SOMO's research staff and its general operations. In 2013 the team organised a staff training on how to read and analyse corporate financial reports to uncover essential information about company structures and taxes, among other things. The training was very positively received. Throughout the year, the CRKC provided ongoing support and monitoring of the use of information databases like Lexis Nexis and Bloomberg for the purposes of corporate research.

In order to ensure that SOMO not only generates knowledge but also learns from it, the CRKC team worked to improve and standardise SOMO's research evaluation procedures. The procedures include formal feedback from clients with the goal of continually refining and improving research methodology. In 2013 SOMO also began development of a new knowledge management system intended to improve access to and use of accumulated research.

## **Service provision to partners**

The CRKC makes a key contribution to building the capacity of SOMO partners by providing detailed information about companies that they themselves cannot easily access. Throughout 2013 the CRKC responded to 15 requests for information about companies, often relying on the specialised research databases to which SOMO subscribes. For example, at the request of civil society partners in Kenya, SOMO provided information about the diverse corporate and financial actors involved in the country's LAPSSET transport and infrastructure project. The feedback from partners was very positive as the SOMO information provided an important supplement to their own research.

# Corporate Research

## Overview of projects 2013

### Corporate Research Knowledge Centre (CRKC)

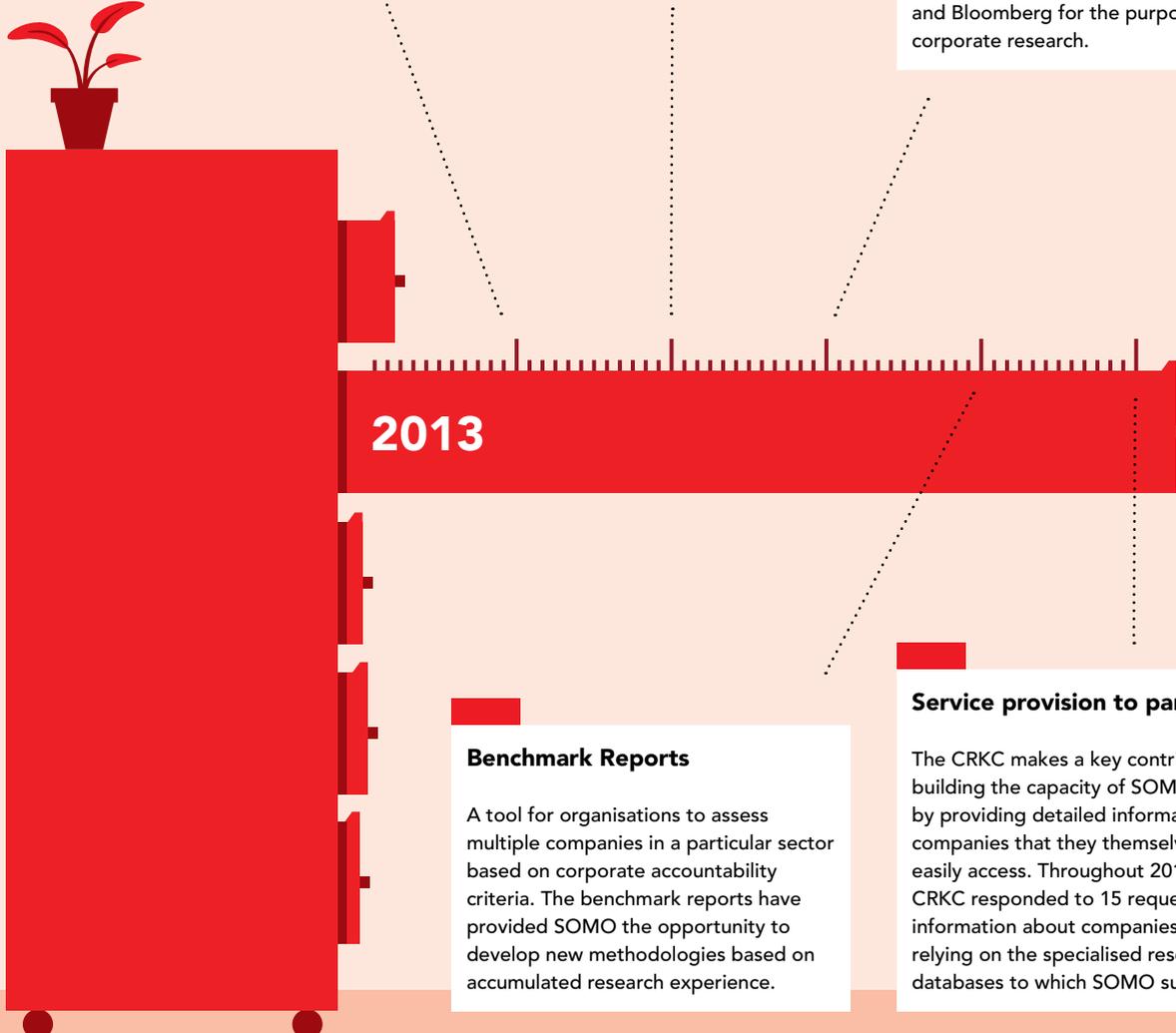
Provides research services to a variety of clients including trade unions, consumer groups and CSOs. SOMO's clients make use of the research for purposes ranging from public campaigns to risk assessment of partnerships to participation in multi-stakeholder initiatives and negotiations. The CRKC also plays a vital role within SOMO itself, ensuring that all of SOMO's corporate research meets a high standard of quality.

### Quick Scans

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2013

### Benchmark Reports

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## **SOMO provides the following services for CSOs**

### **Research Services**

#### **Quick Scan**

This involves brief research into the policies, practices and controversial businesses of a specific company. A quick scan is often used as a risk analysis by development organisations to assess possible partnerships or the acceptance of funds. It is also used by sustainable investors to facilitate an engagement strategy.

#### **Company research**

This encompasses deeper research into corporate structures, ownership relationships and CSR policies and practices of a company. Company research can be carried out in combination with desk research and field research. This kind of research is often used by trade unions for negotiation and by campaigning organisations to facilitate awareness raising.

#### **Benchmark research**

This involves comparative research on multiple companies in a specific sector on CSR indicators. This kind of research is often used by consumer organisations and environmental organisations in awareness raising campaigns.

#### **Sector research**

This involves research into a sector in relation to human rights, labour rights, international development, concentration, competition and other CSR issues.

#### **Value chain analysis**

This involves research into the value chain of a specific product or service, often originating in a specific region or country.

#### **Country research**

This involves research on country level related to specific regulations, trade or investment relations, treaties or human rights risks.

#### **Issue research**

This involves research into specific issues related to a company or CSR issues, such as tax evasion, corporate lobbying, controversial investments by corporations and private financial institutions, land and water use (e.g. land grabs) and gender issues.

### **Consultancy services**

#### **Ethical screening methods**

This involves advice on setting up sustainability screening for companies in the area of CSR; the operationalisation of CSR codes and guidelines, including on a sector level; the evaluation of CSR initiatives and certification systems.

#### **Other research services include:**

- Operationalising standards for corporate accountability
- Expert input in the form of lectures, workshops and seminars
- Sustainable procurement by national and local governments and other public sector bodies

### **Training services**

#### **Training courses on research skills**

This involves training seminars focusing on process management, research methods and techniques, as well as research ethics, reporting and presentation.

#### **Training courses on CSR instruments and complaint mechanisms**

This involves training courses focusing on strategy development in which knowledge of guidelines for corporate accountability and information resulting from research are translated into CSR strategies for awareness raising, negotiations and campaigns.

# SOMO's clients in the last five years

A total of 64 organisations have become SOMO clients over the past five years:

## Development organisations

ActionAid International  
ActionAid NL  
Cordaid  
French Catholic Committee  
against Hunger and for Development  
Finn Church Aid  
Hivos  
ICCO  
Oikos  
Oxfam Hong Kong  
Oxfam International  
Oxfam Novib  
Oxfam Wereldwinkels  
Mensen met een Missie  
SNV (SNV Netherlands Development  
Organisation)  
Tumba  
Vredeseilanden

## Political and governmental organisations

Dutch Ministry of Foreign Affairs  
CBI (Centrum tot Bevordering van de  
Import uit ontwikkelingslanden)  
European Parliament  
GroenLinks Eurofractie  
SenterNovem  
SER  
Norwegian Council on Ethics

## Consumer organisations

CI (Consumers International)  
Euroconsumers  
Consumentenbond  
Test-Achats

## Campaign and lobby organisations

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

## Social entrepreneurs

Stichting Butterfly Works  
FairPhone  
Return to Sender

## Labour Unions

CNV International  
EPSU  
FNV Mondiaal  
FNV Bondgenoten  
IG Metall

## Research and media

Adelphi  
Novethic  
Sustainable Finance Lab (University of  
Utrecht)  
Universiteit Maastricht  
VEF (Vibrant Europe Forum)

## Environmental organisations

FoE Europe  
Greenpeace  
Greenpeace Italy  
WWF International  
WWF Nederland  
Milieudefensie

## Multi-stakeholder initiatives

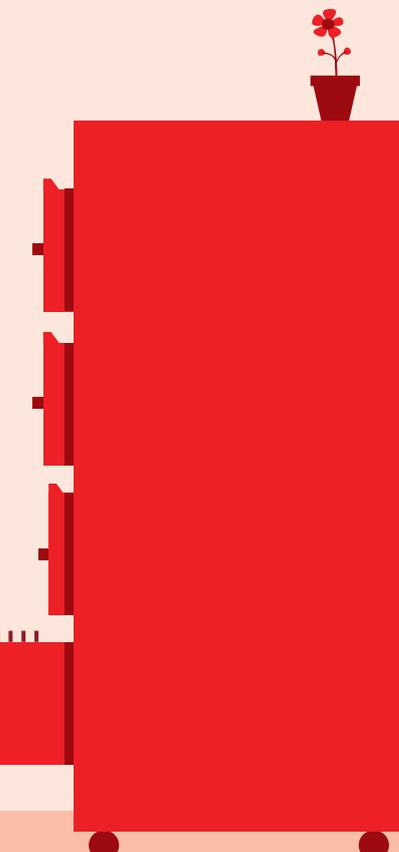
IDH (Initiatief Duurzame Handel)

## International organisations

ILO  
UNIDO

## Sectoral organisations

Kenniscentrum Horeca  
Ver. NL Koffiebranders en Theepackers



Clients 2009–2013

# Organisational Structure at SOMO

In 2013, SOMO started a new strategy process for the post-2015 period. Both in the political and financial context of the work of SOMO there are some new trends and conditions. This brings new challenges for the work of SOMO and the fundraising strategy.

**S**OMO operates within the Dutch political context, since it receives substantial funding from the Dutch ministry of Foreign Affairs. Within this context, there are three relevant trends:

1. Policy development regarding development aid and international trade are integrated. As a consequence of SOMO's work, corporate accountability, trade, investment and taxation are at the centre of this integrated policy agenda. But this also brings new challenges in terms of monitoring the coherence of the development policy of the Dutch government.
2. After 2015 the budget for development aid will be dramatically decreased. The challenge for SOMO is to find ways to get new funding from the Dutch Government and broaden its funding base to be less dependent on the ministry of Foreign Affairs.
3. In the new funding period after 2015, the Dutch Ministry of Foreign Affairs will focus on advocacy.

In parallel to political trends, NGOs are changing the way they cooperate with corporations. Corporations are no longer seen just as possible sponsors. Partnerships with corporations with common goals in terms of development impact are becoming more popular. NGOs are presenting themselves more and more as brokers between local stakeholders and companies, or as social entrepreneurs.

In this context, SOMO has decided to focus its activities on empowering groups of people and NGOs to have counter-vailing power towards companies. At a company and case-by-case level, SOMO makes risk and impact assessments of companies to improve the quality of all kinds of NGO activities, like partnerships and campaigns.

Secondly, SOMO supports local groups to file complaints against companies to improve affected people's access to remedy. Thirdly, SOMO is a watchdog organisation uncovering all kinds of greenwashing of multinationals. At a policy level, SOMO monitors and evaluates international regulations regarding business and human rights (like the UN Guiding Principles and the OECD Guidelines for Multinationals), to improve the accountability of corporations and the duties a company has to all its stakeholders. On the other hand, SOMO is involved in research and policy to reduce the way corporations are able to shift money from the South to the North and from the public to the private domain (by tax evasion) and counter the possibilities for corporations to undermine local or even national democratic decision-making.

## Organisational development

To evaluate the 2011 changes in the organisation and management structure, SOMO asked an external evaluator to facilitate an evaluation process. The results were presented to SOMO's staff in February 2013. Based on this evaluation, various improvements have been made regarding the primary process, the organisational structure, strategy development and human resource management (HRM). The February meeting was followed up by a strategy conference in July 2013, involving all staff. The process resulted in the following decisions:

- **Profile:** SOMO's profile will be highlighted stronger than before, presenting three different public faces: SOMO as a knowledge institution (with its own programmes); SOMO as a service provider; and SOMO as a network host.
- **Primary process:** the primary process was carried out in projects, which were clustered in four thematic teams. However, this way of working was too fragmented and offered too little strategic coherence. From 2014 onward, the primary process will define projects (mainly services to NGOs) and programmes.
- **Organisational:** Following the change in the primary process, the four thematic teams will be replaced by six programme teams by the beginning of 2014. Projects (mainly services) will be performed in project teams.
- **HRM:** Establishing cohesive programme teams creates the opportunity for staff to become more specialised in certain subjects. In addition, a greater degree of self-management is expected: strategy development, fundraising and team development are responsibilities that will lie at the team level.
- **Cooperation with partners:** Joint policy influencing is the main focus in the cooperation with partners, followed by capacity building. The capacity that SOMO can provide is two-fold. On the one hand, cooperation and capacity building is aimed at organisations and at increasing access through networks of local and international policy processes. Secondly, it is aimed at individuals and groups to further develop research skills and the use of CSR instruments and complaints mechanisms.
- **Resources:** in 2013, SOMO began to use a set of new specialised databases and other technological tools that help to obtain better information and analysis, to involve relevant target groups and that help dissemination of results. The use of these resources will be further expanded in 2014.

## Process management and quality

In 2011, SOMO arranged an external audit for the first time. Based on this audit, SOMO received its ISO 9001 certification. This audit has been repeated annually since and included the update of the internal quality system in 2013. SOMO has retained its certificate. The internal team that performs the internal audit has not changed in recent years. In 2014, a new team will be set up. Also in 2014, the SOMO quality handbook will be adjusted to reflect the organisational changes.

## Sustainability and accountability

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

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

SOMO also wants to be held accountable for its activities, including the implementation of a complaints procedure. In 2006, SOMO implemented its Code of Conduct and Complaints Procedure. SOMO continues to strive for the highest possible standards and procedures in research, including maintaining open dialogues with companies, academics and lawyers to carry out proper reviews of its practices. This is to ensure that its own work and services that it provides are up to date and of the highest quality possible. In 2013, SOMO did not receive any complaints related to the code of conduct.

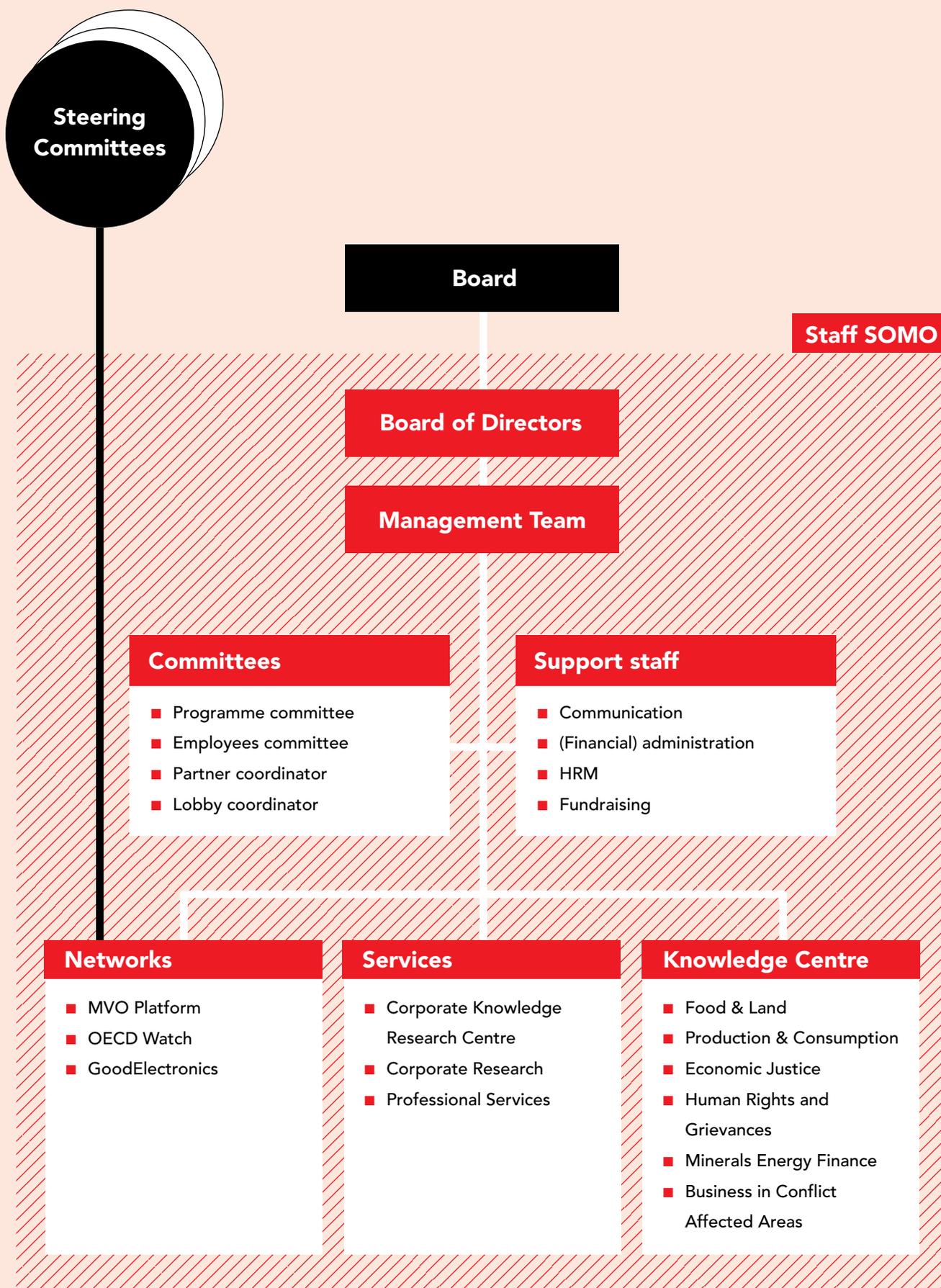
In 2013, SOMO continued its official status as a registered charity, the so-called ANBI status (Algemeen nut beogende instellingen). As a consequence, financial gifts to SOMO are deductible from taxable income.

## Governance and organisational structure

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

- The responsibility of the board is explicitly to supervise the organisation.
- The managing director is the only member of the board of directors and together with two 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. The members of the network are represented in a steering committee. The management and board of SOMO are responsible for the organisational and managerial context.
- SOMO's staff remains the most important decision-making organ regarding strategy and annual plans.

## Organisational structure and management - December 31th, 2013



SOMO decided to implement a new organisational structure in July 2013, as described in the organogram.

## Networks

The steering groups of the networks are not part of the SOMO organisation. SOMO is the host organisation of the networks and SOMO is the employer of the network coordinators. SOMO is responsible for the quality of the coordination and is also a member of the steering group. Decision-making about the strategy of the networks, as well as the formulation of opinions and lobby targets, are the responsibility of the members of the network and the steering group.

## Services

SOMO delivers different kinds of services. First, there are research services focused on corporate research, risk analysis and impact assessments. These services are carried out by the team of the Corporate Research Knowledge Centre. This centre aims to increase the capacity of civil society to defend their rights and be a watchdog on violations of rights and regulations. As well as these specialised services, SOMO carries out tailor-made research and consultancy projects. For these services, SOMO uses experts within the programme teams.

## Knowledge Institute

SOMO's activities will be restructured in 2014 into six programmes to create more synergy and coherence between SOMO's different work areas. This programmatic work approach is also intended to stimulate a more systemic approach in the focal areas and to increase expertise by working from specific context analyses. The programmes are:

- ❑ **Food and land:** to improve the rights of small landowners/users and workers and contribute to food security and sovereignty.
- ❑ **Economic justice:** in which policies aiming to attract foreign business or investments are analysed in the framework of development policy and human rights coherence.
- ❑ **Business in conflict-affected areas:** to improve the role of business in peace-building processes and discourage companies from profiting from war and political instability.
- ❑ **Human rights and grievance mechanisms:** to improve access to remedy for affected people and to tackle the impunity of transnational corporations.
- ❑ **Production and consumption:** to improve rights situation for workers and communities, to raise consumer awareness and to make patterns of production and consumption more sustainable and equitable.
- ❑ **Minerals, energy and finance transition:** to support local communities negatively affected by extractive industry operations and contribute to the transition towards sustainable energy systems.

## Human resource management

Relevant Personnel Statistics for SOMO in 2013:

- ❑ At the end of 2013, SOMO employed 36 people (2012: 35) at 27.4 FTE (2012: 26.6 FTE).
- ❑ 33 people have permanent contracts .
- ❑ 3 have temporary contracts for a period of at least one year.
- ❑ SOMO has flexible personnel to expand its temporary capacity. In total, 6 freelancers, one person who is hired from another organisation (0.2 FTE) and 2 flexible staff members were working for SOMO at the end of 2013.
- ❑ The caretaker (0.35 FTE) is hired from Pantar, an organisation that provides work for people with a distance to the common labour market.
- ❑ SOMO trained 6 interns in 2013.
- ❑ Absence caused by illness was 2.9% in 2013 (2012: 3.4%).

The costs for fundraising consists of personnel costs and costs for consultancy. In 2013, 5 % of the time available was spent on fundraising (2012: 2.8%). The total costs for fundraising are 4.8 % of SOMO's total income in 2013 ( 2012: 1.4%).

## Fundraising

SOMO's fundraising and acquisition was redefined in the "Initiative Future Proposals" in 2013. This initiative follows four tracks that are both focused on fundraising but also on alternatives for sourcing:

1. **Stronger relations with the academic world:** SOMO will cooperate with universities on a more structural basis, resulting in more exchange of information and shared fundraising. In 2014, SOMO will file some new proposals at the European Commission related to Horizon2020.
2. **Alternative online sourcing and fundraising:** in 2013, SOMO started with a donation facility on the website. And SOMO developed a tailor-made approach towards crowdfunding, called 'co-funding'. Using this tool, research proposals are offered to a wide range of civil society organisations. Instead of a broad public, organisations are the target group of this crowdfunding tool. In this way, SOMO is able to offer high-quality research to organisations for just a small contribution.
3. **Services:** SOMO has set itself the goal of growing in service delivery, both in standard (corporate research) products, trainings and tailor-made research and consultancy.
4. **Diversification of funders:** SOMO will look for new funders. Every programme team is responsible for developing ready-to-use concept notes, which can be pitched for different funds. SOMO managed to get funding from the Open Society Foundations, as well as a new grant period of three years from the Sigrid Rausing Trust. SOMO also filed a proposal with the PostcodeLoterij, although this proposal was not successful yet.

## Finance

SOMO's programmes are funded in four ways:

- **Subsidies:** European Commission, Dutch government. Projects SOMO carries out within the IMPACT and FGG alliances are subsidised via the MSF2 programme.
- **International fundraising:** in 2013, SOMO received funds from the Dutch Human Rights' Fund for studies on grievance mechanisms, from the Sigrid Rausing Trust for the Sustainable Trade Initiative (IDH) projects of SOMO in the electronics supply chain, and from Doen Foundation for research and advocacy work on the electronic supply chain.
- **Commission-based research:** SOMO conducts specific analyses and studies for CSOs.
- **Membership contributions:** for facilitation/host work for international NGO networks.

The financial year 2013 ended with a positive result of € 35,555 after taxes. SOMO has a solid income base with its long-term programmes. Nevertheless, over the coming years, attempts will be made to broaden the funding sources, particularly in the field of service delivery. To ensure both quantitative and qualitative growth, SOMO as an organisation has opted for incremental growth.

## Forecast

	2014 Forecast	
Income	€	€
Government grants		
Dutch Ministry of Foreign Affairs	2,650,000	
European Commission	415,000	
<b>Total Government grants</b>	<b>3,065,000</b>	
Other contributions		
Membership contributions	145,000	
Grants and other contributions	290,000	
<b>Total other contributions</b>	<b>435,000</b>	
<b>Professional services</b>	<b>250,000</b>	
<b>Other Income</b>	<b>30,000</b>	
<b>Total Income</b>		<b>3,780,000</b>
Expenditure	€	€
Direct project costs	1,175,000	
Direct costs of professionals services	25,000	
Personnel costs	2,205,000	
General expenses	345,000	
<b>Total expenditure</b>		<b>3,750,000</b>
<b>Operating result before interest and taxation</b>		<b>30,000</b>

April 24<sup>th</sup> 2014

**Ronald Gijsbertsen** *Managing Director of SOMO*

# Financial Statements

## Balance Sheet as of 31st of December, 2013 (after appropriation of result)

	31-12-13		31-12-12	
Assets	€	€	€	€
<b>Fixed assets</b>				
Tangible fixed assets				
Other equipment		86,566		38,979
<b>Current assets</b>				
Receivables, prepayments and accrued income				
Trade debtors	78,037		172,595	
Subsidy receivable	225,695		156,909	
Taxation and social securities	21,664		4,214	
Prepayments and accrued income	114,704		76,684	
		440,100		410,402
<b>Cash and bank balances</b>		1,300,728		1,652,726
<b>Total assets</b>		<b>1,827,394</b>		<b>2,102,107</b>
<b>Liabilities</b>				
<b>Equity</b>				
General reserve	575,679		540,124	
Appropriated reserves	66,581		66,581	
		642,260		606,705
<b>Provision</b>				
Provision personnel		40,544		28,910
<b>Current liabilities, accruals and deferred income</b>				
Creditors	374,414		608,604	
Advanced payments/ advances received on subsidies	397,967		354,995	
Taxation and social securities	111,235		130,726	
Accruals and deferred income	260,974		372,167	
		1,144,590		1,466,492
<b>Total liabilities</b>		<b>1,827,394</b>		<b>2,102,107</b>

## Statement of Income and Expenditure, 2013

	2013	2013	2012
	Realization	Budget	Realization
Income	€	€	€
<b>Government grants/contributions</b>			
Government grants	2,434,896	2,900,000	2,607,598
Other contributions	413,213	320,000	683,633
	<u>2,848,109</u>	<u>3,220,000</u>	<u>3,291,231</u>
Professional services	183,044	350,000	347,342
Other income	33,170	-	-
<b>Total income</b>	<b><u>3,064,323</u></b>	<b><u>3,570,000</u></b>	<b><u>3,638,573</u></b>

Expenditure	€	€	€
Direct project costs	691,210	1,270,000	1,623,468
Direct costs of professional services	15,475	33,000	33,392
Personnel costs	2,019,074	1,790,000	1,630,047
General expenses	308,320	454,000	280,273
<b>Total expenditure</b>	<b><u>3,034,079</u></b>	<b><u>3,547,000</u></b>	<b><u>3,567,180</u></b>
<b>Operation result</b>	<b>30,244</b>	<b>23,000</b>	<b>71,393</b>
<b>Financial income and expenses</b>			
Interest income	13,743	-	17,358
Financial expenses	-/- 2,439	-	-/- 844
	<u>11,304</u>	<u>-</u>	<u>16,514</u>
<b>Result on ordinary activities before taxation</b>	<b>41,548</b>	<b>23,000</b>	<b>87,907</b>
Taxation on ordinary activities	-/- 5,993	-	-/- 17,638
<b>Result after taxation</b>	<b><u>35,555</u></b>	<b><u>23,000</u></b>	<b><u>70,269</u></b>

## Accounting principles for financial reporting

### General accounting principles for preparation of financial statements

These financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. For the preparation and presentation of the financial statements, SOMO also uses the guidelines for annual reporting of the Dutch Accounting Standards Board, especially Guideline 640 'Not-for-profit organisations'.

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 an accrual basis. Expenses are determined by taking the mentioned valuation principle into account. Profit is only included when realised on the balance sheet date. Losses originating from before the end of the financial year are taken into account when ascertained before preparation of the financial statements.

The general accounting principles for the valuation of assets and liabilities and determination of the result are unchanged compared to last year. Where appropriate, comparative figures are adjusted in terms of classification for comparison purposes only.

### 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 is calculated as a fixed percentage of cost. Depreciation is provided from the date an asset comes into use.

The following fixed percentages of cost are used for depreciation:

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

#### Receivables

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

#### Securities

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

#### Provision

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

### Principles for the determination of the result

#### Government grants/contributions (allowances)

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

#### Professional services

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

#### Taxation

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

## Notes to the balance sheet

	2013	2012
Assets	€	€
<b>Other equipment (rebuilding, computer/office equipment)</b>		
Purchase value at historical cost	144,674	129,591
Accumulated depreciation	-/- 105,695	-/- 91,281
<b>Balance as of 1 January</b>	<b>38,979</b>	<b>38,310</b>
<b>Movements</b>		
Investments	64,864	15,083
Desinvestments	-	-
Depreciation	-/- 17,277	-/- 14,414
Desinvestment depreciation	-	-
<b>Total movements</b>	<b>47,587</b>	<b>669</b>
Purchase value at historical cost	209,538	144,674
Accumulated depreciation	-/- 122,972	-/- 105,695
<b>Balance as of 31 December</b>	<b>86,566</b>	<b>38,979</b>
<b>Trade debtors</b>		
Trade debtors	78,037	177,385
Minus: allowance for doubtful receivables	-	-/- 4,790
<b>Total trade debtors</b>	<b>78,037</b>	<b>172,595</b>
<b>Subsidy receivable</b>		
Subsidies Dutch Government	88,823	42,040
Subsidies European Government	8,206	55,815
Other	152,351	68,725
<b>Subtotal subsidy receivable</b>	<b>249,380</b>	<b>166,578</b>
Minus: doubtful subsidy receivable (projects)	-/- 23,685	-/- 9,669
<b>Total subsidy receivable</b>	<b>255,695</b>	<b>156,909</b>
<b>Taxation and social securities</b>		
Taxation (corporate tax)	11,616	2,385
Tax dividend	1	6
Value added tax (V,A,T)	10,047	1,823
<b>Total taxation and social securities</b>	<b>21,664</b>	<b>4,214</b>
<b>Prepayments and accrued income</b>		
Professional services to invoice	33,368	26,550
Pension contributions	23,452	1,666
Other prepayments and accrued income	57,884	48,468
<b>Total prepayments and accrued income</b>	<b>114,704</b>	<b>76,684</b>
<b>Total cash and bank balances</b>	<b>1,300,728</b>	<b>1,652,726</b>

### Cash and bank balances

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

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

	Begin financial year 2013	Movements 2013	End financial year 2013
<b>Liabilities</b>	€	€	€
<b>Equity</b>			
General reserve	540,124	35,555	575,679
Appropriated reserve housing	30,000	-	30,000
Appropriated reserve organization development	36,581	-	36,581
<b>Total equity</b>	<b>606,705</b>	<b>35,555</b>	<b>642,260</b>
<b>Provision</b>			
Provision personnel	28,910	11,634	40,544

### Provisions

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

The necessary amount as general reserve equals 50 percent of the fixed annual personnel costs (gross salary, social charges, allowances, pension) of the employees with a contract for an indefinite period (the norm on 31 December

2013 would be: € 895,914). 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.

	31-12-2013	31-12-2012
<b>Liabilities</b>	€	€
<b>Creditors</b>		
Creditors	143,423	175,691
Contract obligations project partners	230,991	432,913
<b>Total creditors</b>	<b>374,414</b>	<b>608,604</b>
<b>Advanced payments/advances received on subsidies</b>		
Advanced received subsidies Dutch Government	278,744	254,317
Advanced received on other contributions	112,833	82,425
Other advanced payments	6,390	18,253
<b>Total advanced payments</b>	<b>397,967</b>	<b>354,995</b>
<b>Taxation and social securities</b>		
Social securities (payroll tax)	111,235	130,726
<b>Total taxation and social securities</b>	<b>111,235</b>	<b>130,726</b>
<b>Other accruals and deferred income</b>		
Holiday pay	61,944	55,876
Holiday days	75,826	118,202
Audit, administration & services fee and ICT	38,110	48,183
Salaries	62,627	64,231
Other	22,467	85,675
<b>Total other accruals and deferred income</b>	<b>260,974</b>	<b>372,167</b>

### **Contingent assets and liabilities**

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

SOMO started a capital account in 2007 related to the ING account for bank guarantees. At the end of 2013, there is one bank guarantee for the sum of € 26,275. This relates to the lease for the building of SOMO at Sarphatistraat 30 in Amsterdam (rent in 2013: € 60,641). SOMO signed the lease for Sarphatistraat 30 in 2007, for an initial period of 1 July 2007–30 June 2012. The contract has been extended to 30 June 2017.

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

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

## Notes to the Statement of Income and Expenditure

	2013	2012
Income	€	€
<b>Government grants</b>		
Dutch Government grants		
Subsidies Dutch Ministry of Foreign Affairs	2,224,020	2,050,602
Other Dutch Government grants	59,451	32,101
<b>Total Dutch Government grants</b>	<b>2,283,471</b>	<b>2,082,703</b>
Subsidies European Commission		
EuropeAid	151,425	524,895
<b>Total subsidies European Commission</b>	<b>151,425</b>	<b>524,895</b>
<b>Total Government grants</b>	<b>2,434,896</b>	<b>2,607,598</b>
<b>Other contributions</b>		
Membership/ network contributions	165,538	211,746
Other contributions	247,675	471,887
<b>Total other contributions</b>	<b>413,213</b>	<b>683,633</b>
<b>Professional services</b>		
Quick Scans	31,614	5,340
Corporate research	77,670	96,674
Sector research	26,301	30,651
Expert contribution	28,735	9,719
Other services	18,724	204,958
<b>Total professional services</b>	<b>183,044</b>	<b>347,342</b>

### Fundraising

The total income received not from SOMO's own fundraising but as part of co-funding of project partners for 2013 is € 0 (2012: € 35,704).

Expenditure	€	€
<b>Direct project costs</b>		
Travel costs	130,437	217,545
Office expenditure	67,099	73,160
Telephone and postage	5,050	7,730
Printed matter	55,447	71,748
Contracted work	403,634	1,172,318
Other direct project costs	29,543	80,967
<b>Total direct project costs</b>	<b>691,210</b>	<b>1,623,468</b>
<b>Direct costs of professional services</b>		
Travel costs	1,146	4,326
Office expenditure	4,982	3,012
Telephone and postage	502	-
Printed matter	770	450
Contracted work	-	25,479
Onther direct costs of professional services	8,075	125
<b>Total direct costs of professional services</b>	<b>15,475</b>	<b>33,392</b>
<b>Personnel costs</b>		
Salaries		
Gross wages	1,316,420	1,216,912
Social securities	216,530	220,980
Pension contributions	177,488	119,041
<b>Total salaries</b>	<b>1,710,438</b>	<b>1,556,933</b>
<b>Remaining personnel expenditure</b>	<b>313,687</b>	<b>378,680</b>
<b>Subtotal personnel costs</b>	<b>2,024,125</b>	<b>1,935,613</b>
minus: received payments for illness	-/- 5,051	-/- 40,797
minus: charged for (project) personnel expenditure	-	-/- 264,769
<b>Total personnel costs</b>	<b>2,019,074</b>	<b>1,630,047</b>
<b>General expenses</b>		
Advice, auditing, controlling services	20,104	64,870
Literature, website, internet and databank	41,534	49,695
Software and hardware	46,734	77,597
Housing expenses	28,040	21,249
Depreciation	17,277	14,414
Building expenses	68,996	64,241
Other general expenses	137,572	71,180
<b>Subtotal general expenses</b>	<b>360,257</b>	<b>363,246</b>
minus: charged for project costs	-/- 51,937	-/- 82,973
<b>Total general expenses</b>	<b>308,320</b>	<b>280,273</b>

### Personnel costs

At the end of 2013, SOMO employed a total of 36 people (2012: 35) and 27,4 FTE (2012: 26,6 FTE).

The allocation of freelance costs for projects has changed compared to last year. From 2013, the hours of freelancers are allocated to the projects by our time registration system, which is in line with our own staff.

Concerning the Dutch law on salaries for higher management in the public and semi-public sector (*WNT - Wet normering bezoldiging topfunctionarissen publieke en semi-publieke sector*), we put the amounts paid to our executives (including long-term remunerations) in an overview below.

The Managing Director and Programme Managers together are our Management Team; they lead the organisation. In accordance with the regulations of the WNT therefore we set out the income of the employees who are involved in the Management Team.

Our board members are unpaid. They only receive an attendance allowance of € 150 per year.

No executives left SOMO in 2013 and therefore no termination fees were paid.

Title	Managing Director	Programme Manager	Programme Manager
Name	Ronald Gijsbertsen	Esther de Haan	Joris Oldenziel
FTE	36 hours a week	36 hours a week	36 hours a week
Months worked in 2013	12	12	12
<b>Amounts paid to executives in 2013</b>	<b>€</b>	<b>€</b>	<b>€</b>
Gross salary including thirteenth month holiday allowance and holiday pay	74,887	61,264	66,108
Social security's	12,049	9,857	10,637
Pension premium paid	10,473	8,713	8,713
Travel expenses home-work	3,052	60	1,664

## Explanation of differences between realisation and budget 2013

The positive result in 2013 is higher than originally budgeted. The budgeted result for 2013 was € 23,000 before taxation. The actual positive result is € 41,548 before taxation. This difference can be explained because the income from interest is higher than originally budgeted, as well as a release of non-project related costs.

### Other explanations to the statement of income and expenditure

Government grants are € 465,104 lower than planned. We expected that we would be granted funding by the European Commission in 2013. Unfortunately, the proposals were not successful in 2013. However, the European Commission approved the Good Electronics application in 2013, which started in the beginning of 2014.

The other contributions are € 93,213 higher than budgeted; the professional services of € 166,956 are lower. This can be explained by the fact that, in 2013, we had relatively smaller but more frequent service assignments than budgeted.

The total expenditures are proportionally lower with respect to the total income. However, the deviation between the sorts of costs is different from those that were originally budgeted.

The direct project costs are € 578,790 lower than budgeted. This is related to the unapproved European Commission grants where we expected we would be in the lead and the project costs of partners that would be classified under this cost.

The personnel costs are € 229,074 higher than budgeted. This can be explained by the fact that flexible personnel costs in the annual accounts in the budget were allocated under general expenses. We also hired more people than expected in 2013.

# Other Information

## Benefits

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

## Expenses

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

## Appropriation of result 2013

The result after taxation for 2013 is € 35,555 (2012: € 70,269). The board of SOMO has decided to add this result to the general reserve.

### April 24<sup>th</sup> 2014

**Dick de Graaf** *chairman/secretary*

**Melanie Peters** *member*

**Ronald Messelink** *treasurer*

### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements 2013 of Stichting Onderzoek Multinationale Ondernemingen (SOMO), Amsterdam, which comprise the balance sheet as at 31 December 2013, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

#### *Management's responsibility*

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

#### *Auditor's responsibility*

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

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *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 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Policy rules implementation WNT.

Amsterdam, 24 April 2014

Dubois & Co. Registeraccountants

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

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## About SOMO

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

### Mission

SOMO strives towards global economic development that is sustainable and fair, as well as towards the elimination of the structural causes of poverty, environmental degradation, exploitation and inequality. Through research targeted at achieving sustainable change and strengthening cooperation, SOMO seeks to offer social organisations worldwide, especially those in developing countries, the opportunity to promote sustainable alternatives and to provide a counterweight to unsustainable strategies and practices of MNCs.

This countervailing power takes form through strong CSOs which can initiate positive change on the basis of reliable information and close cooperation, guided by the principles of social and economic justice, sustainable development, transparency and the fair distribution of power.

## Colophon

### SOMO

Stichting Onderzoek Multinationale Ondernemingen  
Centre for Research on Multinational Corporations

### Annual Report 2013

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