

SOMO

Annual Report 2020



Content

Foreword	3	Financialisation: what it is and why it matters	15
A year of transition	4	The financialisation of Big Tech	15
COVID-19: impact on SOMO and our work	4	Our partners	16
Our Work	8	Consortia	17
Garment, textile and leather value chains:	8	NGO Networks	17
Workers' rights in the time of COVID-19		Our services	18
Kenya: Tax treaty research underpins lawsuit	8	Organisational development	22
Big Pharma: Public funding and private profit in a pandemic	9	Governance	22
Climate: Corporate power obstructs climate action	9	Risk management	23
Peru and Pluspetrol	10	Financial management and fundraising	23
Mongolia: Strengthening the case against	10	Organisation	24
corporate control of resources		Supervisory Board Report	24
The people vs Kakuzi	11	Financial statements	25
Community Resource Exchange	11	About SOMO	36
Mind the Gap: Exposing corporate strategies	11		
Publications 2020	12		

Foreword

“ **Many of the most urgent** and serious problems facing the world are rooted in an unjust economic system that has privileged multinational corporations as vehicles, not for producing goods and services, but for the accumulation of wealth. These challenges include inequality driven by predatory shareholders, whose focus is the extraction and concentration of wealth; a climate crisis viewed as a bottom-line issue for business, where solutions cannot be allowed to undermine profits; and a pandemic where, for some, patents are prioritised over public health.

How did we get here? By allowing powerful economic interests to dictate policy and laws that serve their interests, and – whether intentionally or not – marginalise others. The negative impacts are seen in widespread human rights abuses and environmental damage, worldwide. SOMO’s core mission is to work in alliances and partnerships to challenge, and change, this paradigm, focusing not just on the symptoms but on the root causes.

The extent to which multinational companies negatively affect so many aspects of our lives was laid bare in 2020, as the world struggled to free itself from a pandemic that has cost millions of lives. The hope inspired by the emergence of vaccines was quickly dimmed, not only by vaccine nationalism, but by the realisation of how the pharmaceutical industry’s business model would shape – and restrict – availability and access. In 2020 SOMO’s work exposed how this business model increasingly derives its income not from developing, producing and selling drugs, but rather from owning and monopolising intellectual property. Companies have focused on maximising pay-outs to shareholders, while public money for research is funnelled into private hands.

The pandemic’s movement restrictions increased our already significant reliance on technology, sparking further debate on how society can harness technological benefits while managing the risks posed by the growing power of the ‘Big Tech’ multinationals. These firms have a sphere of influence that is expanding to encompass social and government

institutions, companies, consumers, and citizens. We need to fundamentally rethink the digital economy and curb the monopolistic power of the Big Tech companies.

2020 witnessed ongoing struggles to address the climate crisis. Public concern is deepening, but meaningful action remained limited. Vital changes are constrained by economic structures that not only impede urgent action, but lead to deeper inequality, even in a green transition. SOMO’s work underscored how trade and investment agreements give fossil fuel investors the right to sue governments for decisions that might negatively impact their profits, including policies in line with the Paris Agreement. Claims take place outside of existing courts in shadowy arbitration tribunals, and the money at stake is huge: pending claims under the Energy Charter Treaty (ECT) run into billions. The ECT also gives fossil fuel companies a powerful legal tool to shift the risks and costs of the energy transition to governments and taxpayers. These are not theoretical possibilities; using the ECT, German utilities RWE and Uniper are suing the Netherlands for billions of euros for adopting a law that prohibits coal-fired power generation by 2030.

Working with partner organisations, we exposed how the extractive and exploitative mentality that characterised the fossil fuels sector is being replicated in the renewables industry. The extraction of critical minerals needed for renewable technologies is leading to abuses of rights and the environment. Without systemic reforms the renewable energy sector may end up reinforcing the patterns of inequality that characterised oil, gas and coal.

Much of SOMO’s work is done as part of long-term partnerships, through joint research projects or where our research supports activism and campaigns of partner CSOs. Despite the immense difficulties of 2020, our work with partners continued and was impactful. From Peru to Kenya we supported CSOs and communities to defend their rights in cases where multinational companies had caused harm.

2020 and its many intersecting struggles for justice and equality have focused more public attention on the need to make fundamental changes to power relations in our world. This in turn has opened up space for change. Our work and the work of many others contributed to many positive developments including:

- impetus for a temporary waiver of patent protections for vaccines;
- progress towards establishing mandatory human rights due diligence for companies;
- a European Commission complaint mechanism to enable civil society to report violations of the sustainable development chapters of EU trade agreements;
- discussion by European governments about the need for the ECT to be made compatible with the Paris Agreement.

Of course, much more is needed. But there is momentum in the right direction.

Looking forward, we know the years ahead will be challenging. The pandemic’s impacts will take years to mitigate. In these challenging times, SOMO’s research and investigative skill will be deployed to expose deep rooted problems and to offer credible alternatives.

The destructive wealth-accumulating systems that have been built up can and must be dismantled. The narratives that suggest there is no alternative can and must be debunked. The path to a fairer, more just and ecologically sound future relies at least as much on removing the obstacles of the past as on building the solutions of the future. With our partners and allies, SOMO will work to do both.

Audrey Gaughran





A year of transition

In October SOMO said an anticipated goodbye to Ronald Gijbertsen, who served as Managing Director for 17 years. Under Ronald's leadership, the number of staff members increased from 7 to 44 employees, and the body of knowledge on corporate power and the impact on society grew in tandem. The organisation is grateful for Ronald's work. His management style, vision of organisational development and partnership-building skills created a foundational structure that will serve the organisation for years to come.

In February 2021 the Board was pleased to announce the appointment of Audrey Gaughran as the new Executive Director. Audrey has worked as an anti-corruption and human rights advocate in roles at Amnesty International and the Natural Resource Governance Institute. With her longstanding track record on research and corporations, she is the perfect candidate to lead SOMO's work forward as we continue to challenge the power of multinationals around the globe.

COVID-19: impact on SOMO and our work

2020 was defined by the COVID-19 pandemic, which included devastating impacts on health and lives globally, profound inequalities in access to treatment and care, economic impacts affecting millions, and restrictions on movement and travel.

SOMO's priority was the safety and well-being of our staff and partners. We adjusted physical work arrangements to ensure people could work safely and we supported staff as they moved to 'work-at-home' arrangements. We offered greater flexibility in work schedules so our staff could take care of themselves and others. We also ensured regular online meetings, including informal and social spaces, to help support morale.

SOMO endeavoured to extend support to partners by amending work plans and agreeing on mutually acceptable ways to continue projects, or by rescheduling work when contexts changed. We supported partners to work in COVID-safe ways.

SOMO's staff and partners remained strongly committed to their work. Focusing on outcomes and impact, we restructured our research and programmatic work to enable work to be done online. Individual workplans were adjusted to allow staff to cope with COVID-19 impacts and we used adaptive management approaches to reschedule work and/or devise new approaches to achieve the deliverables and outcomes.

We adjusted some research to focus on critical issues related to COVID-19. This included investigation into pharmaceutical companies involved in production of medical equipment (see page 11) and into the plight of vulnerable workers in supply chains affected by the pandemic. SOMO's ability to be agile and shift its research agenda was welcomed by partners.

We benefited from, and are grateful for, the flexibility of our funders. Our main funders communicated early on in the pandemic their understanding of the need for more flexibility in executing our programmes. This reassurance from funders allowed SOMO to make the necessary changes in how work was delivered, while keeping focused on the agreed deliverables and impacts.

As this report attests, SOMO was able to deliver its work in 2020 and continued to make a positive impact.



Mongolia: Small-scale artisanal miners





Ukraine: Community members speak up against a giant chicken factory



Congo: Village close to a cobalt mine



Argentina: Lithium mining

Our work

Garment, textile and leather value chains: Workers' rights in the time of COVID-19

The COVID-19 pandemic has shown once again that companies at the top of the value chain will pass the costs of a crisis on to the people who can least afford it. As the pandemic took hold, clothing brands and retailers cancelled their orders, delayed placement of new orders, or forced down prices. Many workers lost their jobs or were not paid their full wages, and few have access to a social security. To improve respect for the rights of workers in today's globalised economy, SOMO has long advocated for a strengthened international legal framework to protect human rights in the context of business operations, including binding corporate accountability measures like mandatory Human Rights Due Diligence legislation, which is gaining momentum in the Netherlands and across Europe.

SOMO has decisively shown that voluntary standards and initiatives fail to protect workers' human rights. A report co-authored with the Clean Clothes Campaign (CCC) looked into the human rights due diligence efforts of signatory companies of the Dutch Agreement on Sustainable Garments and Textile (AGT). An examination of reporting by thirty-four signatory companies exposed many shortcomings, including a lack of meaningful engagement with workers in due diligence processes and a failure to inform workers about access to remedy. The findings prompted debate in the Dutch Parliament, as well as a recognition by the AGT Secretariat of the need to improve. An external evaluation of all the Dutch Responsible Business Conduct Agreements drew extensively on the 2020 report and previous research by SOMO. The OECD also took into account the report's conclusions in an assessment of various national agreements.

Since 2015 SOMO has conducted research into working conditions in the export-oriented garment industry in Myanmar, where the rights of workers,

mostly women, are systematically violated. The industry is characterised by extremely low wages, long working hours, discrimination and intimidation in the workplace. In 2020 SOMO and CCC teamed up with a labour rights partner in Myanmar to file a complaint with the AGT's Complaints and Disputes Committee about a case involving the company C&A, a signatory to the Agreement. C&A failed to take effective action to stop a union-busting campaign by one of its suppliers, which led to the dismissal and forced departure of the union's leaders and union members. The complaint, which was a valuable learning process for the groups involved, has since been taken up by the Complaints and Disputes Committee.

On the World Day for Decent work, in November, SOMO was pleased to publicly launch a new three-year programme aimed at improving working conditions in the leather supply chain, which includes tanneries, small leather workshops, home-based units, and factories. Leather workers – who often belong to marginalised groups such as Dalits and Muslims in India, and migrants in Bangladesh – earn poverty wages and face severe occupational health risks, including exposure to toxic chemicals, exclusion from social security and child labour. The new programme strengthens cooperation between organisations in Pakistan, India, Bangladesh and Europe to address these issues. During the launch, some thirty representatives of NGOs, companies, governments and research organisations participated in an online discussion with SOMO and its partners about the leather industry and labour rights issues in the sector, including recent research on the impact of the pandemic in the leather sector. A mapping of the leather supply chain and a report on the situation of migrant leather workers is underway. Meanwhile, in response to the withdrawal of garment companies as COVID-19 took hold, SOMO, PAX and the European Center for Constitutional and Human Rights provided concrete recommendations for responsible disengagement in line with the normative guidance of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

COUNTRY
PROFILE

Kenya: Tax treaty research underpins lawsuit

When the Netherlands last set its policy for negotiating tax treaties, in 2011, it included a special provision for developing countries. The Dutch government would consider agreeing to relatively higher withholding taxes for developing countries to enable them to potentially increase their tax revenue base and limit the potential for tax avoidance practices. An increased tax base for developing countries is essential for ensuring domestic financing for development and realisation of Sustainable Development Goals. But an investigation by SOMO into six treaties negotiated by the Dutch government since 2011 revealed that in four of the six treaties the tax rates for developing countries left them worse off. The findings, which were shared with the government prior to a revision of the tax treaty policy, led to some improvements to ensure a fairer deal for developing countries.

The research also strengthened the efforts of Tax Justice Network Africa (TJNA). SOMO conducted a workshop on tax treaties during the network's online International Tax Justice Academy, reaching some 500 participants across the continent. TJNA used SOMO's research in a lawsuit aimed at nullifying several of Kenya's tax treaties, which not only unfairly deprive the country of potential tax revenue, but were agreed without the required approval of Parliament. An article in *Het Financiële Dagblad* drew attention to SOMO's research and to the TJNA case, and triggered two follow-up editorials in the paper. In Uganda, where the government is negotiating a new tax treaty with the Netherlands, SOMO has also raised awareness with partners about how to effectively use the Dutch tax treaty provisions to negotiate a fair deal.

Big Pharma: Public funding and private profit in a pandemic

'I am pleased that independent organisations, such as SOMO, conduct research into complex issues. The reports are informative and can feed into social discussions and the drafting of policy. The pharmaceutical industry is a cluster of private companies, but they do have an important social role. My predecessor has spoken out several times on the importance of transparency regarding the costs of research and the establishment of medicine prices. SOMO's report contributes to the creation of transparency on this subject.'

Martin van Rijn, Minister of Medical Care and Sport, 19 May 2020

The COVID-19 pandemic has focused the world's attention on the importance of public health and accessible, affordable medicine. Research and development (R&D) of innovative medicines is a key part of that puzzle. Big Pharma claims that its investment in R&D justifies the high price of certain drugs. Yet our research reveals a different story altogether.

A comprehensive study of the finances of 27 pharmaceutical companies over nearly two decades revealed that Big Pharma increasingly derives its income from owning and monopolising intellectual property, rather than developing, producing and selling drugs. Instead of making productive investments in new medicines that could advance public health, companies

focus on maximising payouts to shareholders. Big Pharma's financialised business model makes medicine vulnerable to risky global markets, and leaves the world insufficiently prepared for crises like the current pandemic.

A case study of biotech giant Qiagen showed that public funding helped support development of the company's COVID-19 testing kits. The company, which has taken in millions in public funding from Germany, the Netherlands, the EU and the US over the years, has made enormous profits by selling the same kits back to governments, while at the same time engaging in aggressive tax avoidance. SOMO found that Qiagen uses well-known tax havens to avoid corporate income tax and has managed to avoid at least €142 million in Dutch corporate income tax between 2010 and 2018.

Another case study reinforced the conclusions of our groundbreaking 2019 report, *Overpriced*. A close look into the finances of Novartis, which sells a drug with a price tag of \$2.1 million to treat young children with spinal muscular atrophy, debunked the company's claim that R&D costs justified the exorbitant price. SOMO showed that the drug's development costs had in fact been borne by public institutions.

Our investigative work has raised awareness and strengthened the case for changes in public policy, specifically the need for strong conditions on public investment in drugs and diagnostics. Our research helped trigger the Dutch Ministry of Health to commission an evaluation of government funding for bio-medical research, and inspired several debates on the issue in the Dutch parliament. As the pandemic was unfolding, SOMO joined WEMOS and other allies in the Netherlands to successfully secure support from the Dutch government for the World Health Organization's COVID-19 Technology Access Pool. The pool aims to ensure that pharmaceutical companies share their knowledge of vaccine development.

SOMO also joined forces with the European Alliance for Responsible R&D and Affordable Medicines to call for increased transparency in the EU's exchanges, negotiations and deals with pharmaceutical companies and in support of a proposal by India and South Africa to waive certain pharmaceutical patent protections in order to tackle the pandemic. SOMO researcher Irene Schipper, an expert in the issue of ethics and clinical trials in low-income countries, appeared widely in the media, including Al Jazeera and the BBC, to underscore the importance of holding clinical trials for COVID-19 vaccines and treatments in low-income countries that comply with international ethical standards.

Climate: Corporate power obstructs climate action

Averting climate disaster and realising a just transition to renewable energy requires significant social and economic transformation. In 2020 research by SOMO revealed how companies, and the legal and economic systems which support corporate interests, continue to obstruct the fundamental change that is needed.

One of the most egregious barriers to climate action is international trade and investment law, which protects the profits of companies over almost all other considerations. Clauses in trade agreements, such as the Energy Charter Treaty (ECT) and the Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU, give energy sector investors the right to sue governments for decisions that might negatively impact their bottom line. This includes governmental action that is in line with the Paris Agreement.

SOMO research and advocacy has contributed to growing criticism of investor protection and trade and investment agreements like the ECT and CETA in the Netherlands. Thanks to the work of SOMO and its allies, the European Commission and several European governments have stated that they will consider withdrawing from the ECT, which is currently being re-negotiated, if it is not compatible with the Paris Agreement and the European Green Deal. Due to concerns about CETA, the Netherlands has yet to ratify the agreement.

A just transition or a green status-quo?

The transition to renewable energy is vital to efforts to combat climate change. But if the renewable sector is developed using the same economic assumptions and structures as the fossil fuel sector, then the energy transition may entrench, rather than reduce, inequality. This is already evident in the extraction of critical minerals, such as lithium and cobalt, which are needed for electric vehicle batteries. Negative social and environmental impacts associated with mining and processing of the minerals are not being addressed; on the contrary, civil society groups are reporting violations of the rights of indigenous peoples, exploitation, child labour and pollution in the electric battery supply chain. SOMO's report, *The Battery Paradox*, identified key players throughout the battery value chain, and outlined strategies to address adverse impacts and ensure more just and sustainable approaches to tackling the climate emergency.



SOMO's work in 2020 also examined efforts to encourage more financing of activities and companies that support efforts to meet the climate targets of the Paris Agreement. Our analysis of a new EU law, the EU Taxonomy Regulation, identified risks that investment products, such as green bonds, can continue to be marketed as green or climate-friendly although the companies and their activities do not contribute effectively or positively to climate mitigation, climate adaptation or environmental resilience. The law was intended to prevent such 'greenwashing' by the investment sector, but weaknesses and loopholes, including its voluntary nature, limit the efficacy of the law. Moreover, SOMO identified that in the current set-up, the law is unlikely to move much capital out of environmentally harmful activities, as these are not identified in the Taxonomy regulation.

Indigenous communities in Peru and Pluspetrol

More than 100 indigenous communities from Peru filed a complaint with the Dutch National Contact Point for the OECD, the grievance mechanism of the OECD Guidelines for Multinational Enterprises, over abuses by Pluspetrol, a multinational oil firm officially headquartered in Amsterdam via a mailbox construction. SOMO, along with Peru EQUIDAD and Oxfam, supported the complaint, which alleges that the company caused environmental pollution in the oil fields of the Peruvian Amazon and violated the rights of indigenous people living in that area.

The complaint describes how Pluspetrol has contaminated nearly two thousand different locations in the Amazon, yet refuses to clean up the pollution and compensate affected communities. The complaint also raises the issue of tax avoidance by the company, facilitated by its use of the Dutch system. It argues that Pluspetrol, through its minimally-staffed Dutch headquarters, has set up numerous tax constructions that enable it to avoid taxes by operating through other jurisdictions, including those of Luxembourg and the Bahamas.

The complainants have asked the Dutch National Contact Point to mediate between the communities and the company with the goal of seeing Pluspetrol clean up the rainforest, as well as its human rights record and tax governance practices. If accepted, the complaint could be precedent-setting as it not only addresses the behaviour of multinationals with regard to the environment and human rights, but also the use of the Dutch system for avoiding taxes.

Mongolia: Strengthening the case against corporate control of resources

The global economic system is based on a development paradigm that favours economic growth and free capital flows over a healthy environment for people and planet. Foreign and corporate interests harness diplomatic, institutional and political power to define development trajectories counter to democratic control over resources, and social and ecological well-being. The herders of resource-rich Mongolia, who have waged a long fight against the impacts of Mongolia's largest mine, Oyu Tolgoi, know this all too well.

A long-term collaboration between SOMO and Mongolian partner Oyu Tolgoi Watch (OT Watch) has supported the herders and helped make the case for fundamentally changing the global trade and investment system. In 2018 SOMO and OT Watch showed how mining company Rio Tinto, the multinational behind Oyu Tolgoi, effectively made use of dubious fiscal constructions to avoid paying taxes and lured the Mongolian government into an inequitable investment agreement. In 2020 the two groups dug further into the negotiations behind the Oyu Tolgoi Investment Agreement. A subsequent report shows in detail how foreign and corporate interests harness diplomatic, institutional and political power to push resource-rich countries down an economic development path that is counter to the interests of their citizens.

The report highlighted the particularly harmful effects of investor protection clauses in both the Oyu Tolgoi Investment Agreement and Mongolia's Bilateral Investment Treaty with the Netherlands, where Rio Tinto maintains a mailbox company, a measure that facilitates tax avoidance. Rio Tinto is using the

provision to pursue international arbitration against Mongolia in an effort to avoid unpaid taxes. In cooperation with the London Mining Network and allies worldwide, SOMO and OT Watch brought the case to the attention of Rio Tinto shareholders. OT Watch and SOMO both submitted questions to the online shareholder meeting, which led to an invitation to OT Watch for direct dialogue with a representative of Rio Tinto in Mongolia.

The efforts of SOMO and OT Watch have attracted widespread attention, including from the Mongolian President and Parliament, as well as International Women's Rights Action Watch Asia Pacific. At the group's request, SOMO and OT Watch submitted a shadow report to the Secretariat of the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) focused on the impact of mining on Mongolian women's health within the context of the international trade and investment regime.

The people vs Kakuzi

'Kakuzi has for far too long had its say and way in how it treats local communities with impunity. The courts must this time round, serve justice.'

After years of systemic violence, rape, unlawful detention and intimidation, seventy-nine Kenyans took legal action against the agrarian Kenyan company Kakuzi and its UK parent company Camellia. Since 2016 SOMO has worked with the Kenyan Human Rights Commission (KHRC) and the community-based Ndula Resource Centre (NRC) to assist these communities. Through fact-finding missions, field visits and workshops with community members, the groups gained detailed insight into the systemic human rights violations experienced by (former) workers and other people living on and around Kakuzi's plantations. SOMO and its Kenyan partners helped community members to organise, document abuses, formulate demands and pursue remedy. With the help of law firm Leigh Day, a law suit was brought against the company in the UK.

In the words of a community member who was allegedly detained and assaulted by Kakuzi guards in April 2019, 'Kakuzi has for far too long had its say and way in how it treats local communities with impunity. The courts must this time round, serve justice.' Members of the affected communities are determined in their quest for both restorative and reparative justice, a public apology, and a guarantee for non-repetition. They are demanding that historic land injustice should be addressed, and compensation for loss of livelihoods and the psychological harms suffered. According to several leaders in the struggle: 'We want the company and the Kenyan government to acknowledge the longstanding injustices perpetrated against our people.'

'Kakuzi workers and host communities have known nothing but terror in the last 50 years. As if pushing them out of their fertile ancestral land is not

enough, Kakuzi is reported to rape, maim and kill. The company continues to make a complete mockery of what constitutes responsible business conduct even when it claims to contribute to advancing social practices in Kenya. It is baffling how Kakuzi behaves as if it is a law unto itself', Mary Kambo of KHRC says.

In-depth coverage of the case in the UK's Sunday Times triggered action by UK supermarkets, which stopped purchasing from Kakuzi, and by the multi-stakeholder Ethical Trading Initiative, which called on Kakuzi and Camellia to act urgently to address the allegations. Camellia, which initially sought to downplay its control over Kakuzi, has since entered into negotiations over the case.

UPDATE: In February 2021 the case against Camellia ended in a settlement between the British company and 85 claimants. The settlement for a sum of GBP 4.6 million includes payments to the claimants and a contribution to their legal fees, an independent human rights impact assessment, and investments in community projects.

Community Resource Exchange

The Community Resource Exchange (CRE) is an idea born in SOMO to assist communities that have suffered corporate harm. In their struggles to defend and protect their rights, communities are pitted against corporations with a wide array of resources at their disposal, including lawyers, media consultants and technical experts. The CRE will enable communities to more easily identify and mobilise allies to support their struggles.

The CRE will provide communities access to information and create space to learn from each other's experiences. It will enable communities to connect with allies and find the expertise they may need. Since 2018 SOMO has participated in a collaborative process with the Coalition for Human Rights in Development and a range of partners to design the CRE system. In September 2020 funding for a three-year pilot of the CRE was secured. The pilot will be hosted by the Coalition for Human Rights in Development.

Mind the Gap: Exposing corporate strategies to avoid responsibility

Corporations use strategies to create, maintain and exploit human rights governance gaps. Since 2018 SOMO has collaborated with partners from around the world in 'Mind the Gap', a project aimed at countering these strategies and at strengthening access to remedy.

Following extensive consultations with civil society organisations, trade unions and other experts, SOMO and its partners published a new framework for understanding the main corporate strategies to avoid responsibility for adverse human rights and environmental impacts. A dedicated website, mindthegap.ngo, describes how corporations actively preserve impunity by: constructing deniability; avoiding liability through judicial strategies; distracting and obfuscating; undermining human rights defenders and communities; and utilising state power. The website features case studies that illustrate how corporations use these strategies in practice, to the detriment of people and communities the world over.

Mind the Gap research has fed into partners' collective advocacy aimed at closing governance gaps through measures such as a strong UN binding treaty on business and human rights. In March SOMO and Mind the Gap partners Al-Haq, PremiCongo, Action Contre l'Impunité pour les Droits Humains, PODER and European Coalition for Corporate Justice made a detailed written submission to the UN intergovernmental working group on the treaty, proposing text to close specific gaps commonly exploited by corporations. During the treaty negotiations in October, the groups also submitted oral statements on the subjects of prevention, liability and jurisdiction. A revised draft of the treaty will be published next year.

Publications 2020

CETA: Claimrecht voor Canadese multinationals
 Februari | Januari 2020

De 15de herdenking van de Tweede Wereldoorlog is de 15de herdenking van de Tweede Wereldoorlog. In de 15de herdenking van de Tweede Wereldoorlog is de 15de herdenking van de Tweede Wereldoorlog. In de 15de herdenking van de Tweede Wereldoorlog is de 15de herdenking van de Tweede Wereldoorlog.

Complaint against "Dutch" oil company Pluistrop for violation of OECD guidelines
 Oil company in Persian oil scandal located in Amsterdam's mailbox
 Februari | maart 2020

De 11 maart 2020, volgens het rapport van Pluistrop, is de 11 maart 2020, volgens het rapport van Pluistrop. De 11 maart 2020, volgens het rapport van Pluistrop, is de 11 maart 2020, volgens het rapport van Pluistrop.

Corporate strategies to avoid responsibility for human rights abuses

Five harmful strategies

A fox in the henhouse
 How Ukrainian chicken farmer MHP receives massive subsidies while avoiding taxes
 Vincent Kuisenbink
 Januari 2020

Your Right to Know
 Beyond corporate transparency
 The right to know in the electronics industry
 GoodElectronics Network
 Centre for Research on Multinational Corporations (CEPR)
 Business, Human Rights Environment Research Group (BHRE)
 March 2020

De lange zee-arm van het Havenbedrijf Rotterdam
 SOMO Paper | Februari 2020

De lange zee-arm van het Havenbedrijf Rotterdam is de lange zee-arm van het Havenbedrijf Rotterdam. De lange zee-arm van het Havenbedrijf Rotterdam is de lange zee-arm van het Havenbedrijf Rotterdam.

From glass ceilings to factory floors: Dutch banks' actions on gender
 EerlijkeBankwijzer
 Fair Bank Guide
 5 March 2020

A legal framework for defining green finance
 The EU taxonomy
 SOMO Fact Sheet | December 2020

Why did the EU introduce a new finance law about environmental activities? The EU taxonomy is a legal framework for defining green finance. The EU taxonomy is a legal framework for defining green finance.

Big business, low profile
 Shedding light on oil trader Vitol's operations in Nigeria
 Saskia van Dronen, Rona Hartelaf, Chinedu Baezay, Ken Henshove
 Januari 2020

BUSTING THE MYTHS AROUND THE ENERGY CHARTER TREATY
 A GUIDE FOR CONCERNED CITIZENS, ACTIVISTS, JOURNALISTS AND POLICYMAKERS

G45 Company scan
 David O'Brien de Lath, Roberto Casco, Vincent Kuisenbink, Wouter Hofland
 Januari 2020

Handel Anders!
 EEN OPROEP VOOR EERLIJKE EN DUURZAME HANDEL

Pressing issues
 South African wine farms and the responsibility for due diligence by Dutch supermarkets
 SOMO | TCOE
 Januari 2020

Profiting from a pandemic
How COVID-19 test kit producer Qiagen receives public money but avoids taxes

Vincent Kluwebrink, Jasper van Tolfaen

Responsible disengagement in the time of corona

SOMO, BDOH and PMA position paper | April 2020

The extended reach of the Port of Rotterdam

SOMO Paper | February 2020

The battery paradox
How the electric vehicle boom is draining communities and the planet

Alejandro Gonzalez, Esther de Haan

The financialisation of Big Pharma
Private gains we can ill afford

Rodrigo Fernandez, Tobias J. Klinge

The financialisation of Big Tech
Engineering digital monopolies

Rodrigo Fernandez, Iba Adriana, Tobias J. Klinge, Jasper Hendriks

The 2011 Memorandum on Dutch Tax Treaty Policy
Theory and practice of the Dutch tax treaties with developing countries

SOMO Paper | August 2020

Fair Insurance Guide
Time to start caring about cobalt

Evaluating the due diligence conducted by nine insurers active in the Dutch insurance market to address human rights abuses in the cobalt supply chain

Fair Insurance Guide
30 July 2020

Undermining Mongolia
Corporate hold over development trajectory

Rhonda Albert, Vincent Kluwebrink, Suilgeral Dugersuren

VIOLATIONS SET IN STONE
MISDEEDS IN THE OCCUPIED PALESTINIAN TERRITORY

NAMA ABDULLAH AND OYSA DE LEEUW
FEBRUARY 2020

The people vs Kakuzi

Yulia de Leeuw

An unrelenting fight for justice and remedy by rural Kenyan communities

Towards a new normal

Paoline Oversem, Marjje Theunissen

What must change in the Myanmar garment industry post-Corona crisis - a research into the labour conditions of two factories

Social media



128,790

Unique visitors for SOMO webpage



2,699

Newsletter subscribers



14,692

Total number of followers on social media. (Facebook, Twitter and LinkedIn)



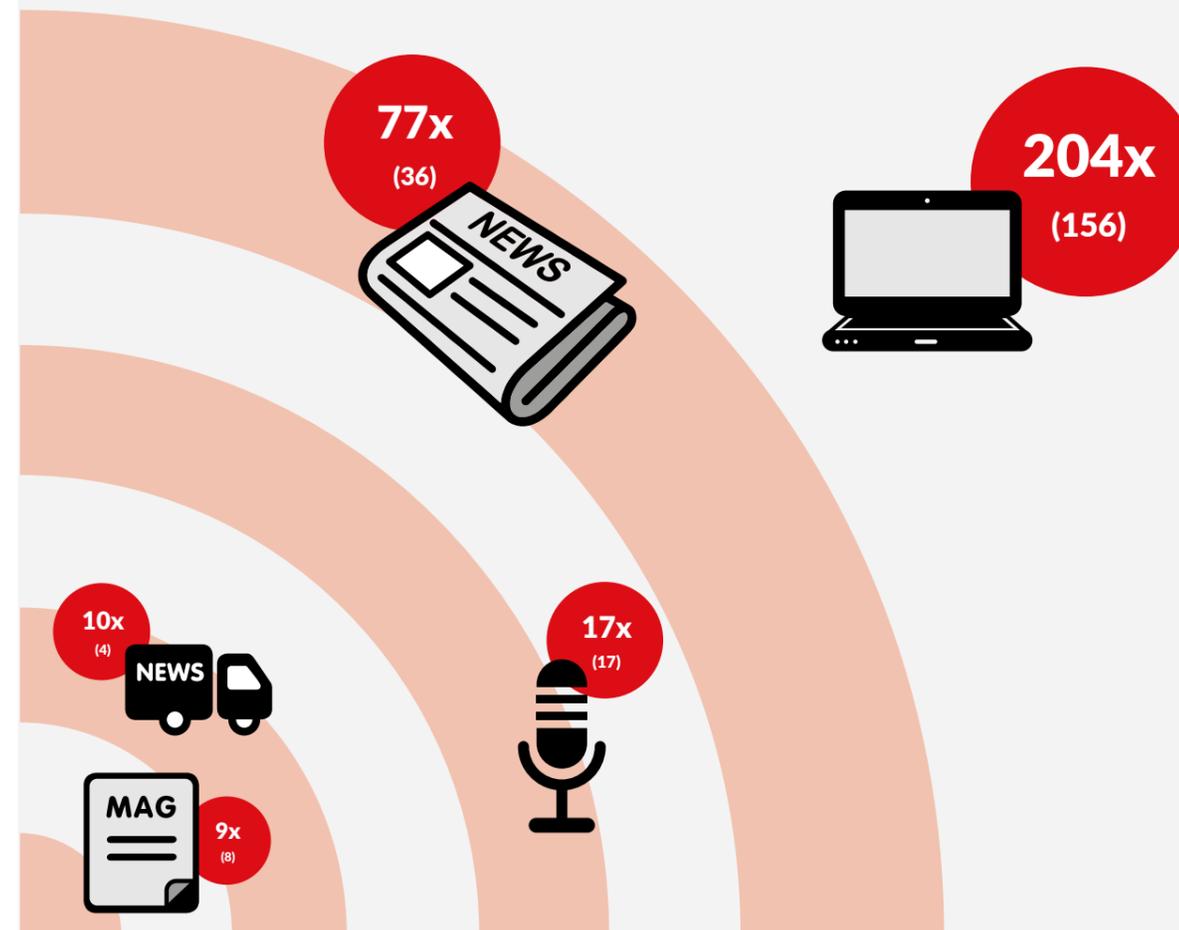
16,729

Downloads

Top 10 downloads

Examples of unethical trials	1	606
Private gains we can ill afford	2	480
Beauty and a Beast: child labour in mica mines	3	474
Undermining Mongolia	4	459
The financialisation of Big Tech	5	418
Global mica mining	6	372
Flawed fabrics	7	336
Responsible disengagement in the time of corona	8	331
Profiting from a pandemic	9	309
The Myanmar Dilemma	10	308

Media outreach



The figures in brackets refer to the number of different media outlets (newspaper, broadcasters, etc) which mentioned SOMO, while the main figures in each red circle indicate the number of times SOMO was mentioned. These figures are based on SOMO's media monitoring and are therefore only a rough indication of the way our publications and other outputs were picked up by the media.

Financialisation: what it is and why it matters

Financialisation refers to the increasing role and size of the financial sector within economies, a phenomenon particularly seen in western economies over the last few decades. It has been facilitated by deregulation of banking and investment sectors and removal of controls on movement of capital. Financialisation was central to the 2008 financial crisis.

Corporate financialisation is the phenomenon by which non-financial firms have adopted and used financial industry strategies as part of their business model. Companies have shifted their profit-making strategies away from long-term investment in the real economy, such as productive capacity or research and development, toward short-term generation of shareholder value. Put simply, companies generate money by engaging in

financial activity and not by developing their core business.

Corporate financialisation is driven by the imperative of increasing returns for shareholders. Many companies have taken on significant debt and increased pay-outs to shareholders. Why does it matter? Because corporate financialisation, like financialisation generally, creates instability and increases wealth inequality. Corporate financialisation is frequently characterised by stagnant or falling wages, even as shareholders see booming returns. The rights and welfare of workers, stakeholders and even the business itself may be sacrificed in order to maximise shareholder value.

Since 2015 SOMO has pioneered research into the financialisation of key companies and sectors, and analysed its far-reaching societal and economic impacts. This has continued in 2020 with our work on the Pharma and Big Tech sectors.

The financialisation of Big Tech

This year, SOMO expanded its groundbreaking work on research on the financialisation of Big Tech. A new report examined the ways in which seven Big Tech firms – U.S.-based Alphabet (Google), Apple, Amazon, Facebook and Microsoft, and Chinese-based Alibaba and Tencent – have amassed extraordinary financial resources, market dominance, and a sphere of influence increasingly encircling and enclosing societal institutions, companies, consumers, and citizens.

Looking at three key indicators, SOMO found that, compared to their counterparts in the S&P 500, the seven Big Tech firms have more financial assets at their disposal and follow a business model that relies more strongly on intangible assets such as patents, data and related analytics, or goodwill. The COVID-19 pandemic accelerated a trend that was already underway, increasing Big Tech's market capitalisation to unprecedented levels.

The report points up the urgent need to rein in Big Tech monopolies and fundamentally rethink the digital economy.

Our partners

Alliance and partnerships are critical to advance an agenda for fundamental change. Playing our role within an international ecosystem of like-minded actors is central to SOMO's Theory of Change and our core values. Much of our work is done as part of long-term partnerships, through joint research projects or with research by SOMO that supports activism and campaigns of partner CSOs. We play an active role in numerous networks and host several international networks. We are committed to sharing knowledge, learning from others and contributing to a transformative and justice-focused agenda.

Partnering for change

In 2020 SOMO worked with partners from Europe, Asia, Africa, Latin America and MENA. Many of these partnerships are long-standing, reflecting shared goals and joint work over several years.

Supporting alliance-building and international networking

In 2020 SOMO funded our long-standing partner Indonesia for Global Justice (IGJ) to consolidate a strong social movement in Indonesia focused on the Omnibus Law on Job Creation, and on the social and environmental risks of Indonesia's trade and industrialisation agenda. Using webinars to engage a broad range of civil society actors in the country, the project has successfully mobilised a broad social movement that advocates against the Omnibus Law. IGJ has received support from the Asia-Europe People's Forum (AEPF). In the Netherlands, SOMO and 13 other organisations wrote a letter to Trade Minister Sigrid Kaag supporting IGJ's grave concern with the Omnibus Law and its impacts on labour and environment in Indonesia. The letter called on the Minister to enter into dialogue with the Indonesian government about repealing the Omnibus Law.

Partners we worked with in 2020

- Accountability Counsel (USA)
- ACIDH (DRC)
- AfreWatch (DRC)
- AIDA (Mexico)
- AIPP (Thailand)
- Al Haq (West-Bank, Palestine)
- AMBED (Nicaragua)
- ARISA (Netherlands)
- AWC (USA)
- BLF (Bangladesh)
- CEREAL (Mexico)
- CIEL (USA)
- CIPCA (Bolivia)
- CIVIDEP (India)
- Coalition for Human Right in Development (USA)
- Conectas Direitos Humanos (Brazil)
- CTUHR (Philippines)
- ECCJ (Belgium)
- Focus Association for Sustainable Development (Slovenia)
- Frank Bold (Czech Republic)
- Fundación Nodo XXI (Chile)
- FUNDEPS (Argentina)
- Global Works Lund AB (Sweden)
- IAP (USA)
- IDI (USA)
- IGJ (Indonesia)
- INKOTA (Germany)
- InKrispena (Indonesia)
- IRISS SOA (Madagascar)
- KHRC (Kenya)
- KNTI (Indonesia)
- LabCidade - University of Sao Paulo (Brazil)
- LESN (Hong Kong)
- LIPS (Indonesia)
- Madhyam (India)
- Ndula RC (Kenya)
- NOVACT (Spain)
- NOWcommunities (Pakistan)
- OT Watch (Mongolia)
- Otros Mundos (Mexico)
- PIHRB (Poland)
- PODER (Mexico)
- Premicongo (DRC)
- Srer Khmer (Cambodia)
- Stichting Electronics Watch Foundation (Netherlands)
- Südwind (Austria)
- TCOE (South Africa)
- Third World Network Ghana (Ghana)
- TMMTF (Tanzania)
- TNI (Netherlands)
- Who Profits (Israel)

Membership of Consortia

Between 2016 and 2020 SOMO was in a strategic partner of the Dutch Ministry of Foreign Affairs in two consortia – one with Oxfam Novib and the other with the Fair, Green, and Global Alliance. The partnerships, which focus on building lobbying and advocacy capacity among civil society organisations in low-income countries, provided SOMO with new and exciting opportunities to work, as well as a solid funding base for the 2016-2020 period.

Partnership with Oxfam Novib

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

Over the five-year partnership Oxfam Novib and SOMO worked on two key areas of change: empowerment of people; and influencing governments and companies so their policies and practices would reduce inequalities, insecurity and injustice (violence, corruption, discrimination) and foster the realisation of rights and prosperity of citizens.

Across both of these areas, Oxfam Novib and SOMO focused on groups that face the most risk of violence, discrimination and marginalisation. This means that we have given particular attention to the needs and interests of women and included a gender justice perspective in our analysis, the choice of our interventions and the organisations we work with.

Our shared goals have been achieved through action-oriented research, advocacy and through strengthening the capacity of civil society actors and working in partnership with groups around the world.

Fair, Green and Global Alliance

The Fair, Green and Global (FGG) Alliance members are Both ENDS, ActionAid, Clean Clothes Campaign, Milieudefensie, SOMO, and Transnational Institute. All members are firmly rooted in international networks, hosting or being networks themselves. The FGG Alliance aims for a socially just, inclusive, and environmentally sustainable society. We believe that the solution lies in democratic, transparent, equitable and gender sensitive economic and social structures and practices that respect

our natural environment. FGG focuses on three interlinked leverage points: corporate conduct; trade and investment; and the financial system.

To realise our goal of transformative change we believe it is crucial to inform and mobilise people to engage with relevant decision-makers in these three areas. To this end, over the five-year period we have worked with grassroots social movements, through a process of mutual capacity building, across the three priority issues.

Both consortia have been evaluated in 2020 and the outcomes will be published in 2021.

NGO Networks

SOMO plays a key role in dozens of different Dutch, European and international networks. Through its engagement in networks, SOMO seeks to enhance civil society collaboration and joint action. SOMO also benefits from new contacts and relationships with a broad field of actors who inspire us to think in new ways and make new connections.

As a network host, SOMO promotes the exchange of information and collaboration among network members. While the network coordinators are housed at SOMO, the networks are autonomous: each has its own system of governance and decision-making. SOMO contributes to these processes on an equal footing with other network members.

In 2020 SOMO hosted the networks GoodElectronics, LobbyWatch NL, MVO Platform, OECD Watch and Tax Justice NL.

GoodElectronics

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

Lobbywatch NL

Lobbywatch NL is a coalition of organisations advocating for greater transparency and better regulation of lobbying in the Netherlands. Our aim

is to guarantee that Dutch policymaking is based on the public interest, rather than the demands of corporate lobbyists. Hosted by SOMO, the coalition includes Foodwatch, Milieudefensie, Open State Foundation, Transnational Institute, Transparency International Nederland and Wemos.

OECD Watch

OECD Watch is a global network of civil society organisations with more than 130 members in over 50 countries. Network members share a commitment to ensuring that business activity contributes to sustainable development and poverty eradication, corporations are held accountable for their impacts, and victims of business-related abuse receive remedy. OECD Watch focuses specifically on the OECD Guidelines for Multinational Enterprises (the Guidelines) and its grievance mechanism, the system of National Contact Points. The OECD Watch network aims to improve the implementation and effectiveness of the Guidelines and their link to parallel initiatives on corporate accountability.

MVO Platform

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

Tax Justice Netherlands

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

Our services

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

In 2020 SOMO performed 14 new commissioned assignments from diverse clients. The number of assignments was significantly lower than previous years due to the COVID-19 pandemic. In the early months of the pandemic, requests came to a standstill, while later in the year, SOMO's capacity was unusually limited due to necessary adjustments in other programmatic work.

Highlights of commissioned research

Research commissioned by Oxfam, Cafod and Christian Aid – intended for audiences at the 2020 World Bank and IMF Annual Meetings – helped strengthen a global campaign for debt relief. SOMO collected data on bonds issued by the governments of Ghana, Kenya, Nigeria, Senegal and Zambia in order to examine and estimate how much of each country's national debt is held by private sector companies.

At the request of The Sentry, SOMO carried out research on potential corruption risks involving Dutch companies with ties to the Democratic Republic of Congo, Rwanda, Uganda and Burundi. An investigation into several companies responsible for deforestation in Nigeria, Mozambique, Tanzania, Uganda and Ivory Coast, commissioned by Friends of the Earth Netherlands (Milieudefensie), contributed to evidence in cases for the African Peoples Tribunal.

Corporate profit-shifting and tax avoidance by Swiss companies and in Swiss tax jurisdictions were the subjects of research for several German and Swiss clients. Other assignments focused on human rights due diligence practices in the garment and footwear sector, and the Dutch insurance sector. The latter resulted in the report, Time to start caring about cobalt, published under the auspices of the Dutch Fair Insurance Guide (Eerlijke Verzekeringswijzer).

Commissioned assignments





Netherlands: Shell



Mongolia: Traditional herders





Myanmar: Garment workers on a break



Organisational development

We continually work to improve our role as an expert organisation on corporate power. We aim to strengthen civil society groups to counter the power of multinationals with reliable and useful research. To play this role we create a good working environment based on our principles of a non-hierarchical and horizontally-organised structure. 2020 was a year of transition. Our long-serving Managing Director Ronald Gijsbertsen resigned and we began a search for a new office. The COVID-19 pandemic dramatically changed our way of working with each other and with partners. We were happy to be granted another five-year strategic partnerships with the Dutch Ministry of Foreign Affairs.

Governance

Governance structure

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

The governance structure of SOMO is set up as follows:

- The Supervisory Board, consisting of four members.
- The Executive Board (Executive Director)
- The Management Team
- The staff

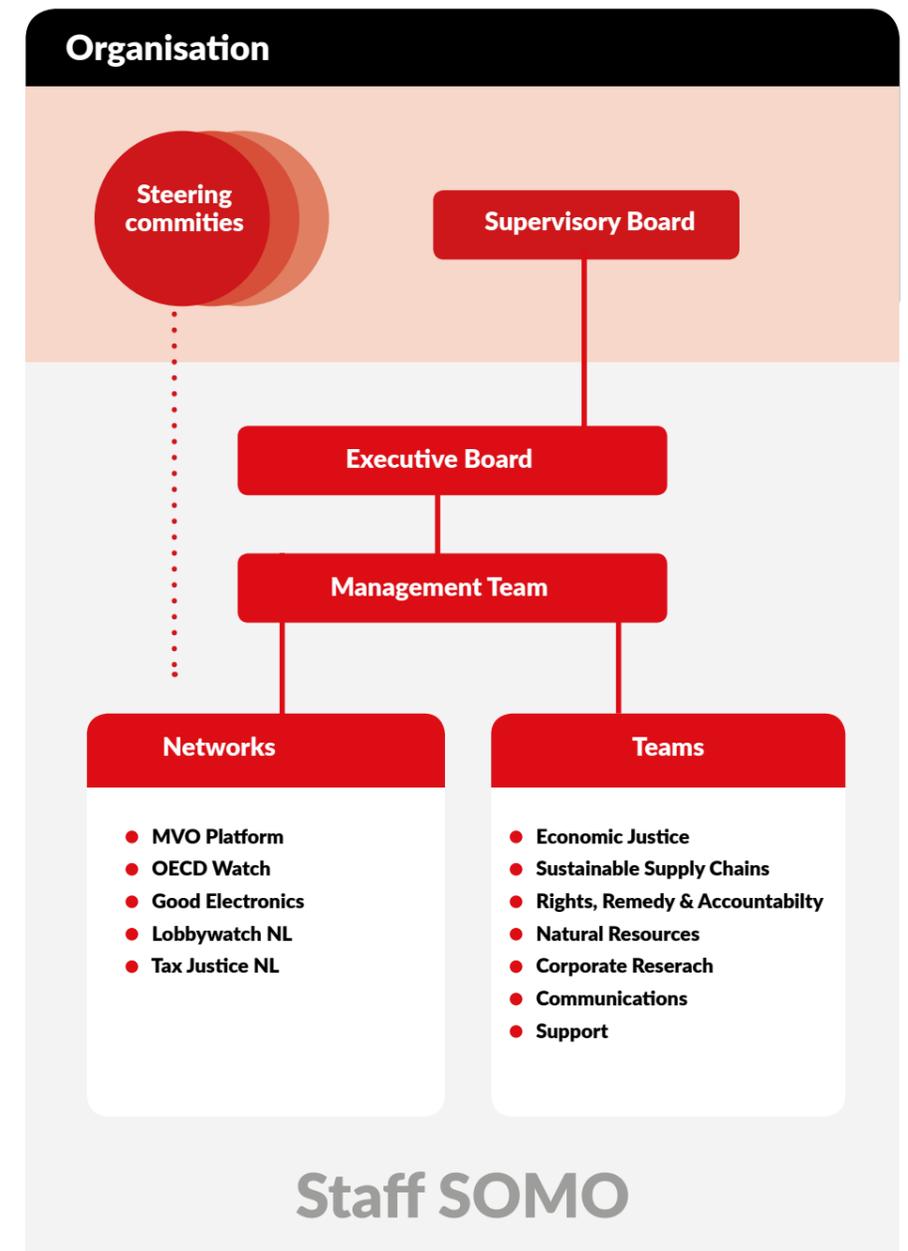
The Executive Board consists of one person: the Executive Director, Audrey

Gaughran. She succeeded SOMO's Managing Director Ronald Gijsbertsen in February 2021. With the departure of Ronald Gijsbertsen, the Managing Director position changed to an Executive Director position. The Executive Board, under the supervision of the Supervisory Board, bears the ultimate responsibility for identifying and managing the risks associated with the organisational strategy and activities.

SOMO's Supervisory Board consists of four people:

- Ronald Messelink (chair) is CEO of ICS, an NGO that works on the socio-economic development of rural areas in Africa and Asia.
- Jasper Teulings (secretary) is Director Strategic Litigation at ClIFF Climate. He is also member of the Board of EarthRights International and the Advisory Board of Pro Bono Connect.
- Angela Wigger (member) is Associate Professor of Global Political Economy at Radboud University in Nijmegen. She is also an advisory board member of SOC21.
- Niels ten Oever (member) is a postdoctoral researcher at the Media Studies department at the University of Amsterdam. He is also a research fellow with the Centre for Internet and Human Rights at the European University Viadrina and an associated scholar with the Centro de Tecnologia e Sociedade at the Fundação Getúlio Vargas.

The day-to-day management of the organisation is in the hands of the management team. In 2020 the team was chaired by the Managing Director and included programme managers Irene Keizer and Gerhard Schuil. In the transition period between Ronald Gijsbertsen (October 2020) and Audrey Gaughran (February 2021), SOMO employed interim manager, Freek Landmeter, to fulfil the executive responsibilities.



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

Risk management

SOMO has a risk management policy. Risks are discussed with the Supervisory Board during quarterly meetings. The risks discussed in 2020 mainly related to the COVID-19 pandemic and (the diversification of) funding. The Supervisory Board expresses its confidence that SOMO has sufficient control over the identified risks.

COVID-19

SOMO staff, work and partners were impacted by COVID-19 and the associated restrictions of movement and travel in 2020. Details are provided on page 4. In terms of risk management, SOMO took action on three levels:

- Employees and partners: SOMO identified the risks and needs for employees and partner organisations in order to offer the support needed to continue the work in a flexible and safe way.
- Delivery of work: We adjusted our research and programmes, delivering work via online methods, rescheduling work and changing the nature of some planned outputs. Staff were given guidance on adjusting workplans in line with guidance from our funders. Overall, SOMO was able to restructure and deliver on most work commitments. In a few cases work was postponed to 2021 in agreement with the relevant funder.
- Financial risks: The financial risks for SOMO related to the pandemic are relatively limited. We experienced a substantial drop in income from professional services. However, this income is only a minor proportion of SOMO's overall budget. SOMO's funders expressed their understanding for the need for flexibility in executing our programmes, which enabled SOMO to deliver work in different ways. Some work could not be executed in 2020 and funds were rolled over to 2021 with funder consent.

Funding

We recognise the need to diversify our sources of income and reduce the proportion of funding from the Dutch Ministry of Foreign Affairs (61% in 2020). After 2022, our goal is that no more than half of our income should come from one single donor. Our focus will be on raising funds from other national governments and from private foundations that are aligned with our mission.

IT and digital security

Digital security is constantly on our radar, including when working with partners. Ensuring that communications, personal data and sensitive information are secure is a priority for SOMO. There have been no incidents or attacks on our systems in 2020. IT developments this year have mainly focused on increasing flexibility in working online, improving collaboration and reducing the dependency on multinationals.

Financial management and fundraising

SOMO's long-term financial strategy comprises of five interrelated elements:

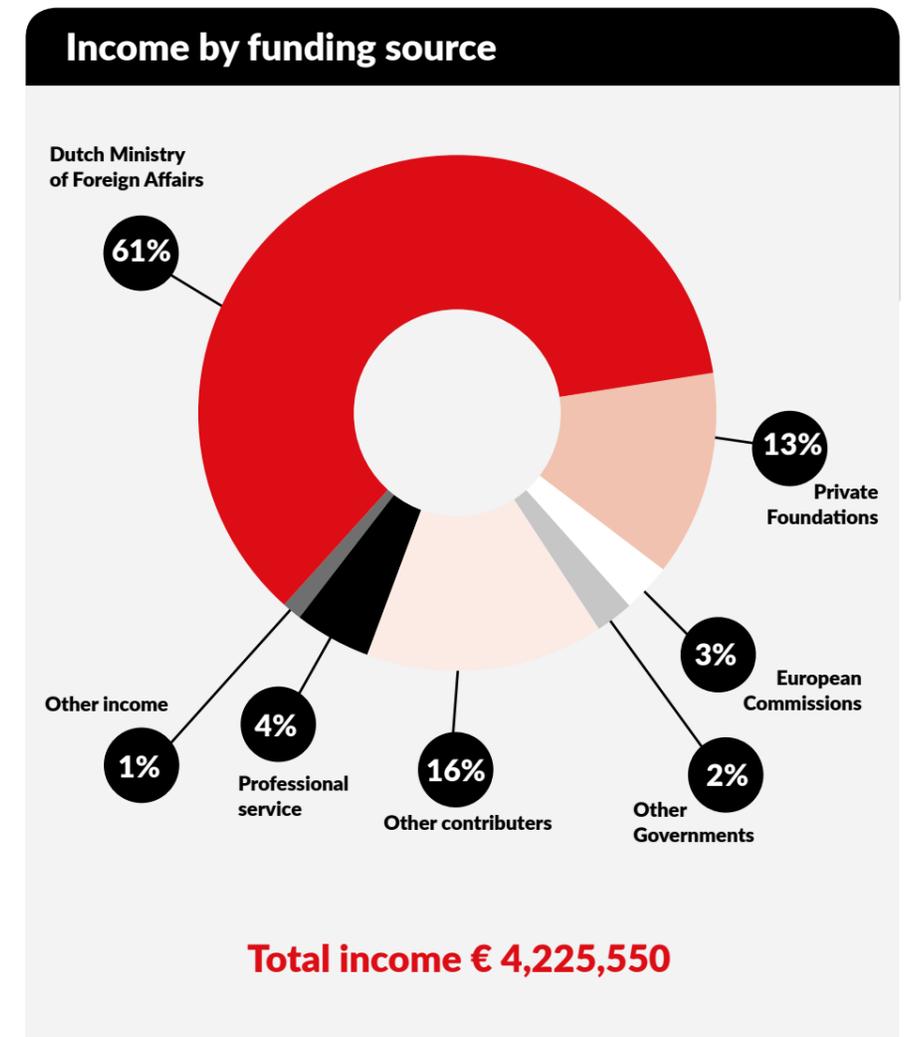
- diversifying our sources of income by deepening existing relationships and building new relationships with funders that are aligned with SOMO's mission
- increasing core funding alongside programmatic funding to ensure the structure of our funding is supportive of our work
- increasing funding for larger programmes of work based on our new 2021 - 2025 strategy
- building the organisation's resilience, particularly by increasing our reserves
- strengthening overall financial management systems

In May 2020 the Ministry of Foreign Affairs selected alliances that SOMO is part of for the Power of Voice programme, a five-year strategic partnership to strengthen civil society capacity. We were honoured to be included in these strategic partnerships once more, together with our partners in the FGG Alliance and the FAIR for ALL Alliance. Both Alliances focus on making trade and value chains more sustainable.

The income from the Dutch Ministry of Foreign Affairs' (MoFA) partnerships is structural for the coming five years (2021-2026). SOMO also secured multi-annual financing for the Decent Leather project (2020-2023) from the EU, with co-financing from the Dutch RVO.

SOMO also receives multi-annual funding for a Horizon 2020 project via the University of Vienna, Austria.

SOMO has benefited from general support provided by Open Society Foundations and Ford Foundation. This support is very valuable, allowing us to be at the forefront of change, quickly respond to new developments and further improve the impact of our organisation. We also value our partnerships with the European Commission allowing us to work on multi-annual programmes together with other civil society organisations and universities. Investments in building relationships with private foundations in the USA resulted in further diversification of our income. SOMO now receives funds from the National Endowment for Democracy, the Climate and Land Use Alliance, Wellspring Advisors and Freedom Fund.



Organisation

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

SOMO aims to be a good employer and a reliable partner in cooperation. As a research organisation it is our first responsibility to be accountable for the research and the network-related activities. As a watchdog organisation, we take responsibility to avoid causing harm in our work. Our Code of Conduct and Complaints Procedure are based on this principle. SOMO continues to strive for the highest possible standards and procedures in research, including maintaining an open dialogue with companies, academics and lawyers and to carry out proper reviews of research and other activities. This is intended to ensure that SOMO's work and services are up-to-date and of the highest quality possible.

As part of our integrity system, as implemented through our integrity policy, we received a report from our external confidential advisor. In 2020 two reports were made to the confidential advisor by two employees of SOMO who experienced an unsafe situation at work. In addition, upon request, the confidential advisor advised HR regarding a situation in which stress as a result of the corona pandemic played a role.

The confidential advisor formulated five recommendations for SOMO to promote a safe working environment and integrity. These will be followed up on in 2021. To further improve our integrity system and comply with Partos standards, we implemented SeeHearSpeakUp as an external whistle blower service in 2020.

SOMO strives to ensure that our suppliers and service providers are of the most sustainable nature

possible. Wherever possible, SOMO chooses fair trade, green, organic, recycled or second-hand items. We use our own solar panels to generate energy, and SOMO's travel policy takes sustainability into account. SOMO employees are reimbursed for commuting costs by public transport. For work-related travel, people are strongly discouraged to fly within a 700-kilometre radius from Amsterdam. If travelling by plane is unavoidable, SOMO compensates the emissions. This compensation service is provided by Climate Neutral.

SOMO holds two quality certificates: the international NEN-EN-ISO 9001:2015 certification and the Dutch Partos 9001:2015 certificate,

which is a specific application of the ISO 9001:2015 standard for the development sector.

SOMO appointed a new Executive Director who took up the post in February 2021. She will be responsible for finalising the new organisational strategy, which may lead to some changes to the planned 2021 budget as presented here.

Supervisory Board Report

The Board held four regular meetings in 2020 to discuss organisational, financial and human resources issues, and review risks using SOMO's comprehensive risk register. In a meeting with SOMO's independent auditor, the Board reviewed and approved the Annual Report and financial accounts. The Board served as a sounding board as SOMO developed a new strategic plan for 2021-2025. The Board also supported SOMO in navigating diverse issues related to COVID-19, including shifts in programme priorities and decision-making related to human resources, office space and finances. While SOMO enjoys solid and stable funding, COVID-19 has had an adverse financial impact on a few projects.

Early in the year, the Board launched a recruitment process to fill a vacant seat. The process was then put on hold due to the anticipated departure of Ronald Gijsbertsen, in October. Gijsbertsen held the position of Managing Director for seventeen years.

The Board met frequently to discuss the leadership transition and appointed Frank Landmeter as Interim Director. The Supervisory Board, together with SOMO staff, decided to recruit a new Executive Director with a more externally focused and international profile. In December, Audrey Gaughran was selected to serve as the new Executive Director of SOMO.

Finance and fundraising

- Budget 2021
- Supervisory Board report
- Financial statements
- Balance sheet as the 31st of December, 2020
- Statement of income and expenditure, 2020
- Accounting principles for financial reporting
- Notes to the balance sheet
- Notes to the statement of income and expenditure
- Explanation of differences between realisation and budget 2020

Other information

- Benefits
- Expenses
- Appropriation of result 2019

Budget 2021

	2021 Budget
Income €	
Government grants/comtributions	
Dutch Ministry of Foreign Affairs	3.272.770
European Commission	243.402
Other Governments	52.253
Subtotal government grants	3568425
Private foundations	
Private funds - core funding	93.333
Private funds - project funding	294.058
Subtotal private contributions	387.391
Other income	
Professional services	350.000
Network contributions	272.250
Other contributors	378.904
Other income	-
Subtotal other income	1.001.154
Total income	4.956.970
Expenditure €	
Direct project costs	1.200.000
Personnel costs	3.245.684
General expenses	511.286
Total expenditure	4956970
Operation result before interest and taxation	-

Financial statements

Balance sheet as of 31st of December, 2020

	31/12/2020	31/12/2019
Assets	€	€
Fixed assets		
Intangible fixed assets	92.782	130.841
Tangible fixed assets	56.193	31.190
	148.975	162.031
Current assets		
Receivables, prepayments and accrued income		
Trade debtors	54.820	168.163
Subsidy receivable	256.208	128.264
Taxation and social securities	35.391	25.283
Prepayments and accrued income	85.729	193.694
	432.148	515.404
Cash and bank balances	2.786.012	2.196.855
Total assets	3.367.135	2.874.290
Liabilities	€	€
Equity		
General reserve	684.245	693.250
Appropriated reserves	30.000	66.581
	714.245	759.831
Current liabilities, accruals and deferred income		
Creditors	177.933	414.238
Advanced payments/ advances received on subsidies	1.866.129	1.149.909
Taxation and social securities	134.117	169.470
Accruals and deferred income	474.711	380.842
	2.652.890	2.114.459
Total liabilities	3.367.135	2.874.290

Accounting Principles for Financial Reporting

General accounting principles for the preparation of the financial statements

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. For the preparation and presentation of the financial statements, SOMO uses the Guidelines for annual reporting of the Dutch Accounting Standards Board as well, especially Guideline 640 "Organisations not for profit".

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face (nominal) value. Income and expenses are accounted for on accrual basis. Expenses are determined taking the mentioned valuation principle into account. Profit is only included when realized on balance sheet date.

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

Principles of valuation of assets and liabilities

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

The following fixed percentages of cost are used for depreciation:

Intangible assets

- Software: 20% a year

Tangible fixed assets

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

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

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

Principles for the determination of the result

Government grants / contributions (allowances):

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

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

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

Statement of Income and Expenditure, 2020

	2020 Realization	2020 Budget	2019 Realization
Income	€	€	€
Government grants/contributions			
Dutch Ministry of Foreign Affairs	2.588.845	2.868.000	2.753.060
European Commission	116.518	219.000	211.251
Other Governments	88.362	135.000	81.061
Private foundations	585.038	631.000	566.307
Other contributors	689.144	540.000	425.830
	<u>4.067.907</u>	<u>4.393.000</u>	<u>4.037.509</u>
Professional services	154.416	330.000	329.958
Other income	3.227	-	3.000
Total income	4.225.550	4.723.000	4.370.467
Expenditure	€	€	€
Direct project costs	679.657	1.085.000	1.041.560
Personnel costs	3.074.210	3.060.000	2.860.317
General expenses	511.030	522.000	471.003
	<u>4.264.897</u>	<u>4.667.000</u>	<u>4.372.880</u>
Operation result	-39.347	56.000	-2.413
Financial income and expenses			
Interest income	129	-	457
Financial expenses	- 5.774	-	- 2.266
	<u>- 5.645</u>	<u>-</u>	<u>- 1.809</u>
Result on ordinary activities before taxation	- 44.992	56.000	- 4.222
Taxation on ordinary activities	- 594	-	3.897
Result after taxation	- 45.586	56.000	- 325

The board of SOMO has decided to deduct the result after taxation 2020 from the general reserves.

Notes to the balance sheet 31st December 2020

Assets	2020			2019		
	€	€	€	€	€	€
	Intangible fixed assets	Tangible fixed assets	Total fixed assets	Intangible fixed assets	Tangible fixed assets	Total fixed assets
Purchase value at historical cost	214.243	227.040	441.283	154.601	217.767	372.368
Accumulated depreciation	83.402-	195.850-	279.252-	41.287-	183.131-	224.418-
Balance as of 1 January	130.841	31.190	162.031	113.314	34.636	147.950
Investments	9.450	42.622	52.072	59.642	9.273	68.915
Desinvestments	-	-	-	-	-	-
Depreciations	47.509-	17.619-	65.128-	42.115-	12.719-	54.834-
Depreciation desinvestments	-	-	-	-	-	-
Total movement bookyear	38.059-	25.003	13.056-	17.527	3.446-	14.081
Purchase value at historical cost	223.693	269.662	493.355	214.243	227.040	441.283
Accumulated depreciation	130.911-	213.469-	344.380-	83.402-	195.850-	279.252-
Balance as of 31 December	92.782	56.193	148.975	130.841	31.190	162.031

Prepayments and accrued income

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

The expected ROI in 2020 is € 3,227 (2019: € 3,000) and presented under other income in the statement of income and expenditure.

Subsidy receivables

For the subsidies of Oxfam Novib (MoFA Strategic Partnership Dialogue and Dissent 2016-2020) / Both ENDS (FGG - MoFA Strategic Partnership Dialogue and Dissent 2016-2020) / Oxfam Novib (SIDA) an auditors' report is issued.

Cash and bank balances

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

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

	31-12-2020	31-12-2019
Assets	€	€
Trade debtors		
Trade debtors	54.820	168.163
Minus: allowance for doubtful receivables	-	-
Total trade debtors	54.820	168.163
Subsidy receivable		
Oxfam Novib (MoFA Strategic Partnership Dialogue and Dissent 2016-2020)	13.000	-
Both ENDS (FGG - MoFA Strategic Partnership Dialogue and Dissent 2016-2020)	84.753	-
MoFA Human Rights Fund - Small activities	-	10.550
Open Society Foundations - FOSI (Organizational Grant 2016-2019)	-	25.573
Oxfam Novib (SIDA)	1.174	7.463
Freedom Fund	-	2.257
Eurodad (EuropeAid - Umbrella fund)	9.094	863
University of Austria (EC - Horizon 2020)	-	2.652
Green Business project	16.266	41.297
Private Security Network	-	6.682
Brot für die Welt (Make finance work for people world wide)	5.000	9.000
Wellspring Philanthropic Fund	-	21.927
NED 2021-2022	11.570	-
Ford Foundation (general support 2021)	3.643	-
WEMOS (Open Society Foundations)	1.343	-
RvO contribution EuropeAid (Responsible Value Chains in the Cotton and Garment sectors)	43.965	-
Mondiaal FNV contribution EU programm Leather	39.900	-
Mondiaal FNV contribution Research India	11.500	-
Mondiaal FNV Coconut Farmers	15.000	-
Subtotal subsidy receivable	256.208	128.264
Minus: doubtful subsidy receivable (projects)	-	-
Total subsidy receivable	256.208	128.264
Taxation and social securities		
Taxation (corporate tax)	14.905	13.193
Value added tax (V.A.T)	20.486	12.090
Total taxation and social securities	35.391	25.283
Prepayments and accrued income		
Professional services to invoice	11.148	67.576
Rent	5.349	5.274
Interest	-	276
Pension contributions	1.471	31.440
Health insurance	3.759	51.870
Travel home-work	-	6.426
Matthat to receive return on investment	3.227	3.000
Payment for illness	15.500	5.081
Contract obligations project partners	20.109	-
Other prepayments and accrued income	25.166	22.751
Total prepayments and accrued income	85.729	193.694

	31-12-2020	31-12-2019
Assets	€	€
Cash and bank balances		
Current accounts	224.400	143.656
Interest accounts	2.560.223	2.051.904
Money in transit	-	33
Stocks	1.389	1.262
Total cash and bank balances	2.786.012	2.196.855

Equity

General Reserve: The necessary amount as general reserve, based on the guidelines of the VFI, equals 50% of the fixed organization costs. This contains the fixed personnel costs (gross salary, social charges, allowances, pension) and the fixed organization costs. The norm for 2020 is € 1,488,063 (2019 € 1,387,978). The actual general reserve for 2020 is € 684,245 (2019: € 693.250).

SOMO wants to meet this norm eventually, but does not want to raise of the costs of activities immediately. In order to have a slow growth of the general reserve towards the norm, we annually budget 1-2% of the total annual turnover for the general reserve.

Appropriated reserves: Any residual positive results above the minimum norm for the general reserve will be added to the reserve for organisational development and be used for different types of projects serving the goals of SOMO. The reserve for organisational development is released in 2020 into the general reserves.

Contingent assets and liabilities

SOMO has a defined benefit pension plan for its employees on retirement with the pension fund Zorg en Welzijn. SOMO pays two-third of the premium and one-third is paid by the employee.

SOMO has no obligation to pay additional contributions to the pension fund other than higher future premiums. Therefore the premiums due until the end of the period are reported in the financial statements.

SOMO started a capital account in 2007 related to the ING account for a bank guarantee. At the end of 2020, 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 2020: € 63.741). The lease for Sarphatistraat 30 SOMO signed in 2007. The contract is terminated and ends June 30th 2021.

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

The financial commitment for the programmes SOMO conducts with consortium partners is on annual basis. For the period of the programme, SOMO signed a Memorandum of Understanding with the consortium partners. In the case of the programme commissioned by the Dutch Ministry of Foreign Affairs, SOMO also signed a Memorandum of Understanding with the project partners.

Financial commitments have only been agreed on an annual basis. The cooperation for the whole program period is conditional on timely delivery of results and reporting.

Liabilities			
	€	€	€
	Begin financial year 2020	Movements 2020	End financial year 2020
Equity			
General reserve	693.250	-9.005	684.245
Appropriated reserve housing	30.000		30.000
Appropriated reserve organisation development	36.581	-36.581	-
Total equity	759.831	-45.586	714.245

Advanced payments/ advances received on subsidies

For the subsidy of MoFA Human Rights Fund Grant Policy Framework 2017-2020 an auditors' report is issued.

Liabilities not shown in the balance sheet

A new rent agreement is signed April 15th 2021 for the location KNSM laan 143 in Amsterdam. The rent agreement will elaborate at August 1st 2021 for a period of 5 years.

Fundraising

The total of income received not from own fundraising of SOMO but as part of cofunding of project partners for 2020 is € 59.753 (2019: € 6.360).

Explanation online fundraising and donations

In 2020 SOMO received € 7.438 in donations (2019: € 1.432) no amount is received for crowdfunding in 2020 (2019: € 0).

For the use of this income the following rules apply:

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

	31-12-2020	31-12-2019
Liabilities		
	€	€
Creditors		
Creditors	59.359	212.218
Contract obligations project partners	118.574	202.020
Total creditors	177.933	414.238
Advanced payments/ advances received on subsidies		
MoFA Human Rights Fund Grant Policy Framework 2017-2020	269.824	547.902
MoFa Gender	7.539	12.188
Both ENDS (FGG - MoFA Strategic Partnership Dialogue and Dissent 2016-2020)	-	140.726
Both ENDS (FGG - MoFA Power of Voices Partnership 2021-2025)	1.011.195	-
Oxfam Novib (MoFA Strategic Partnership Dialogue and Dissent 2016-2020)	-	215.732
EuropeAid (Responsible Value Chains in the Cotton and Garment sectors)	98.183	-
The Sigrid Rausing Trust (Organizational Grant)	-	15.510
Open Society Foundations - OSPC (Pharma)	-	29.092
Open Society Foundations - OSI (IIF & private debt restructuring)	68.493	-
University of Austria (EC - Horizon 2020)	69.944	-
Ford Foundation (project funding)	-	80.617
CLUA	159.864	-
Brot für die Welt (GoodElectronics)	32.736	-
Bread fur die Welt - P04.15 2020-2021	16.000	-
MVO Platform advanced payments membership contributions	39.541	40.839
MVO Platform advanced payments and other contributions	42.895	22.000
OECD Watch advanced payments membership contributions	3.030	-
Tax Justice Netwerk membership contributions	19.261	15.382
Mondiaal FNV	-	5.594
Universiteit van Utrecht	652	9.222
Peru Equidad	-	9.898
Stichting Media en Democratie	3.528	5.207
Wellspring Philanthropic Fund - renewal	23.444	-
Total advanced payments	1.866.129	1.149.909
Taxation and social securities		
Social securities (payroll tax)	137.840	163.815
Social Securities Belgium	-3.723	5.655
Total taxation and social securities	134.117	169.470

	31-12-2020	31-12-2019
Liabilities	€	€
Other accruals and deferred income		
Holiday pay	103.934	95.536
Holiday days	125.104	94.787
Prepayments professional services	10.735	48.893
Audit fee	20.500	21.295
Salaries	12.669	2.416
Thirteenth month	68.396	78.963
Transfer costs pension	-	9.000
Dividend to be paid to charity organisation	305	305
Fundraising costs to be paid	13.250	964
Freelancers to be paid finance, research, ICT	12.542	5.686
Advise costs to be paid	-	5.439
Interest	505	-
Project costs to be paid	52.654	5.680
Money in transit	39.967	-
Other	14.150	11.878
Total other accruals and deferred income	474.711	380.842

Notes the statement of income and expenditure 2020

	31-12-2020	31-12-2019
Income	€	€
Government grants		
Dutch Ministry of Foreign Affairs		
MoFA Human Rights Fund - Small activities 2015-2016	-	63.527
MoFA Human Rights Fund Grant Policy Framework 2017-2020	278.078	329.223
MoFa Gender	17.049	2.812
Both ENDS (FGG - MoFA Strategic Partnership Dialogue and Dissent 2016-2020)	1.558.718	1.641.603
Oxfam Novib (MoFA Strategic Partnership Dialogue and Dissent 2016-2020)	710.000	715.895
Oxfam Novib (Facility support CSOs international CSR convenants)	25.000	-
Total Dutch Ministry of Foreign Affairs	2.588.845	2.753.060
European Commission		
EuropeAid (NSAED)	-	200.263
Eurodad (EuropeAid - Umbrella fund)	8.231	8.336
EuropeAid (Responsible Value Chains in the Cotton and Garment sectors)	91.030	-
University of Austria (EC - Horizon 2020)	17.257	2.652
Total European Commission	116.518	211.251
Other Government grants		
US Department of State - Bureau of Democracy, Human Rights and Labour	-	9.130
Oxfam Novib (SIDA)	72.484	48.894
Green Business Project	15.878	41.297
Total other Governments	88.362	81.061
Total Government grants	2.793.725	3.045.372

	31-12-2020	31-12-2019
Income	€	€
Private foundations		
The Sigrid Rausing Trust (Organizational grant)	15.581	131.804
Open Society Foundations - FOSI (Organizational Grant 2016-2019)	-	46.925
Open Society Foundations- OSIFE (Organizational Grant 2019-2020)	135.990	180.033
Open Society Foundations - FPOS (Organizational Grant 2020-2021)	167.379	-
Open Society Foundations - OSI (Lobby Watch NL)	-	37.292
Open Society Foundations - OSIFE - OSI (Tackling corporate lobby in the Netherlands)	-	8.203
Open Society Foundations - OSIFE (Counter the race to the bottom in tax in Europe)	-	10.003
Open Society Foundations - FPOS (Public return on investment from the Dutch Government on R&D of new medicines)	-	3.709
Open Society Foundations - OSPC (Pharma)	29.092	45.529
Open Society Foundations - OSI (IIF & private debt restructuring)	15.356	-
WEMOS (Open Society Foundations)	-	20.000
Brot für die Welt (GoodElectronics)	17.264	-
Wellspring Philanthropic Fund	-	47.189
Wellspring Philanthropic Fund - Renewal	31.688	-
Ford Foundation (project funding)	103.549	11.272
Ford Foundation (general support 2021)	3.643	-
NED 2021-2022	32.959	-
CLUA	7.515	-
Freedom Fund 2020	25.022	24.348
Total private foundations	585.038	566.307
Other contributors		
EuropeAid (NSAED)	-	6.360
Contributions of partners - EuropeAid (Responsible Value Chains in the Cotton and Garment sectors)	59.723	-
Membership contributions OECD Watch	18.800	6.000
Membership, and other contributions MVO Platform	182.798	195.125
MVO Platform NAP activity	10.000	-
MVO Platform Due Dillience project contributions	60.605	58.893
Membership contributions Tax Justice Network	82.121	87.618
FNV contribution Dividend campagne Tax Justice Network	-	-
Mondiaal FNV contribution Research India	17.094	14.406
Mondiaal FNV contribution EuropeAid (Responsible Value Chains in the Cotton and Garment sectors)	99.900	-
Mondiaal FNV Coconut Farmers	50.000	-
CNV	3.900	-
Oxfam Novib contribution Upcomming cases	-	6.400
Stichting Media en Democratie	1.679	6.793
Universiteit van Utrecht	8.570	5.778
PeruEquidad	9.899	10.341
International Institute of Social Studies	2.638	2.202
Private Security Network	2.950	14.000
RvO contribution EuropeAid (Responsible Value Chains in the Cotton and Garment sectors)	43.965	-
Milieudefensie Just Energy Transition	20.000	-
Crowdfunding and gifts	7.438	1.432
Other contributors	12.964	6.644
Total other contributions	689.144	425.830

	31-12-2020	31-12-2019
Income	€	€
Professional services		
Corporate research	30.862	21.683
Sector research	80.685	117.487
Country and policy research	33.115	35.118
Quick Scans	5.163	1.000
Supply chain research	2.100	103.974
Trainings	-	32.504
Consultancy	200	7.592
Expert contribution	2.291	10.600
Total professional services	154.416	329.958

	31-12-2020	31-12-2019
Expenditure	€	€
Direct project costs		
Travel costs	16.666	178.577
Office expenditure	115.032	159.176
Printed matter	60.083	97.517
Contracted work	458.779	548.962
Other direct project costs	29.097	57.328
Total direct project costs	679.657	1.041.560
Personnel costs		
Salaries		
Gross wages	2.069.304	1.907.067
Social securities	362.569	361.982
Pension contributions	253.243	234.771
Change in debt holiday pay	8.398	7.039
Change in debt holiday days	30.316	13.764-
Total salaries	2.723.830	2.497.095
Remaining personnel expenditure		
Study	18.075	32.583
Insurance	58.355	43.592
Travel costs	16.163	44.929
Thirteenth month	131.576	156.570
Freelance costs support staff	25.358	34.552
Freelance costs project staff	151.378	159.293
Temporary workers	9.192	8.550
Recruiting costs	22.818	1.579
Other personnel costs	35.339	24.479
Total remaining personnel expenditure	468.254	506.127
Subtotal personnel costs	3.192.084	3.003.222
minus: received payments for illness	108.874-	131.086-
minus: charged for (project) personnel expenditure	9.000-	11.819-
Project costs personnel costs	-	-
Total personnel costs	3.074.210	2.860.317

	31-12-2020	31-12-2019
Expenditure	€	€
General expenses		
Software and hardware		
Software and development	71.873	50.224
Hardware	523	2.134
System management ICT	66.753	70.839
Depreciation software and hardware	13.252	8.415
Depreciation development	47.509	42.115
Subtotal software and hardware	199.910	173.727
Housing expenses		
Rent and energy	78.681	76.109
Insurance and taxes	2.684	2.885
Maintenance and cleaning	16.965	18.107
Depreciation rebuilding	592	227
Other housing expenditure	1.996	2.696
Subtotal housing expenses	100.918	100.024
Office expenses		
Catering	4.112	12.217
Telephone	2.635	6.603
Postage and dispatch	1.297	64
Printed matter	1.351	2.568
Office supplies	1.349-	4.597
Internet/ website	2.013	2.163
Contributions	8.840	8.380
Literature	1.262	932
Databank	4.373	10.438
Representation	1.570	1.954
Travel	563	3.468
PR and publicity expenditure	10.624	7.326
Translation/ interpreter expenditure	-	1.256
Depreciation equipment	3.775	4.078
Subtotal office expenses	41.066	66.044
Organisation and administration expenses		
Advice	37.140	16.214
Audit fee	18.305	18.500
Administration costs	12.962	8.969
Insurances	8.792	10.620
Fundraising	104.358	96.518
Fines	-	414
Other general expenses	3.484	989
minus charged for		
Project costs organisational and administration expenses	15.905-	21.016-
Subtotal organisation and administration expenses	169.136	131.208
Total general expenses	511.030	471.003

Personnel costs

At the end of 2020, SOMO was employing a total of 44 people (2019: 44) and 33.7 FTE (2019: 32.6 FTE).

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

Based on the WNT, the income of top officials in the (semi) public sector may not exceed the maximum of 100% of the minister's salary.

For 2020 the maximum amount is € 201,000 including taxable allowances and employer pension contributions. Our board members are unpaid, they only receive an attendance of € 150 per year.

2020	
Title (upon termination of employment) Name	Managing Director Ronald Gijsbertsen **
Year in which employment was terminated	2020
FTE	0,90
Agreed payment for termination of employment	20.000
Individually applicable maximum	67.500
Total benefits for termination of employment	20.000
Of which paid in 2020	5.500
Not yet paid in accordance with agreements	14.500

Taxation on ordinary activities	
corporate tax 2020	€
Result on ordinary activities before taxation	44.492-
Added: Partly tax-deductible costs	1.506
Minus: investment deduction	14.580-
Fiscal result	57.566-
Calculated corporate tax	
Correction corporated tax 2019	594
In 2020 the corporate income tax 2019 is recalculated and adjusted	

Overview WNT		2020			
NORM WNT - general - per year	€ 201000				
Title	Managing Director	Managing director - Interim	Programme Manager	Programme Manager	Senior researcher
Name	Ronald Gijsbertsen **	Freek Landmeter	Gerhard Schuil	Irene Keizer	Esther de Haan*
Contract	Employment contract	Freelance contract	Employment contract	Employment contract	Employment contract
Start and end date performance	January 1st 2020 - October 31st 2020	October 1st 2020 - December 31st 2020	January 1st 2020 - December 31st 2020	January 1st 2020 - December 31st 2020	January 1st 2020 - December 31st 2020
No. of months performed in 2020	10	3	12	12	12
FTE	0,90	0,13	0,90	0,85	0,90
			Remuneration		
Gross salary including thirteenth month holiday allowance and holiday pay	€ 71.169		€ 72.309	€ 68.013	€ 72.309
Total amount invoices excl. VAT		€ 31.163			
Pensioen premium paid	€ 8.465		€ 9.122	€ 8.612	€ 12.156
Total amount remuneration	€ 79.634	€ 31.163	€ 81.431	€ 76.625	€ 84.465
Individual remuneration maximum WNT	€ 150.750		€ 180.900	€ 170.850	€ 180.900

Overview WNT		2019			
NORM WNT - general - per year	€194000				
Title	Managing Director	Programme Manager/ Senior researcher	Programme Manager	Programme Manager	Programme Manager
Name	Ronald Gijsbertsen **	Esther de Haan*	Gerhard Schuil	Irene Keizer	
Contract	Employment contract	Employment contract	Employment contract	Employment contract	Employment contract
Start and end date performance	January 1st 2019 - December 31st 2019	January 1st 2019 - December 31st 2019	January 1st 2019 - December 31st 2019	January 1st 2019 - December 31st 2019	April 15th 2019 - December 31st 2019
No. of months performed in 2020	12	12	12	12	8,5
FTE	0,90	0,90	0,90	0,80	
			Remuneration		
Gross salary including thirteenth month holiday allowance and holiday pay	€ 78.747	€ 71.515	€ 71.433	€ 71.433	€ 42.764
Pensioen premium paid	€ 9.928	€ 8.916	€ 8.916	€ 8.916	€ 5.629
Total amount remuneration	€ 88.675	€ 80.431	€ 80.349	€ 80.349	€ 48.393
Individual remuneration maximum WNT	€ 174.600	€ 174.600	€ 174.600	€ 174.600	€ 109.933

* Esther de Haan is designated as a top official until April 14th 2019 in the previous position as Programme Manager and part of the management team. After April 14th she fulfilled the function of Senior Researcher. The overview 2019 is (in comparison with the overview presented in the annual accounts 2019) adjusted for consistency and completeness purposes. This does not lead to repayment of remuneration.

** Ronald Gijsbertsen received in 2020 and 2021 a total transition payment of € 20.000 which is included in the above WNT overview. Also a maximum contribution of € 5.000 is agreed for external expertise in the search for another employment position.

Explanation of differences between realization and budget 2020

SOMO's 2020 budget anticipated a positive balance of € 56,000. The actual financial result is a negative balance of € 45.586. The negative result reflects the impact of the COVID-19 pandemic on SOMO's income. Specifically, SOMO's 2020 budget anticipated income of €330,000 from professional services but realized only €154,416. In addition, SOMO was unable to realize some income from subsidised (donor funded) projects as activities were postponed due to COVID-19 movement and travel restrictions. These restrictions meant staff could not carry out travel or in-person workshops as originally planned. The impact of movement restrictions was mitigated in many cases by restructuring work plans to deliver the work via online approaches. Nevertheless, direct project costs were substantially lower than budgeted.

Personnel expenses for 2020 were slightly higher than budgeted. This is due to a decision to reduce the year-end-payment to employees because of the negative actual financial results.

The total reported general expenses were almost at budgeted level. It should be noted that there were some shifts between budget lines. A planned office move did not take place. Offices expenses were lower than budgeted due to most staff worked from home because of the COVID-19 movement restrictions. On the other hand, some costs were greater than budgeted due to the need for additional tax advice and support on fundraising during 2020.

Other Information

Benefits

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

Expenses

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

Appropriation of result 2020

The result after taxation 2020 is € 45.586 negative (2019: € 325 negative). The board of SOMO has decided to deduct this from the general reserves and also decided to release the appropriated reserve organisation development of € 36.581 to the general reserves.

May 31st 2021



Greece: Citizens protesting the building of an industrial gold mine





Congo: Cobalt mining





Switzerland: Mind the Gap meeting



Pakistan: Leathermen

About SOMO

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

Vision

SOMO envisions a global economic, political and legal system that is equitable, democratic, transparent, and environmentally sustainable. In this system, civil societies have the power to hold multinational corporations and governments to account for destructive and unfair business practices, and the power to realise economic alternatives, locally and globally.

In SOMO's vision, both of these powers are an essential precondition for the elimination of the structural causes of poverty, inequality, and the exploitation of people and natural resources by multinational corporations.

Mission

SOMO's mission is to support and strengthen civil society movements in defending human rights and promoting public interests.

We achieve this through collaboration, action-oriented research and critical analysis of the nature and impact of corporations and the political and economic context in which they operate.

Colophon

SOMO

Stichting Onderzoek Multinationale Ondernemingen
Centre for Research on Multinational Corporations
Annual Report 2020

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

SOMO's address

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INDEPENDENT AUDITOR'S REPORT

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

A. Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 of Stichting Onderzoek Multinationale Ondernemingen (Centre for Research on Multinational Corporations), based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Onderzoek Multinationale Ondernemingen (Centre for Research on Multinational Corporations) as at 31 December 2020 and of its result for 2020 in accordance the Guidelines for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board and the Policy rules implementation of the Standards for Remuneration Act (WNT).

The financial statements comprise:

1. the balance sheet as at 31 December 2020;
2. the statement of income and expenditure over 2020; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

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

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

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Compliance with rule against overlapping pursuant to the WNT not audited

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

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

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

- the Board's report;
- report from the Supervisory Board;
- other information;
- annex 1: financial overview MVO Platform 2020.

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

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

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. Management is responsible for the preparation of the other information, including the Board's report, in accordance with the Guidelines for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements

Responsibilities of the Board and the Supervisory Board for the financial statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with the Guidelines for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board and the Policy rules implementation of the Standards for Remuneration Act (WNT). Furthermore, the Board is responsible for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Supervisory Board is responsible for monitoring the financial reporting process of the organisation.

Our responsibilities for the audit of the financial statements

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

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

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

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

Our audit included e.g.:

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

- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an organisation to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Amsterdam, 31 May 2021

Dubois & Co. Registeraccountants

Signed on original by:
J.J.M. Huijbregts RA