SOMO Annual Report 2010
The Centre for Research on Multinational Corporations (SOMO) was founded in 1973 and has its legal seat in Amsterdam, the Netherlands.

SOMO’s address:
Sarphatistraat 30
1018 GL Amsterdam
The Netherlands
Tel: +31 20 639 12 91

Fax: +31 20 639 13 21
E-mail: info@somo.nl
Website: www.somo.nl

No. 41223308 in the Amsterdam Trade Register.
## Content

**Content**

Director’s report 2010 ................................................................. 3

A. Mission ....................................................................................... 3
B. Board and management ............................................................. 3
C. Activities in 2010 ....................................................................... 3
D. Organisational aspects ............................................................. 28
E. Financial position and continuity ............................................. 30

**Financial statements 2010** ......................................................... 32

Balance Sheet as of 31 December, 2010 (after appropriation of result) ................................................................. 32
Statement of Income and Expenditure, 2010 ................................. 33
Accounting Principles for Financial Reporting ............................ 34
Notes to the balance sheet as of 31 December, 2010 ..................... 35
Notes to the Statement of Income and Expenditure ..................... 38
Explanation of differences between realisation and budget 2010 .... 40

**Other Information** ....................................................................... 41

Benefits ......................................................................................... 41
Expenses ....................................................................................... 41
Appropriation of result 2010 ......................................................... 41
Independent auditor’s report ....................................................... 41
Director’s report 2010

A. Mission

SOMO’s research and activities aim to promote sustainable, social and ecological development, improve labour situations, counterbalance multinational corporations, and tackle exploitation, poverty and inequality worldwide. SOMO’s research and activities are focused on the policies and conduct of multinational corporations in their international context.

SOMO strives to achieve the following goals:

1. Effecting change through knowledge enhancement

SOMO’s research projects are geared towards change. On the one hand, SOMO plays a ‘watchdog’ role. SOMO gathers information and carries out analyses to describe and highlight the conduct of multinationals and to pinpoint the contradictions in economic and political systems that impinge on sustainability. On the other hand, SOMO’s analyses and suggested alternatives make a contribution to the policy development of national authorities, international organisations, non-governmental organisations (NGOs), trade unions and companies.

The second pillar of SOMO’s activities is: Initiation and coordination of national and international networks; Capacity building in national and international NGOs.

3. Enhancing the impact of civil society organisations

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

B. Board and management

Until November 2010 SOMO’s Board included in the reported year four board members:
- Nicola Jägers
- Melanie Peters
- Dirk de Jager (Treasurer)
- Dick de Graaf (Chairman)

In the Board meeting of November 4, Dirk de Jager ended his board membership after 13 years. SOMO is grateful for his valuable contributions to the organisation during this long period. The search for a new Board member started immediately according to the standard procedures.

SOMO’s board members operate on a voluntary basis.

In 2010, Ronald Gijsbertsen acted as SOMO’s Managing Director (0.9 full-time equivalent or FTE). Management tasks took up some 60% of his 0.9 FTE salary, constituting overhead costs. The remaining 40% was used for management of projects. The gross annual salary for the managing director for 2010 was € 66.125 (36 hours a week).

C. Activities in 2010

SOMO is commissioned to carry out requested research (service provision) and also carries out research on its own initiative, financed mainly
through grants. SOMO’s activities and research are invariably related to chains of production or the conduct of multinational corporations in relation to their social responsibility.

The fields SOMO focuses on include:
- Research on specific sectors, chains of production and countries;
- International trade and investment;
- Corporate accountability/Corporate Social Responsibility (CSR); and
- Corporate research.

The survey of activities below is listed according to the subjects SOMO is working on: so chapters on Sectors (C.1), Themes (C.2), Corporate Research (C.3) and Capacity Building (C.4). In this list, a distinction is made between different types of funding and projects within the sectors and themes:
- Grant projects mainly focusing on research, capacity building and raising awareness;
- Grants and member contributions for network coordination;
- Services. Corporate research is described under the relevant sector or theme as part of a subsidised project or separately after the sector and themes.

But first the Mede Financiering Stelsel (MFS) programme will be explained, since every sector and subject within SOMO’s activities includes projects that are realised with grants from MFS. The programme ran from 2007-2010, and was financed by the Dutch Ministry of Foreign Affairs within the MFS Co-funding System.

- **MFS programme**

SOMO’s MFS programme aims to make a significant contribution to sustainable development and poverty eradication by building the capacity of civil society organisations worldwide. The goal is to influence the social, environmental, human rights and economic impact of multinational corporations (MNCs) and their contribution to sustainability and poverty eradication.

The purpose of the programme is to build the capacity of civil society organisations around the world in order to improve their ability to influence the behaviour and activities of corporations and the international regulatory framework in which they operate. The programme has six objectives, organised as follows:

1. **Knowledge building and research**
   Aim: To increase knowledge among civil society organisations worldwide about the effects of MNC activities and the position of developing countries in the world trading system. SOMO’s analyses and proposals contribute to the policy-making of governments, international organisations, NGOs, companies and trade unions. SOMO explicitly aims to establish a connection between policy changes (some inspired by research) and the resulting practical consequences.

2. **Network coordination**
   Aim: To increase cooperation between civil society organisations worldwide, to improve the exchange of knowledge and information, and to develop common strategies for influencing corporations and policy-makers. SOMO aims to improve the accessibility of available but fragmented knowledge, as well as building NGO networks, and strengthening and training NGOs.

3. **Capacity building**
   Aim: To provide civil society organisations with the capacity and skills they need in order to counterbalance problems in international trade and industry. Which capacities are most needed depends on available knowledge and information, chosen strategies—such as negotiation or mobilisation—and the ability to work with other players in the field. These players include civic organisations such as trade unions, and institutions such as parliaments.

4. **Influencing policy-makers**
   Aim: Influencing policy-makers by encouraging lobbying at the national and international level. NGOs and trade unions are trained in these activities, with an emphasis on making the perspective of southern civil society organisations heard more prominent in the debate on CSR, the world trade system and investment regulations. SOMO does not engage in lobbying or campaigning activities itself, but it will act as an expert organisation in political discussions or the public debate.

5. **Influencing corporations**
   Aim: Influencing policy-makers by maintaining an ongoing debate with the relevant business sectors.
The effectiveness of research carried out into companies manifests itself largely through the review procedures of a particular research project. SOMO presents its research results preferably in a multi-stakeholder setting or at the sector level, as distinct from the company level.

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

The programme is implemented in cooperation with 20 Southern partners and 15 Northern partners.

C.1 Sectors

C.1.1 Garment and Textiles
→ Project financed through grants

- MFS Garment and Textiles

Via its MFS Garment and Textiles project, SOMO and its partners aim to improve working conditions in the global garment industry. SOMO does this by building the knowledge and capacity of civil society organisations working in the garment sector and by actively participating in civil society alliances.

With its research, SOMO and its partners aim to demonstrate that working conditions are still poor, despite several CSR initiatives in the garment industry. By stimulating cooperation between civil society organisations and by actively participating in civil society networks, SOMO aims to reinforce campaigning and advocacy efforts.

Summary of activities in 2010:
- Four research projects: supply chain research in three Latin American countries; gender in the Latin American garment industry; freedom of association in India; impact of trade and investment agreements on labour conditions in the garment industry in Kenya.
- A presentation on labour conditions in the global garment sector in Milan.
- A conference in El Salvador on labour conditions and gender issues in the Latin American garment industry.
- Participation in the Dutch Clean Clothes Campaign.
- Participation in Red Puentes' working group on the garment and textile industry.

Research on supply chains and on gender issues in the Latin American garment industry was used as the starting point for a three-day conference on labour conditions and gender issues in the region's garment industry. This conference was attended by civil society organisations, trade unions and women’s organisations from several Latin American countries. Cooperation between various organisations was strengthened and new alliances were made.

Research in India on the freedom of association in Bangalore's garment factories was used by the Indian partner organization Cividep (Civil Initiatives for Development and Peace India) to engage with local trade unions and garment workers in order to improve labour conditions in these factories.

Research in Kenya on the impact of the African Growth and Opportunity Act contributed to the analysis of the effects of trade and investment agreements on labour conditions.

This project has contributed to building capacity: SOMO participates in the Red Puentes Working Group on the Textile and Garment Industry. Within this working group, joint research methodologies are developed and campaigning and advocacy strategies are discussed.

Cividep’s research contributed to knowledge building and awareness raising among local trade unions and garment workers about the successes and constraints of trade unions in the garment sector in India and the extent of their impact on working conditions. The three-day conference in El Salvador contributed to strengthening civil society networks. New alliances were made and plans for joint projects were formulated.

The research projects contributed to building
knowledge on trends and issues in the global garment industry. Specifically, knowledge about gender issues and flexibilisation of labour was improved.

C.1.2 Finance

→ Project financed through grants

□ MFS Finance

The project aimed to create a better understanding by civil society in Europe and developing countries about the financial reforms needed since the financial crisis from the perspective of social and environmental sustainability. Building knowledge through research and monitoring by SOMO and other partner organisations about the financial reforms at EU and global level were used to provide written and oral support for the strategies and activities of different networks.

Summary of activities in 2010:

- A book was written by the Indian partner organisation, Madhyam, about the causes of the financial crisis and how to reform the global financial system from the perspective of developing countries.
- Two case study reports were published about the impact of the financial sector, the financial crisis and reforms, and foreign financial operators on social development in Uganda and South Korea.
- A background report was written about the structure and the problems of the South African financial sector before and after the financial crisis, by partner organisation CSRSC.
- A briefing paper was written about the lack of sustainability in investment funds presented by banks.
- A briefing was produced about how the financial sector speculates in the food market.

The book about the causes and the reforms of the financial system was distributed internationally and was well received. The three reports about the financial sector in South Africa, Uganda and South Korea were used as background information for debates about which reforms are needed, not only in the financial sector but also in trade agreements that liberalise financial services. SOMO’s research and publications on the lack of CSR and sustainability in investment funds – and in financial products related to food – was used for capacity building for national, EU and international networks of civil society organisations in which SOMO participates.

Given the complexity of the financial sector and the financial crisis, SOMO has been a resource of research and ad hoc information for civil society in Europe and worldwide to understand and monitor financial reforms and operations of banks in developing countries. The project helped civil society and policymakers to understand what important issues are missing in the current financial reforms after the financial crisis.

□ Financial reform

The project monitored the political decision-making process in the EU about the financial reforms put into practice after the financial crisis. The project built the capacity of EU civil society to find out which issues are at stake from a sustainable development perspective, and when to undertake advocacy to improve financial reforms.

Summary of activities in 2010:

- Four newsletters were produced that monitored and analysed current EU financial reforms.
- An expert meeting about the impact of EU financial reforms on developing countries was held.
- A report discussing how EU financial regulation impacts on developing countries and sustainable alternatives was written.
- A Dutch introductory brochure was produced on the financial crisis and EU reforms, and its impact on developing countries.
- Two written submissions were made to EU consultations on financial reform issues.
- A panellist spoke at an official hearing by the European Commission on reforming financial agricultural commodity derivatives markets and related civil society workshops.

SOMO provided civil society in the EU with up-to-date information about which EU financial reforms were enacted. This information was not readily available elsewhere, which made it difficult for NGOs to discuss EU reforms. The project allowed SOMO to participate in European Commission
consultations at the highest level. SOMO supported civil society groups in Europe networking and holding workshops related to sustainable bank reforms and food speculation.

SOMO’s monitoring of the EU process allowed NGOs in the development and social sector to be much more active in 2010 at the right time in the EU decision-making process on issues that are of long-term importance for sustainable development, such as bank reforms and reforms to stop food speculation in financial markets. As a result, civil society was able to participate critically in consultations by the EC and to hold dialogues with members of parliament responsible for deciding on the financial reforms.

→ Services

☐ Sustainability criteria in capital requirements

This project improved knowledge about how social and environmental criteria in EU bank reform legislation should and could be included in financial reforms in general and in EU bank reform legislation in particular. The project provided new arguments and presented innovative methods on how to make the financial sector more sustainable and less prone to financial crises.

Summary of activities in 2010:

- A document was submitted to the consultation by the European Commission and the Basel Committee on Banking Supervision on banking reforms.
- Two workshops were held on how to incorporate sustainability in EU bank reforms.
- Two background documents were drafted to understand how bank reforms should and could incorporate sustainability criteria.
- Two fact sheets were produced to inform civil society about EU bank reforms.
- A political briefing paper was written about how to include social and environmental criteria in EU bank reform legislation.

The project provided environmental and development NGOs and the network BankTrack with the capacity to propose concrete tools about how to include social and environmental sustainability in the current financial reform legislation. At the same time, it supported the development of the broader arguments about how to make the financial sector at the service of sustainable societies.

The research, papers, workshops and presentation of the papers to European Parliamentarians and other decision-makers allowed civil society to participate in the legislative process, which is completely lacking in social and environmental criteria and is dominated by lobbyists from the financial sector itself. SOMO’s contribution towards analysing complex financial issues produced useful tools for civil society.

C.1.3 Electronics sector

→ Project financed through grants

☐ MFS Electronics

The aim of SOMO’s research and activities under the umbrella of this project were to tackle exploitation and poverty in the supply chain of consumer electronics and to improve labour conditions. This was done by enhancing the capabilities of partners in low-wage production countries to research and influence the behaviour and activities of electronics companies in their countries and by supporting their programmes on workers’ education; by establishing an international network with trade unions, environmental and local workers’ organisations; by taking part in stakeholder dialogues as set up by the industry; and by initiating company dialogues as an extension of its research activities.

Summary of activities in 2010:

- ‘Supporting three programmes on workers’ education (in India, Mexico and the Philippines).
- Carrying out research in Thailand.
- Providing expert guidance at the international GoodElectronics network (and hosting the network) and participating in the General Meeting of GoodElectronics held in the Philippines.
- Supporting two national networks on electronics in Thailand and the Philippines.
- Researching labour conditions in Mexico, China, Thailand, the Philippines and India, focusing on contract labour, organising and Export Processing Zones (EPZs).
Initiating dialogues with the electronics industry and individual companies.

The 2010 activities of the Mexican partner, CEREAL, has led to legal advice being given to 900 workers. In addition, 26 workshops were held focusing on human labour rights for workers, 2,000 educational leaflets were distributed to workers, four meetings were held with the Mexican industry association for electronics companies CANIETI, and more than 20 meetings were held with the management of individual electronics companies. The research reports on labour conditions in the electronics sector were used by local partners to open dialogue with local industry and were widely used by international organisations campaigning on labour conditions, by socially responsible investors, and for sustainable public procurement of electronics. The reports are also important for raising awareness among electronics companies and consumers.

In 2010, some of SOMO's dialogues with companies took place in sessions organised by the Dutch Sustainability Initiative (IDH). These sessions were designed to explore the possibilities of setting up pilot projects with a number of electronics companies to work towards more sustainable production in this sector.

CEREAL's work and programmes have led to progress in the implementation of the electronics code of conduct in Mexico. The international strategising between labour organisations and trade unions on contract labour (precarious work), freedom of association and EPZs has successfully raised awareness among electronics companies about these specific issues. For example, the stakeholder session of the Electronic Industry Code of Conduct (EICC) – held in May 2010 in Mexico – was entirely focused on Worker Job Stability and Freedom of Association, and this year’s Nokia Human Rights Summit (September 2010, Helsinki) was dedicated to living wages and EPZs. These are the crucial topics to reduce exploitation and poverty. SOMO participated in both sessions and had strategic meetings with labour organisations and trade unions prior to the sessions to maximise influence and impact.

- **MakelTfair**

Coordinated by SOMO, MakelTfair is a European awareness-raising project co-financed by the European Commission and involves 12 project partners from the North and the South. The project aims to contribute to poverty eradication and sustainable development by improving the social and environmental conditions in the supply chain of consumer electronics. The project aims to inform consumers – in particular young consumers – about the poor labour conditions under which products such as electronic devices like game consoles, laptops and mobile phones are made, and the devastating social and environmental effects in developing countries. The goal is to join forces to urge the electronics companies to make it fair for people everywhere.

**Summary of activities in 2010**

- Research on labour conditions in production facilities in low-wage countries, on the mining of extractives for electronics and on the discharge of e-waste and recycling in developing countries.
- The production and distribution of awareness-raising and educational materials.
- Media campaigning.
- The mobilisation of multiplying organisations, teachers and consumers for action.
- Raising awareness and encouraging dialogue with electronics companies and industry associations.
- International networking and members’ capacity building.

In 2010, new fact-finding missions were started up in China, India, Malaysia, and the Philippines. A Europe-wide postcard action mobilised consumers to take action against their mobile network operators and to ask them for 'fair phones'. An important Belgian campaigning organisation started a makelTfair campaign in 2010. In November 2010, makelTfair organised a conference on workers’ empowerment through training, in cooperation with the GoodElectronics network. MakelTfair partners want to supply electronics companies with recommendations and feedback to enhance the companies’ initiatives on workers’ training. After makelTfair published a report in 2009 about poor working conditions at four Chinese supplier factories for game consoles and MP3 players, significant improvements took place, such as higher wages, lower numbers of student interns and discontinuing Hepatitis B tests for job applicants.
The four factories (supplying to Apple, Microsoft, Motorola, Philips and Sony) were re-examined by makeITfair in 2010. However, some important issues remain: the wage increases are still insufficient; overtime remains illegally high; and lack of awareness of trade unions prevails. Due to the postcard action, one of the largest mobile network operators in the Netherlands, KPN, has promised to start its own audits to check the conditions under which their mobile phones are made.

**ProcureITfair**

The ProcureITfair project was a three-year project with the aim of enhancing social and environmental conditions in the electronics supply chain through effective use of sustainable procurement. 2010 was the last year of the project. SOMO’s activities built on those conducted in previous years, including research into the legislative and policy contexts of sustainable procurement in various European countries, and the development of a Buyer’s Guide with practical guidance for procurement officers on how to include social criteria in IT tenders. In 2010, SOMO collected best practice examples of institutions that included these social criteria, and organised a speakers’ tour.

**Summary of activities in 2010:**
- Organised a workshop on best practices of sustainable IT procurement.
- Organised a speakers’ tour with Malaysian speakers.
- Published two briefing papers, one on best practices and one on the Buyer’s Guide.
- Sent three lobby letters to Dutch and European politicians and decision-makers.
- Updated the ProcureITfair company monitor and published best practice case studies on www.procureitfair.org.
- Took part in five meetings and workshops with municipalities and/or universities.

The workshops on best practices resulted in a greater common understanding of the possibilities of including social criteria in IT tenders. They also provided valuable insight into the role of service providers/resellers. The speakers’ tour increased the awareness of institutional consumers on the conditions in the electronics supply chain. The briefing papers and lobby letters contributed to the debate on sustainable procurement on a European and Dutch national level, as well as emphasising the point that much is possible on a municipal level as well.

The work on collecting the best practice case studies led to extensive contacts with various public institutions that are interested in, or are already implementing, sustainable procurement of computers. An external evaluation of the project as a whole indicated that there is now an increased demand from such institutions for sustainable computers.

The workshops and speakers’ tour resulted in valuable insights into the most pressing issues in the electronics supply chain and how sustainable procurement of IT hardware can be implemented more effectively in the European context.

**Doen Foundation**

SOMO’s research and activities under the heading of this project are aimed at promoting a sustainable production chain of consumer electronics by involving various actors, focusing on contract manufacturers, car companies (as they use the same metals as electronics companies), the investors and the governments, in different phases of the production chain. SOMO works towards improvement of social and environmental conditions in close cooperation with the Southern stakeholders. The different phases in the production chain include the mining of metals, the production in low-wage countries and the recycling and disposal of e-waste.

**Summary of activities in 2010:**
- Research in China, Democratic Republic of Congo (DRC) and Thailand.
- Organising of a Round Table on conflict minerals in Goma, DRC (cancelled unfortunately).
- A briefing paper addressing car companies and a report on electric cars.
- Raising awareness and advising ethical investors on the sector.
- Supporting local organisations and networking.
- Lobbying governments (national and EU) to improve policies.

SOMO published a report encouraging the car industry to take responsibility for the mining of the metals they use. SOMO provided socially
responsible investors (SRIs) with information sheets about the risks in the sector to support their engagement with electronics companies. SOMO published a paper with policy proposals to improve the European Directive called the ‘WEEE’ dealing with recycling of e-waste in Europe and preventing shipping of e-waste to developing countries.

SOMO also organised a lobby meeting in Brussels where many of the relevant companies and politicians were present. Unfortunately, the ban on mining in the eastern provinces of the DRC issued by President Kabila caused the cancellation of the meeting SOMO organised together with the Pole Institute in Goma on conflict minerals for 20 to 30 international participants, including brand companies, and 20 to 30 local stakeholders.

The activities carried out under this project contributed to awareness raising and had an impact on both company and government policy. Many of the car companies addressed in SOMO’s report reacted to the issues raised. This was also helped by the pressure exerted by the reputable ‘Business and Human Rights Watch’ website, which picked up the issue and took the initiative to ask the car companies to comment publicly. The vote about the WEEE on 22 June 2010 showed that the environmental committee of the European Parliament adopted crucial recommendations, as described in the policy proposal of SOMO.

- Sigrid Raising Trust

Sigrid Raising has provided SOMO with one year’s core funding. The grant will be spent on several activities from 1 March 2010 until 28 February 2011, mostly in the field of electronics and extractives research, capacity building, meetings and awareness raising. Activities in 2010 included:

Supply chain research in the electronics and extractives industry:
- A short briefing on uranium companies
- Research in China on labour conditions at factories producing music players and game consoles.
- Research in the Democratic Republic Congo (DRC) on conflict minerals.

Facilitating cooperation and collaboration among trade unions and civil society organisations through international networks like:
- The GoodElectronics network.
- Urgent appeals. One of the urgent appeals that came out in 2010 addresses workers’ rights violations in Foxconn in China, another concerns the treatment of migrant workers, working for JVC in Malaysia by employment agencies.

Building capacity of local organisations:
- A GoodElectronics conference in the Philippines.
- An uranium meeting in Tanzania.

Dialogue with companies and trade associations:
- Organising a conference in the DRC
- Sustainable Trade Initiative (Initiatief Duurzame Handel).

Raising awareness among different stakeholders:
- Workers education meeting
- As part of the ProcureITFair campaign, SOMO organized a speaker’s tour in October. Malaysian speakers were invited to talk about issues around the Malaysian electronics industry.

- GoodElectronics

The GoodElectronics Network is an umbrella body for networks, organisations and individuals that are concerned about human rights, including labour rights and sustainability issues in the global electronics supply chain. This includes trade unions, grass-roots organisations, campaign and research organisations, academia and activists, among others. The network has a strict civil society-only profile and does not include for-profit corporations and consultants. It states its mission as improving corporate and public policies and practices regarding compliance to human rights and sustainability in the global electronics supply chain. Human rights, including labour rights, gender equality, environmental protection, fair sharing are the core of the GoodElectronics mission. The network specifically promotes government accountability, regulation and their implementation in line with internationally agreed human rights standards, ratification of and adherence to International Labour Organization (ILO) labour conventions, respect for environmental norms, corporate accountability, unionisation and mature industrial relations between trade unions and employers, as well as civil society participation.

Summary of activities in 2010:
- Communication (within the network as well
- as external) throughout the year: updating the website, and issuing of mailings, letters and public statements.

- Strengthening of network: general meeting of the network in the Philippines, November 2010, with 70 international participants from the Philippines and beyond.

- Capacity building of the network, together with makeITfair: a conference on workers’ empowerment through education, November 2010, with the participation of some 20 people.

- Campaigning, lobby and research:
  1) Campaigning focused on Foxconn, including nominating Foxconn for the Public Eye Award and addressing EICC and Foxconn buyers – in close collaboration with Sacom, Bread for All and other network members.
  2) A number of urgent appeals, addressing reported labour and environmental issues at Wintek (in China), Flextronics (Mexico), JVC (Malaysia), Samsung (Korea), Jabil (Mexico), Nokia (India), etc., in close collaboration with the reporting organisation and other network member organisations, including the International Metalworkers’ Federation.
  3) Throughout the year, contact with researchers and activists regarding issues and developments in the global electronics industry.

- Engagement with the industry:
  1) With individual companies, including: Philips (meeting to discuss Reset, participation in workshop on supply chain management); Nokia (participation in human rights summit), HP, Intel, AMD, etc.; and with the EICC (several conference calls, including on the EICC workers-management communication programme).
  2) Participation in multi-stakeholder working group responsible for designing the IDH electronics programme.

- Results of the project:
  1) Network members informed on issues and developments in the global electronics sector, ranging from mining to manufacturing and disposal of e-waste.
  2) External stakeholders, including corporate, civil society and media contacts, informed and kept up-to-date about issues and developments in the global electronics industry.

- Pool of external contacts extended – media, researchers, academics, etc. – increasingly find their way to GoodElectronics.

- Member organisations show increased commitment to the network. Agreement upon and elaboration of (draft) documents regarding the identity, vision, identity, strategies and governance of the network. Increased support by member organisations for joint activities, such as campaigning activities.

- Capacity built on the role of education and training in empowering workers, and strengthening workers’ basis for dialogue/negotiation with management.

- Companies are more alert to labour and environmental issues and violations as reported by GoodElectronics members. Individual companies, as well as the EICC, are more open for contact with stakeholders, including in some cases with local/international trade unions.

- IDH has benefited from the ideas and views of local (Chinese) civil society organisations, as brought forward by GoodElectronics (in close collaboration with SOMO and FNV).

- A strengthened, well-informed civil society network able to effectively table labour and environmental issues.

- Collaborative ties between NGOs and trade unions are strengthened.

- Electronics companies are increasingly sensitive for input by international/local civil society organisations. The GoodElectronics Common Demands are referred to as a ‘standard’.

- Public authorities, especially in their role as institutional consumers, are increasingly aware of labour and environmental issues in the electronics industry and willing to question their suppliers of electronics products about these issues.
C.1.4 Food and agriculture

Project financed through grants

MFS Food and Agriculture

With this project cluster, SOMO and its partners ultimately aim to improve social, economic and ecological conditions in the food and agricultural sector. The focus is primarily on the tea sector, the retail sector, the fruit and vegetable sector and food speculation.

Two training workshops in Beijing (China) and in Lilongwe (Malawi) were organised by SOMO and its partners (SRI and Malawi CARER), with co-funding from Solidaridad’s Dutch Sustainable Trade Initiative programme on CSR and CSR interventions and strategies for CSO working on the tea, agricultural and/or garment sector.

With input and funds from SOMO, a number of Southern partners conducted the following activities in this project cluster:

- In Sri Lanka, SOMO partner Institute of Social Development followed up on a SOMO CSR training in 2009 by further capacity building for CSOs in the tea and garment sector through training and dialogue to safeguard the rights of workers and the environment.
- In Kenya, SOMO partner CPDA via its project ‘Empowerment of smallholder tea producers in Kenya’ was successful in putting the concerns of smallholder tea producers in Kenya on the national (government) agenda.
- Malawi organisation CARER completed research on CSR issues in the tobacco sector in Malawi in 2010, which led to discussions with Malawi government officials.
- SRI (China) completed research on the effect of national industry policies on the sustainability of tea production in China.
- IDEC (Brazil) conducted research on ‘Antibiotics, small-farmer and workers issues in the Brazilian Chicken Industry’ – one of the largest of similar industries worldwide.
- KHRC (Kenya) continued monitoring conditions for workers on Unilever tea plantations in Kenya. The results were used to engage in a dialogue with Unilever and its certifier for tea, Rainforest Alliance.

SOMO published a briefing entitled ‘Financialisation and Financial Actors in Agriculture Commodity Markets’ that focuses on how derivative markets work and on speculation in food and agricultural products.

A project was started to expose precarious working conditions in the fresh fruit and vegetable supply chains of for Dutch supermarkets from developing countries. In it there was a strong focus on Albert Heijn (Ahold). The project builds on new and old research by SOMO and others and in particular on the research that was commissioned by AAI Europe on conditions in the Peruvian mango supply chain for EU supermarkets. The results will be published in 2011.

The various projects in this cluster contributed to all three of SOMO’s strategic goals:

- Civil society organisations contribute to sustainable development by increasing influence on multinationals: (Groups of) people are able to influence their own living and working conditions (in particular in the global South).
- Corporate conduct and policies serve sustainable development.
- Government regulation serves equitable distribution of wealth and sustainable development.

Capacity-building CSR studies in Egypt

With this project, SOMO aimed to contribute to a stronger civil society in Egypt through knowledge and capacity building for Egyptian NGOs. SOMO coached the research of NSCE’s in Egypt. The research focused on conditions for workers and smallholders in the export-oriented fresh fruit and vegetable supply chains in Egypt.

The coaching helped to build the research and institutional capacity of the research partner NSCE. The research process in turn helped to bring together, inform and consult different NGOs. The results were used for different SOMO reports, including a study for Oxfam Novib ‘The Egyptian Fresh Fruit and Vegetable Sector’ and a study by SOMO ‘Bitter Fruit - Socio-economic Issues in Fresh Fruit and Vegetables Supply Chains of Dutch Supermarkets - the Case of Ahold’.

Director's report 2010 □ 12
The results of the research that involved Egyptian NGOs sparked national discussion among stakeholders from industry to NGOs. At the international level, the results were used by SOMO to raise awareness about dubious labour conditions in fresh foods and vegetables production in Egypt and worldwide. They also helped to develop Oxfam Novib’s future strategy for Egypt.

AAI supermarket working group

The project initiated and coordinated activities aimed at the European Parliament and the European Commission. The aim was to take measures against abusive buyer power from supermarkets in the EU, which results in social and other problems for suppliers in developing countries and the EU.

Summary of activities in 2010

- Five expert meetings with members of the European Parliament (EP) and the European Commission at the EP.
- Case studies about labour problems at suppliers in Peru to supermarkets in the Netherlands.
- Speaking at academic workshop at Oxford University.
- A workshop with high-level EU competition policy lawyers to discuss potential solutions.
- Submission to the consultation of the European Commission.

The project actively supported members of the EP to discuss and propose solutions at an EU level against abusive practices of European suppliers towards their suppliers. The project explored ways to raise awareness and propose measures to protect suppliers from developing countries that had not yet been highlighted at the EU level.

The project allowed CSOs to intervene at the EU level and to form a counterforce to the powerful lobby of European supermarkets, which aims to avoid measures that would restrict their buying practices.

Services

Belgian Chocolate

SOMO was commissioned by Oxfam Wereldwinkels to conduct research on the role and importance of Belgium in the cocoa chain. The title of the report is ‘The Belgian Chocolate Sector: Role and importance of Belgium in the chocolate chain’. Oxfam Wereldwinkels used the report for their own publication with the same title.

Quick scan on hazelnut sector

In September 2010, SOMO did research on the value chain of hazelnuts. The report was used by the Stop Child Labour Campaign as background material for their campaign on child labour in the Turkish hazelnut sector.


Regulatory Instruments and Commercial pressures on land

A paper was commissioned by Oxfam to generate knowledge about regulatory instruments and commercial pressures on land. It supported both the International Land Coalition (ILC) and Oxfam Novib, and eventually Oxfam International, in articulating their position on how commercial pressures on land can be managed internationally in such a way that the rights of people living in poverty are respected.

The briefing paper was integrated and published in a publication by ILC entitled ‘International instruments influencing the rights of people facing investments in agricultural land’.

ILC large-scale land acquisitions

A discussion paper entitled ‘Land Investments and Peoples’ Right to Land and Food’ was commissioned by ILC to generate knowledge and inform and guide discussion on land investments and their implications.

The briefing was used in international workshops initiated by ILC in 2010. ILC has expressed the intention to publish the briefing in 2011.

Pelagic fishing

SOMO was commissioned by Greenpeace to conduct research on the activities and impacts of the Pelagic Freezer Trawler Association (PFA) and its members. The focus included fishing ground, their impact and their financial sources.
A research report was produced for Greenpeace – ‘The Pelagic Freezer Trawler Association – An assessment of activities in and outside Europe’. Greenpeace used the results to support their discussion with PFA, and their campaign and lobby work on EU (over)fishing in West Africa.

- **Operational plan**

Two papers were commissioned by Oxfam Novib to support their strategic project planning. The two provided a background and overview of trends and issues regarding: one about investors in food and agriculture and the other on beverage companies.

### C.1.5 Pharmaceutical sector

- **Project financed through grants**

- **MFS Pharmaceutical sector**

The ultimate goal of this project is to enhance protection of clinical trial participants and empowerment of (potential) clinical trial participants in developing countries. Target groups are pharmaceutical companies, contract research organisations (CROs) and authorities in Europe and non-traditional trial regions.

**Summary of activities in 2010**
- Coaching research partners.
- Conducting research on CROs
- Providing expert input.

SOMO partnered with Latin American partner Salud y Farmacos (SyF) and Indian partner Centre for Studies in Ethics and Rights (CSER) to create a research report (published in February 2011). SOMO coached with CSER and CSER has indicated that it has improved knowledge and research skills as a result.

SOMO provided verbal and written expert input to the European Medicines Agency (EMA) for enhancing the implementation of regulation of clinical trial ethics that have been tested in third countries. SOMO made sure that our Latin American partner SyF was also invited to participate.

SOMO also provided expert input by taking part in a panel that discussed the documentary ‘bodyhunters’, about the violation of ethical guidelines in clinical trials in India.

This project serves several SOMO goals. First of all, by providing input for enhancing the protection of clinical trial participants in third countries to EMA, this project contributed to fairer government regulation seen from a global perspective. Second, by SOMO’s coaching of CSER, the organisation’s research capacity has been strengthened. Furthermore, the CRO research project has increased knowledge for SOMO and its partners, which contributes to increased CSO capacity. Lastly, by involving pharmaceutical companies in the research process, the pharmaceutical sector’s awareness of the ethical issues surrounding their outsourcing practices has been raised.

### C.1.6 Public Services

- **Project financed through grants**

- **MFS Public services**

With its MFS Public Services project, SOMO aims to build knowledge and capacity of CSOs working in the electricity sector by engaging partners in conducting field research on the impact of multinational power companies on the quality of electricity services in developing countries. Furthermore, the project seeks to influence and contribute to the academic and the industry/practitioner debate around normative standards for sustainable electricity provision.

**Summary of activities in 2010**
- Two awareness-raising meetings for consumers and workers on rights and the electricity sector in Peru.
- Three awareness-raising meetings on the electricity sector in Argentina.
- Three publications on Southern Electricity transnational corporations (TNGs) from China (Datang in Laos and Cambodia) and South Africa (Eskom in Mali and Uganda)
- A presentation at a hearing of the Dutch Parliament on social and environmental conditions in the coal supply chain of Dutch power companies.
- Expert input – BothEnds expert meeting and Political Café on social and environmental conditions in the coal supply chain, 25 March 2009.
- Expert input – Contribution and comments on BankTrack ‘Mind the Gap’ report on
banking policy for sustainable electricity.

The awareness-raising activities resulted in over 200 workers, consumers and policy-makers being made aware of corporate responsibility/accountability issues in the electricity sector. The publications on Southern electricity TNCs built critical knowledge on these relatively ‘unknown’ actors that are becoming increasingly important in electricity provision in developing countries around the globe. SOMO’s expert input on the electricity sector, and especially the presentation at the hearing in the Dutch Parliament, contributed to the national debate on social and environmental conditions in the coal supply chain and the responsibility of electricity companies. SOMO’s presentation in the Dutch Parliament received media coverage in the Dutch daily De Volkskrant and the Energiea news service.

The most significant outcome of SOMO’s public services project was the sparking of a national public debate and multi-stakeholder dialogue on social and environmental conditions in the coal supply chain and the responsibility of electricity companies. This dialogue is ongoing and has the aim of improving conditions and transparency in the coal supply chain, thus contributing to ensuring that corporate conduct and policies (SOMO objective 2) and government regulation (SOMO objective 3) serve sustainable development. In addition, awareness-raising meetings held by SOMO partners in Latin America contributed to increasing influence of consumers and workers towards multinationals in the electricity sector (SOMO objective 3).

→ Services

- Benchmark energy companies

The project contributed to raising public awareness of the sustainability of power companies operating in the Netherlands, influencing those same companies to enhance their sustainability, and influencing policy-makers to better align public policy with sustainability criteria and targets.

The 2010 update of the ‘Sustainability in the Dutch power sector’ fact sheets investigated a total of 12 power companies active in the Netherlands, Belgium and elsewhere in Europe. The update focused on a benchmark of their performance on a range of sustainability criteria, including: the share of renewables in the energy supplied and generated; the sustainability of their investments; and supply chain responsibility.

Three reports on energy companies in the Netherlands, Belgium and elsewhere in Europe, including company fact sheets and comparative thematic sheets, were written and published in 2010. The reports were published both on the SOMO and the Greenpeace websites. The report was received with interest from journalists on an international level, as well as politicians and investors.

Greenpeace based its campaign on coal partially on the outcomes of SOMO’s research. Additionally, the research contributed to more transparency in the power sector, in particular in relation to the sourcing policies and supply chain responsibility of power companies in relation to the coal they use.

Clients of Essent and Nuon

Greenpeace asked SOMO to conduct a short research project into the industrial clients of the Dutch power companies Nuon and Essent, in order to include them in the dialogue regarding the coal power plans of those two companies.

Activity in this project involved desk research regarding the clients of Nuon and Essent. The research was used by Greenpeace in its coal campaign.

The project resulted in an overview of publicly available information regarding client relations of these two large Dutch power companies.

European Works Councils in EU energy sector

SOMO’s project on CSR and European Works Councils (EWCs) aimed to assist European electricity sector unions and workers in improving their understanding of the way EWCs operate. Special attention was paid to the relationship between EWCs and the CSR policies of energy companies and how EWCs can be used to influence company CSR policy.

Summary of activities in 2010:

- Research and publication of a report on ‘European Works Councils and Corporate Social Responsibility in the European
Energy Sector

- Publication of an article in the labour relations magazine Zeggenschap
- Two presentations of the report’s findings to EWC representatives in Brussels
- Expert input to MEP Richard Howitt for his work on CSR in the European Parliament.

The project built knowledge about the CSR policies of 24 major European energy companies, the relationship between EWCs and the CSR policies of energy companies, and how EWCs can be used to influence company CSR policy. The project also raised awareness among representatives of EWCs of ten major European energy companies with regard to these issues. After hearing about the draft report, an MEP contacted SOMO and requested input for his work on CSR in the EP. EPSU also used the results of the report in a subsequent analysis of gender in energy company workforces.

By building knowledge and raising awareness of EWCs and labour unions, this project enabled these CSOs to contribute to sustainable development through increased influence on multinationals. In fact, one of the project’s primary aims was to identify and inform EWC representatives about the possibilities for influencing energy company CSR policy. In doing so, and through direct engagement with company management during the research and review process, the project contributed to the SOMO objective of having corporate conduct and policies serve sustainable development. Finally, the expert input provided to MEP Howitt helped government regulation to serve equitable distribution of wealth and sustainable development in an improved way.

C.1.7 Extractives

⇒ Project financed through grants

☐ MFS Extractives

The project on extractives aims to extend supply chain responsibility upstream, far beyond the first and second tier of the supply chain.

Summary of activities in 2010

- Report on the gemstone supply chain; research into the CSR policy of leading international jewellers such as Signet Group (US, VK), Wal Mart & Tiffany (US), Bijenkorf, Siebel (Netherlands). The report also includes field research into the working conditions of cutters in Thailand and miners in Madagascar.
- Strengthening the international network on uranium mining in Africa and encouraging and increasing the exchange of information among different CSOs working on uranium mining among others by co-organising with WISE an international training in Tanzania.
- Report that analyses the financial part of uranium mining in four African countries (Namibia, Niger, Malawi, South Africa) and looks at the activities of the four largest uranium mining companies: AREVA-group, Rio Tinto, Paladin Energy and AngloGold Ashanti.
- Developing a free, prior and informed consent concept for mining companies and communities in South Africa, through a consultation of civil society and communities, by CSRSC.
- Report on free, prior and informed consent in copper and cobalt mines in the DRC, by ACIDH.
- Giving input and advice in international fora and to electronics companies on mining in conflict areas, specifically in the DRC.
- Conducted short background research for the case against Pluspetrol, filed at the Permanent People’s Tribunal in Madrid.
- Provided background information for a publication by Arakan Oil Watch on Chinese state-owned oil companies in Burma.

The report on gemstones was well covered in the media and reached quite a substantial amount of consumers. Activities on uranium mining have helped CSOs to conduct research, analyse findings, build local networks, influence policies of companies and governments. The report that analyses the financial side of uranium mining gives input to the network of CSO to better lobby for changes and will alert a broader field of organisations and individuals.

The free prior and informed consent consultation is the first part of a larger project that will result in a tool for communities to be used in their dealings with companies in South Africa, as well serving as input for communities in other countries to work
towards a ‘national’ tool. Within makeITfair, SOMO alerts companies regarding issues related to minerals in their production chain, including conflict minerals, working conditions etc. SOMO lobbies actively to get national organisations from DRC and other countries to international fora as well as to meetings with companies to have their issues raised. The report on Burma will be sent to investors in the Chinese oil company CNOOC. The Pluspetrol case forms the basis of a larger research project, to be conducted in 2011.

The training for CSOs working on uranium mining has strengthened the network and has built their capacity to work on uranium mining in the coming years. The projects on free prior and informed consent will build the capacity of communities to influence mining companies as well as the capacity of CSOs globally to influence companies at the top of the supply chain.

→ Services

☐ Natural stone

SOMO was involved in the original activities, consisting of pilot projects aimed at natural stone companies implementing the code of conduct of the Dutch Working Group for Natural Stone. At a later stage, these activities resulted in the aim to develop a research report on Indian natural stone, whereby SOMO will map the trade flows between India and the Netherlands.

SOMO conducted research into the trade flows of natural stone from the Indian state of Tamil Nadu to Europe, with a particular focus on the Netherlands. The research was included as a chapter in a larger research report on the conditions of natural stone quarrying in Tamil Nadu.

While SOMO’s work has been completed, the larger research report is yet to be published. It has, however, been discussed within the Dutch Working Group for Natural Stone.

The research uncovered new methods and sources for trade flow research that have since also been used in other projects. The outcomes of the report are not possible to assess at this moment, as the report has not been published.

C.2 Themes

C.2.1 Corporate Responsibility

→ Project financed through grants

☐ MFS Corporate accountability

SOMO’s Corporate Accountability Programme covers a broad area of work, ranging from critical analysis of voluntary standards and principles, developing proposals to strengthening the regulatory framework at national, European and international (UN, OECD) level, building the capacity of CSOs to address corporate conduct, strengthening CSR networks, and providing tools for stakeholder engagement such as shareholder activism.

Summary of activities in 2010:

▪ Capacity building of NGOs on CSR standards and OECD Guidelines.
▪ Expert input and support MVO Platform, ECCJ, Red Puentes, OECD Watch (Organisation for Economic Co-operation and Development), Global Compact Critics.
▪ NGO representative in ISO 26,000 Guidance on Social Responsibility process
▪ Presentation of legal proposals to enhance corporate liability to Dutch parliament.
▪ Participation in consultation process UN Framework for business and human rights
▪ Research Indian bonded labour scheme (Sumangali Scheme) in supply chain of European garment companies.
▪ Research on controversial practices of Dutch listed companies in preparation to Annual General Meetings.

Results of the project:

▪ Training for Francophone NGOs (Grapad network).
▪ Maintenance of Global Compact Critics blog.
▪ Cooperation between NGOs in various CSR networks.
▪ Contribution to publication ISO 26000 Guidance on Social Responsibility
▪ Briefing with legal proposals for Dutch parliamentarians.
▪ Submission to and meeting with SRSG Professor Ruggie.
▪ Publication of overviews of controversial
practices focusing on Unilever, Heineken, ING, Ahold, KPN, SBM Offshore, Fugro and Shell.

- Briefing papers on CSR and trade issues (Gender and Non-Trade Concerns).
- Parliamentary motion requesting Dutch government to adhere consequences to OECD Guidelines’ NCP findings.
- Parliamentary questions to Dutch Minister regarding bonded labour in supply chains of garment companies (C&A, H&M) on the basis of SOMO findings.
- Garment companies step up efforts to stop Sumangali Scheme throughout their supply chain.
- Fugro changes its practices following SOMO report on controversial business practices.

→ Network Coordination

- MVO Platform

The MVO Platform (a network of 35 Dutch civil society organisations and trade unions working together on corporate accountability issues). The goal of this network is to stimulate, facilitate and coordinate activities of the different organisations in order to reinforce each other’s efforts. MVO Platform focuses on issues dealing with CSR in developing countries.

Regular activities of the MVO Platform include, amongst others, a quarterly general assembly, working group meetings and an internal newsletter. Other important activities in 2010 included:

- An international conference was organised to reflect on NGO strategies towards corporations; the conference included workshops on multi-stakeholder initiatives, the use of social media as a tool to influence corporations, and the synergies of contrasting influence strategies of NGO’s.
- The MVO Platform received a delegation of southern organisations (representatives of victims of corporate violations) and organised a programme including a meeting with MPs, and a high-level representative of the Ministry of Foreign Affairs.
- A lively and well-attended public debate in De Balie took place in November 2010.

Business representatives, southern victim representatives, MPs and NGOs discussed corporate liability and responsibility, as well as access to justice for victims of corporate violations.

- In 2010, working groups on financial institutions, sustainable procurement, corporate accountability and supply chain responsibility were active in the formulation of common viewpoints and in preparing and implementing advocacy strategies for the MVO Platform. The working group on corporate accountability participated in a parliamentary hearing on liability of corporations. The working group on supply chain responsibility provided input to the UN special representative on business and human rights, John Ruggie. The working group on financial institutions had considerable success when the Ministry of Finance included sustainability criteria in a tender for financial services.

- Advocacy at the national level was focused on supply chain responsibility, transparency, sustainable procurement, and liability and duty of care, as well as on sustainability of the financial sector. The MVO Platform provided input to political parties for their party programmes in preparation for the parliamentary election of June 2010. Some of the parties adopted some of the proposed issues.

- The MVO Platform participated actively in the European Coalition for Corporate Justice, among others, in the campaign ‘Rights for People, Rules for business’ and participating in the European Commission’s multi-stakeholder forum on CSR.

- OECD Watch Network

OECD Watch is an international network of CSOs promoting corporate accountability. The purpose of OECD Watch is to inform the wider NGO community about policies and activities of the OECD’s Investment Committee and to test the effectiveness of the OECD Guidelines for Multinational Enterprises. Members of OECD Watch share a common goal to improve corporate accountability mechanisms in order to achieve sustainable development and to enhance the social and environmental performance of corporations.
participants were given the opportunity to reflect on the shortcomings of the OECD Guidelines mechanism. These shortcomings were shared with policy-makers of national governments and the OECD. Specifically, the capacity-building activities resulted in one OECD Guidelines complaint filed at the Swiss NCP. Participants at the seminar in Bangkok were supported and advised by OECD Watch during the whole process. Additionally, the network further increased its reach in the region when two organisations entered OECD Watch in 2010.

This project contributed to building the capacity of CSOs to use a specific tool to promote responsible business conduct. By giving organisations the opportunity to participate in a multilateral conference and inviting external speakers to the seminar, the project helped to increase the ability of these organisations to engage with policy-makers at an international level. Moreover, the project has greatly strengthened the OECD Watch network by facilitating connections with and among CSOs.

- **European Coalition for Corporate Justice**

The general goal of this project is to make a direct and lasting contribution to improving the living conditions and development prospects of disadvantaged and marginalised communities in developing countries, by addressing the role of the EU private sector in development. Raising awareness about the important position of European companies could play in achieving sustainable development in developing countries and mobilizing support for EU policy changes to enhance the business contribution to sustainable development are key activities within the project.

**Summary of activities in 2010**
- Signature campaign
- Publication case study report, ‘Rights for Whom’
- Fact-finding mission for journalists to India
- Speakers’ tour throughout Europe, with a visit to the Netherlands
- European-wide action day
- Online photographic exhibition

In the second year of the project, the emphasis has been on raising awareness and running the public campaign ‘Rights for People, Rules for Business’. Awareness-raising activities were organized mainly
in the autumn of 2010. Increased efforts to collect signatures for the petition, screening the digital photographic exhibition, the speakers’ tour with Southern speakers and the European-wide action day all focused on mobilizing public support for the legal proposals. The case study report ‘Rights for Whom’ and the legal publication ‘Pathways and Principles’ were published to explain the need for the legal proposals promoted in the campaign and to assess the current legislative opportunities within the EU to improve the accountability of companies.

This project has strengthened the ability of CSOs to cooperate within the European Coalition for Corporate Justice. By mobilising public support, pressure was put on policy-makers to enhance the EU legislative framework. The fact-finding mission to India yielded a very positive outcome, with publications in major newspapers and parliamentary questions being asked by Dutch politicians.

- **Red Puentes**

This project aims to strengthen the Red Puentes network. Red Puentes is a network of 41 CSOs from eight countries in Latin America. Its mission is to promote corporate accountability in Latin American countries. In 2010 SOMO actively participated in Red Puentes’ Working Group on the Textile and Garment Industry. SOMO, together with three members of the Working Group (Plades, GMIES and Fundación el Otro) conducted a research project on gender issues in the garment sector in Peru, Argentina and El Salvador.

On behalf of Red Puentes, SOMO has been participating in the ISO Working Group, which is developing an international standard that will provide guidance on social responsibility: the ISO 26,000 standard.

**Summary of activities in 2010:**
- Three-day seminar in El Salvador on labour conditions and gender issues in the Latin American garment industry.
- Expert input for the ISO Working Group
- A research project on gender issues in the garment industry in Argentina, El Salvador and Peru.
- Expert input for gender and CSR trajectory of the Dutch Gender Platform.

Analysis of gender issues in three Latin American countries (Argentina, El Salvador and Peru) was used as input for a three-day conference on labour conditions and gender issues in the Latin American garment industry. This conference was attended by CSOs, trade unions and women’s organisations from several Latin American countries. Cooperation between various organisations was strengthened and new alliances were formed.

A discussion paper by SOMO on gender issues in the global garment industry was used as input for a trajectory on integrating gender into the CSR discourse.

The three-day conference in El Salvador contributed to strengthening the Red Puentes’ Working Group on the Textile and Garment Industry. After the conference, two new members joined the working group (Observatorio Social from Brazil and Escuela Nacional Sindical de Medellín from Colombia). Joint plans for a research project and advocacy work were formulated.

The research project with Plades, GMIES and Fundacion el Otro, together with SOMO’s discussion paper, contributed to knowledge-building on gender issues.

By participating in the ISO Working Group, SOMO has contributed to the development of ISO 26,000, the International Standard on Social Responsibility.

- **Services**

- **EU CSR Adelphi**

The European Commission (EC) initiated a High-Level Group of Member States Representatives (HLG) on CSR to foster awareness-raising and learning about EC and Member State initiatives aiming to support the rising argument for CSR in the EU. The EC asked an international consortium of CREM, SOMO and Adelphi Consult to support the work of the CSR High-Level Group. The specific role of SOMO in the project was to produce, in cooperation with CREM, a report on responsible supply chain management and the challenges and best practices in the supply chains of European companies operating in or sourcing from abroad.

**Summary of activities in 2010:**
- Stakeholder survey to identify five key issues where CSR has not yet proved to be
a solution.

- Selection of three key sectors for further analysis of the five CSR issues.
- Interviews with key experts and stakeholders involved in cases of best practices and challenges.
- Analysis of the best practices and challenges in the context of the UN Protect, Respect and Remedy Framework of Special Representative on Business and Human Rights, Professor Ruggie.
- Recommendations for the EU and EU Member States to operationalise the UN Framework.

- Consultancy for the Centre for Promotion of Imports (CBI)

CBI, an agency of the Dutch Ministry of Foreign Affairs, commissioned SOMO to develop and implement a road map for social responsibility. The agency provides export marketing and management support to SME exporters and business support organizations in developing countries with the purpose of increasing exports to Europe. SOMO developed a framework on sustainability and CSR and assisted the organization and its counterparts to implement the policy in 2010.

Summary of activities in 2010:

- Developed a road map for implementing social responsibility, based on ISO 26000.
- Organised several internal workshops on CSR.
- Rebuilt the training curriculum on CSR and sustainable trade.
- Defined goals with regard to social responsibility for 2011.
- Managed a large database project on buyer requirements in the EU.

CBI personnel and CBI counterparts now have more knowledge about CSR and sustainability. All new projects and programmes take into account aspects of social responsibility, such as human rights, labour rights, the environment and fair operating practices.

SOMO has raised awareness among governmental organisations and their counterparts about the importance of compliance with international regulations and standards regarding social responsibility, such as the conventions of the ILO, the OECD Guidelines and ISO 26000.

- Research UNIDO private standards

In 2009, SOMO was first commissioned by the United Nations Industrial Development Organization (UNIDO) to develop a guide on private sustainability standards for small and medium-sized companies in developing countries. The guide was published in November 2010. In cooperation with local researchers, UNIDO and SOMO undertook surveys on private standards in the garment sector in Turkey, the leather and footwear sector in India, and the furniture sector in Brazil. The surveys formed the basis of the guide on private standards. In the guide, SOMO and UNIDO explain to what kind of standards producers can conform in order to increase their access to foreign market and international value chains. The guide highlights that many private standards in the field of CSR include similar elements (the core ILO principles, for example) and that, by focusing on these common elements, producers can prepare themselves for adherence to all sorts of private standards and increase their chances on international markets.

The guide is available in several languages at www.unido.org/privatestandards

In 2011, SOMO will be involved in developing a training package on private standards for UNIDO and the CBI.

UNIDO’s target group (SMEs in developing countries) has become aware of the importance of private standards in the field of CSR. These enterprises can adapt their export strategies in accordance with the information they have on private standards.

- Scan child labour in supply chains

In April 2010, the Humanist Institute for Development Cooperation (HIVOS) asked SOMO to carry out research on products with links to child labour. The result of this small research project was an overview of child labour in different sectors. On the basis of this overview and SOMO’s recommendations, the Stop Child Labour campaign selected a sector that will be the subject of the campaign in 2011. SOMO is conducting further research on this particular sector for HIVOS.
Scan forced labour in supply chains

In January 2010, the Global Unions Committee on Workers’ Capital asked SOMO to carry out a study on forced labour. The objective of the project was to identify sectors and specific publicly traded corporations with a high probability of forced labour in their supply chains in order to support a global shareholder initiative on forced labour. SOMO provided input for a briefing paper on ‘Investing in Decent Work’. This paper will lead to a global unions campaign.

C.2.2 Trade and Investment

→ Project financed through grants

MFS Trade and Investment

The project aims to build the capacity of CSOs in developing countries in order to advocate for change in free trade and investment agreements and policies. The purpose is to ensure that multinationals in the services sector, especially in the financial sector, as well as their foreign investment in all other sectors are being regulated so as to prevent harmful activities – such as risky financial products – for people and the environment.

SOMO continued to support CSOs in engaging the debate on free trade and investment agreements underpinning the risky behaviour of multinational banks, leading to the financial crisis and undermining sustainability aspects in the services sectors, as well as foreign direct investment (FDI) in general. Analyses of policies that stimulate FDI in developing countries were reviewed critically regarding the rights of companies as compared to the rights of the population.

Summary of activities in 2010:

- Capacity-building activities such as support for the IGJ programme on the investment and services chapters in Indonesian free trade agreements and the GRAPAD programme on investment policies, multinationals and CSR. Further, building a regional framework of NGOs in West Africa working on these issues, through information sharing, research support, strategic inputs and a training/workshop.
- Information exchange, analysis of monitoring and briefing networks (through meetings, email exchange, common activities) with a special focus on services and investment issues. SOMO focuses on the following networks: the DutchCoalite Voor Eerlijke Handel (CEH), Seattle to Brussels Network (S2B), OWINFS-GATS network, OWINFS Alternatives network, the EU-ACP NGO EPA networks, networks on EU FTAs with India and with Indonesia, and FTA and trade networks in general.
- World Trade Organization (WTO) monitoring on services sector negotiations, with particular interest in the financial services sector. Effort has been placed on finance/trade coherence: a briefing paper related to services negotiations in trade agreements.
- Research by SOMO on particular issues in the investment debate, which includes the development, distribution and a publication about development by the EU of new policies on bilateral investment agreements following the Lisbon Treaty change of mandate.

This project aimed at building capacity among trade union employees involved in organising activities. The project directly resulted in strengthening of civil society and trade unions to enhance research capacity to investigate Dutch multinationals and their CSR policies and practices.

→ Network Coordination

Coalitie voor Eerlijke Handel (Coalition for Trade and Development)

The Coalition for Trade and Development is a coalition of Dutch CSOs that have joined forces to strive for equitable global trade by means of international trade agreements in multi- and bilateral trade agreements. The primary aim of the coalition is lobbying activities, informing and influencing Dutch civil servants and politicians. In addition, the coalition is a platform for information exchange, fine-tuning opinions and member activities.

In 2010, several internal and external activities were carried out including: a joint website and newsletter, joint letters to ministerial departments; meeting with politicians and civil servants of the economic department, and several internal
Hosting the Coalition for Trade and Development contributes to joint actions and information-sharing among Dutch development organisations regarding fair trade and development rules.

→ Services

□ Trade agreements

A Quick Scan on Trade Agreements was used as background paper at the ICCO’s strategy discussion during the Cumbre ALC-UE in Madrid on 18 May 2010, on lobby opportunities in the ratification process of the trade agreements between the EU and Colombia/Peru and Central America. The Quick Scan provided a first overview of publicly accessible statistics from a variety of sources regarding Dutch investment in and trade with relevant Latin American countries and regions. It showed the extent of trade and FDI and, where possible, identified Dutch companies involved in this trade, and provided an overview of Dutch authorities’ activities regarding the promotion of Dutch businesses to invest in or trade with Latin America.

Summary of activities in 2010:

▪ Trade overview: import and export statistics between the Netherlands and Latin America, detailing sectors and/or products.
▪ An overview of FDI statistics, focusing on companies registered in the Netherlands that invest in Latin America.
▪ An overview of the most important Dutch companies with commercial ties to the specified countries with regard to import, export and FDI. If the availability of information permits, outsourcing or subcontracting policies regarding production and service provision towards businesses located in those countries will be specified.
▪ Overview of relevant promotion instruments by the Dutch government to promote investment and trade of Dutch businesses in these regions.

This analysis of trade and investment statistics between the Netherlands and the selected countries, as well as of trade and investment promotion instruments of the Dutch government, shows that Central America and the Andean region provide Dutch companies with important trade and investment opportunities. The Netherlands can therefore be said to have a keen interest in the recent trade negotiations between the EU and selected Latin America countries.

The findings of Dutch trade and investment relationships with countries the EU was expecting to finalise trade agreements with in 2010 (Andes region and Central America) was used by ICCO and its partners to inform its campaign and intervention strategy with regard to trade agreements. As such, it enhanced the ability of NGOs to influence companies and international regulation to serve development goals.

C.2.3 Tax Justice

→ Project financed through subsidies

□ MFS Tax

International tax evasion and avoidance and a lack of adequate regulation to address this issue has become a major topic in development work and international fora such as the OECD, G20 and EU. The revenue lost by developing countries as a result of financial secrecy and lack of political will to address tax avoidance and evasion is significant, a fact that is increasingly backed up by research publications and empirical data. This project implements networking, capacity building and advocacy activities to promote international tax cooperation (automatic information exchange between tax authorities between developed and developing countries), transparency (country-by-country reporting standards for multinational corporations) and a change in Dutch national legislation (e.g. an end to conduit structures being used for tax evasion or avoidance purposes) to make tax systems more supportive of development.

Summary of activities in 2010:

▪ Build capacity among NGOs or CSOs in Africa, Latin America and Asia, reinforce international coordination and promote advocacy.
▪ Cooperate with Tax Justice Netherlands (NL) and (partners of) the international Tax Justice Network
▪ Engage in dialogue with policy-makers
and multinationals to make tax systems more supportive of development.

- Integrate tax justice into SOMO’s CSR work and support research of other civil society groups on tax planning involving Dutch entities.

SOMO staff exchanged information and expertise with Southern partners, coached them and commented on their studies on tax issues (Latindadd studies).

SOMO used its own research and partners’ research to contribute to public and strategy meetings (e.g. exchanging international and regional research in Africa, developing the Tax Toolkit and supporting research on tax haven presence of MNC subsidiaries). This led to declarations (e.g. Nairobi Declaration) for media and decision-makers. SOMO engaged with the Ministry of Finance in its roundtable on tax and development – as part of an ongoing dialogue with Tax Justice NL. Discussion meetings with Dutch multinationals took place with regard to their tax behaviour and CSR policies, and as such awareness was raised on the importance of tax justice issues, and to search for ways to make so-called tax planning less detrimental to development.

In 2010, the dialogue between Tax Justice NL (which SOMO forms part of), the Dutch Ministry of Finance and the Ministry of Foreign Affairs and Dutch multinationals continued, with discussion topics ranging from capacity building in developing countries to the role of the Netherlands in promoting tax systems supportive of development. The link between tax systems and development and the need for policy coherence is now acknowledged by all stakeholders.

The Tax Justice Network further intensified its dialogue with both CSR and tax experts of Dutch multinationals and the integration of tax policies in SOMO’s review of companies’ CSR policies has led to several discussion meetings on CSR and tax planning with companies and tax advisors. This has led to more awareness on the effects of tax planning for developing countries, and willingness among these multinational corporations and their advisors to look for solutions. Tax planning is now considered a CSR issue.

SOMO’s involvement in the Tax Justice Network (TJN) strengthened cooperation and the impact of CSO work. For example, networking within TJN led to contacts between SOMO and the French development agency CCFD and collaboration in its research on the presence of multinational corporations in tax havens. This contributed to knowledge building and is used for advocacy towards the G20 in 2011 in the international fight against tax evasion.

- **Towards Tax Justice**

Despite the clear link between taxation and development, tax justice has not been a popular topic for NGOs or governments, often due to the technical nature of national and international tax regulation. This project addresses the gap by raising awareness on how tax systems can be changed to promote sustainable development, by improving capacity amongst NGOs in Africa, Latin America and Asia to analyse tax issues and their development impacts, by creating regional Tax Justice Networks, and by facilitating engagement of NGOs with policy-makers, corporations and other relevant actors.

**Summary of activities in 2010:**

- Conferences and policy roundtable in Nairobi (March) and Johannesburg (September).
- Global strategy meeting and Asian workshop (Manila, August)
- Production and dissemination of information materials (Tax Us If You Can – African Version, popular educations materials, Tax Advocacy and Research Toolkit, etc.).
- Research and advocacy by partners into tax justice issues (all regions).
- Coordination of Tax Justice Network for Africa and establishment of Tax Justice Networks for Latin America and Asia
- Advocacy activities in the EU (Brussels, January and December).

The capacity-building activities (conferences, research projects, publications) resulted in raising awareness among civil society. Southern partners have become tax justice advocates and leaders in research. Especially activities of African and Asian partners in the project have led to widespread media coverage and awareness raising on the link between tax evasion and progressive tax systems on the one hand and raising domestic revenues for...
development on the other. SOMO and Christian Aid helped to raise international awareness by linking the regional work to international policy for the OECD and G20 processes, and inviting Southern representatives as speakers to events in Brussels. Research results are used as evidence in national advocacy to address policy incoherence of Northern governments and have led to a dialogue between industry, governments and NGOs in the Netherlands and other national settings. Policy space has been widened on the EU Savings Tax Directive, for example, and the fight against tax havens is now firmly located in the EU policy arena with Commission Communications paving the way for legislative action.

This project contributes to poverty reduction and sustainable development by making national and international tax systems more supportive of development and reducing aggressive tax avoidance and tax evasion by multinational corporations and wealthy individuals in developing countries. Conferences, research projects and popular education materials in all regions contributed to knowledge and capacity building, setting up regional tax justice networks in Asia and Latin America, as well as strengthening the African network. Strengthened cooperation impacted on CSO work, whilst the sub-regional policy roundtable in southern Africa and other regional and national advocacy activities increased pressure on policy-makers to amend legislation to stop financial secrecy in the North and open up policy space for dialogue between CSOs and governments on how to create tax systems supportive of development, reflected in the OECD setting up and informal task group on tax and development and the Commission Communication (Eva Joly) on tax and development, for example.

C.3 Corporate Research

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

→ FNV Company Monitor

The FNV Company Monitor researches the social policies of Dutch multinational companies in developing and transitional countries, and supports the development of networks between Dutch employees of these companies and their colleagues abroad. The aim of this programme is to strengthen solidarity with workers overseas: by making contact, the FNV can help them improve their working situation. In a globalised world, it is important to have these contacts in the Netherlands. In ten years, the centers of activities of many of these companies may no longer be in the Netherlands, or even in Europe. That is why it is important for trade unions to know the interests and situations of workers abroad now, and to exchange experiences and strategies. Only then can trends be identified within a company, and can unions around the world anticipate changing situations. The project depends on three elements:
- (1) trade union networks – (2) corporate research – (3) dialogue and action. SOMO carried out the following projects within the programme:

- **Philips Lighting Social Dialogue**

Assigned by FNV Bondgenoten, SOMO carried out research into the quality of the social dialogue between Philips' Lighting Division on the one hand, and trade unions and work councils on the other hand. The central goal of the research was to review the existence and quality of Philips' social policies on employee engagement, and to consider possible discrepancies with the practice of employee engagement with restructuring as perceived by workers' representatives.

The project output was a research report that delivered more insight into the barriers for effective stakeholder dialogue for FNV Bondgenoten, and provided recommendations to implement improvements in its dialogue with Philips Lighting.

By increasing FNV Bondgenoten's insights and providing advice to increase its effectiveness in the social dialogue with Philips, the assignment contributed to SOMO's goal to strengthen the capacity of CSOs and increase their influence over multinational corporations.

- **Unilever**

The study aimed to gain a coherent insight into the mechanisms behind, and impacts on, labour conditions and relations at Unilever and its suppliers, as well as the different forms of flexible work practices (e.g. outsourcing, subcontracting, casualisation, etc.) in different countries around the
world.

A report entitled ‘Unilever from all Angles: Casualisation and labour relations at Unilever around the world’ was produced.

The results were used by FNV and IUF for a high-level company dialogue with Unilever. The preliminary results were published by FNV Company monitor. Based on two case studies from this report, a dialogue was initiated with FNV, SOMO, LIW and TCC together with Rainforest Alliance and Unilever.

- Research Training

Commissioned by the FNV, SOMO organised a one-day research training in 2010 for a new division within FNV Bondgenoten involved in organising activities. In addition, a research manual was distributed among the eight participants. Both the training as the manual focused on corporate research and agribusiness companies.

The project directly resulted in strengthening of civil society and trade unions in order to enhance research capacity to investigate Dutch multinationals and their CSR policies and practices.

- FNV Company Monitor

As part of the Monitor Company, the FNV commissioned SOMO in 2008 to develop several company profiles of high-profile Dutch multinationals and to update them on a regular basis. The profiles contain information on working conditions, labour relations and the implementation of CSR at the multinational corporations and their subsidiaries and suppliers. They are published on the website of the FNV Company Monitor: http://www.fnvcompanymonitor.nl/

Summary of activities in 2010:

- Writing six company profiles of CSR policies and practices of Dutch multinationals.
- Development of a benchmark tool, used in a 2009 FNV publication on the right to organise.

The company profiles, the updates and the benchmarks contributed to a dynamic system of accessible information for members of the FNV and other interested parties. In addition, the collected information was used in other FNV Company projects as well. The benchmark provided insights into the relative position of the Multinational Enterprises (MNE) on a selection of CSR issues.

Research carried out under the auspices of this project aimed to provide insights into the function of the MNEs on some core CSR issues, and to create awareness among union members and CSOs on the sustainability policies of MNEs. Overall, this is aimed at increasing the impact of CSOs on Dutch MNE’s policies and practices.

→ Quick Scans

One of SOMO’s specialities is scanning corporations on the basis of CSR criteria, using criteria from the CSR Reference Framework as drawn up by the CSR Platform. As such, they constitute widely acknowledged criteria, derived from internationally accepted standards and treaties: the ILO Conventions and the UN Declaration on Human Rights. In addition to these general criteria, SOMO’s scans also include sector-specific standards.

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

A Quick Scan generally consists of three elements:

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

Three Quick Scans were carried out or initiated in 2010.
Consultancy and corporate research

ICCO Company scans
SOMO was asked by ICCO to develop a methodology for internal risk scans of companies looking for partnerships with ICCO. SOMO adapted its own QS methodology to suit ICCO’s need for brief scans within short timeframes. The project included the development of a company risk scan methodology, including an extensive guidance manual for the use of the scan. A workshop was given to train the users of the scan.

Summary of activities in 2010
- A company risk scan form.
- A manual for the company risk scan.
- A workshop on the use of the company risk scan.

The project developed an internal methodology for ICCO that will enable them to assess the risk of accepting money or working together with companies.

The methodology has enabled other NGOs to assess the risks present when working together with companies.

ActionAid ethical screening methodology
ActionAid International asked SOMO to develop an internal screening methodology for companies that ActionAid is considering collaborating with. This internal methodology is part of a larger process, and proceeds the phase that includes more extensive external research into a company.

The project developed an internal methodology for ActionAid International that will enable them to assess the risk of accepting money or working together with companies.

The methodology has enabled other NGOs to assess the risks present when working together with companies.

Tropical Commodity Coalition (TCC) Workshop
This project consisted of a workshop on the coordination of NGO strategies developed by SOMO for the TCC to reflect on the opportunities for more strategic coordination of the strategies of individual platform members.

SOMO provided training on the coordination of NGO strategies at the final 2010 meeting of the TCC, with the purpose of reflecting on the functioning of the TCC as a strategic platform and to provide for strategic guidance for the coordination between platform members in 2011, to increase their effectiveness in influencing company behaviour.

Providing TCC members with strategic insights on the opportunities for coordination of their individual strategies, this project contributed to increased capacity of the individual TCC members and the platform as a whole, and as such contributed to SOMO’s goal of strengthening CSO capacity.

C.4 Capacity building

PSO programme

Tax Advocacy Toolkit

There is an increasing recognition that Domestic Resource Mobilisation (raising government revenues through tax) is crucial for development. However, the lack of technical knowledge on the topic in North and South means that effective advocacy is hard to achieve. Together with Northern and Southern partners, SOMO therefore produced a Tax Advocacy and Research Toolkit. However, in the process of writing, it became obvious that more in-depth consultation with CSOs from developing countries needed to take place, firstly, for the Toolkit to reflect the needs and existing knowledge in the regions, and secondly, to develop a sense of ownership of the Toolkit modules in the regions. SOMO and Christian Aid therefore developed a piloting trajectory to achieve a needs-driven output and to increase the capacity-building effect the Toolkit will have in the future.

Summary of activities in 2010:
- Liaising with the global reference group to receive regional input and case studies.
- Drafting first version Toolkit.
- First global piloting session in Asia (Philippines).
- Regional pilot Latin America (Guatemala).
- Producing Toolkit and integration of pilot comments and case studies.
Thanks to Southern partners providing valuable
toolkit was improved for use as a global advocacy tool.
Furthermore, the pilots and the production process
led to an increased understanding of tax justice
issues. CSOs are able to relate these to their civil
society work (identifying stakeholders and partners
for common tax justice activities, identifying
problems with regards to tax and revenue in
regions, etc.).

The global piloting session led to sharing
experiences and strategies between CSOs from
Asia, Africa and Europe and therefore
strengthened the cooperation and impact of CSO
tax justice work at the global level. The piloting
process, as well as building capacity for CSOs
through producing the tool itself, also helped
SOMO to improve its capacity-building expertise
and training methods.

Training development

SOMO uses different methods for the capacity
development of its partner organisations, which
include research manuals, coaching and training. As
internal learning activity, SOMO has increased
efforts to improve the quality of its capacity
development instruments. In 2010, the focus was
on evaluating and improving training as an
instrument for capacity development.

In preparation for training activities to be held in
2011, eight of SOMO’s staff members have
followed a train-the-trainer programme that was
aimed at improving the set up and content of
training programs. The use of training as an
instrument for capacity development was
evaluated. Additionally staff members were trained
in skills and tools on how to make training
programmes more effective.

The knowledge of SOMO about training as an
instrument for capacity development has been
further expanded. Innovative ideas about how to
make training programmes more instructive and
interactive have been developed and suggestions
for the improvement of SOMO’s training manual
have been identified.

Network development OECD Watch

With this learning project, OECD Watch has the
goal of creating and facilitating more opportunities
for reflection, learning and improvement within the
network. On the one hand, the project will focus on
analysing how the functioning and organisation of
the network as a whole can be improved. On the
other hand, it will focus on learning how OECD
Watch could improve its services to its members,
so members become more engaged and increase
their participation in the network.

This project is intended to give proper follow up to
the challenges for the network identified after
participation in a Collective Learning trajectory and
a Thematic Learning Trajectory on healthy
networks, both organised by PSO. The Argentean
organisation CEDHA has started the project with a
scoping research about how the network can best
facilitate regional participation by its members and,
if appropriate, how regional focal points can best
be established.

This project has contributed to strengthening the
OECD Watch network. It facilitates reflection on
the functioning of the network and strategic
thinking how the structure and strategy of the
network can be further improved and participation of
members can be enhanced.

D. Organisational aspects

1. Organisational development

In 2010, SOMO redefined its mission and decided
to implement a new organisational structure:

Strategy plan 2011-2015

SOMO defined a new strategy aiming at three
goals, using four strategies, focusing on four fields
of work. These goals are:

a. CSOs contribute to sustainable
development by increasing influence on
multinationals: People are able to
influence their own living and working
conditions (in particular in the global
South).

b. Corporate conduct and policies serve
sustainable development.

c. Government regulation serves equitable
distribution of wealth and sustainable
development.

The strategies will include:

a. Knowledge building (researching MNCs
and their supply chains).

b. Strengthening cooperation and
information-sharing among CSOs globally.
c. Building capacity of CSOs in the South.
d. Awareness raising and advocacy for policy change.

The fields of work will include:
a. Sectors and supply chains: finance, electronics, extractives, garment, food and agriculture, public services.
b. Corporate (case) research.
c. Corporate accountability: Regulation, international guidelines and principles, and voluntary engagement.

Organisational structure
A new management structure will be implemented from the start of 2011. A management team of three people will steer the organisation in six teams, four of which refer to the fields of work. The other two teams are the communication team and the support staff.

Fundraising
- SOMO succeeded in raising funds from the Dutch Ministry of Foreign Affairs for the period 2011–2015 and from the Sigrid Rausing Trust. On the basis of this funding and the running EU programmes, service delivery and network membership contributions, SOMO is able to continue with the same budget and formation.
- With the new programme funded by the Dutch Ministry of Foreign Affairs SOMO participates in two alliances:
  1) The IMPACT alliance, with Oxfam Novib as lead agent. The activities of SOMO in this alliance are focused on instruments and networks for CSR and supply chain responsibility. Other members of this alliance are: ButterflyWorks, 1%Club and Hirda.
  2) The Fair, Green and Global Alliance, with BothENDS as lead agent. The activities of SOMO and this alliance are focused on alternatives and economic reform. Other members of this Alliance are: Transnational Institute, Friends of the Earth, NiZA and Clean Clothes Campaign.

2. Sustainability
Sustainability and accountability are key elements of SOMO’s strategy and primary process. In spite of the fact that it is not possible to compare a small CSO with a large production company with its supply chain, SOMO wants to do its utmost to implement high sustainability and accountability standards in its own management systems. Over the past few years, SOMO has implemented several procedures to improve its own sustainable management:
- Travel: SOMO promotes the use of public transportation for employees. Employees travelling for work within a radius of 700 km are expected to use the train instead of the airplane. All air travel is compensated for its emissions (Greenseats).
- Purchase: in all its purchases, SOMO searches for the most sustainable option. Wherever possible, SOMO chooses Fairtrade, green or organic products. For the inventory, SOMO first tries to buy second-hand products, as far as possible.

3. Accountability
In 2006, SOMO implemented its Code of Conduct and Complaints Procedure to improve its accountability. In 2008, both the Code of Conduct and Complaints Procedure were translated into English in response to several requests. In 2010, one complaint was submitted regarding the involvement of a respondent in the review procedure. The complaint was handled in line with the procedure and the complainer was satisfied with the answers.

4. Governance
In 2008, SOMO adjusted its governance structure in line with the ‘Code Wijffels’. The governance of SOMO consists of the following elements, as described in the governance statute 2008 (Directiestatuut):
- The responsibility of the board is explicitly to oversee (toezichthonden) the organisation.
- The managing director is the only member of the directorate and together with two senior employees, the managing director forms the management team of SOMO.
- The steering committees of the networks and coalitions hosted by SOMO are responsible for the strategy and plans of the networks. The members of the network are represented in a steering committee. The management and board
of SOMO are responsible for the organisational and managerial context.

- The staff of SOMO remains the most important decision-making organ regarding strategy and annual plans.

5. Personnel

- Employment: at the end of 2010, SOMO was employing a total of 25 people (20.5 FTE).
- Contracts: 19 employees have permanent contracts; six have temporary contracts for a period of at least one year. Four freelancers are working for SOMO at the end of 2010. The caretaker (0.6 FTE) is hired from Pantar. SOMO shares an ICT manager with Both Ends and Wemos (employed by Both Ends, SOMO’s share is 0.4 FTE). SOMO trained six interns in 2010.
- Absence caused by illness: 1.8%.
- Fundraising and acquisition: The costs for fundraising consist of personnel costs and costs for consultancy: 3.8% of the time available is used for fundraising.

6. External Networks

SOMO participates in a number of ad hoc and structural coalitions and networks. For some networks, SOMO has a coordinating role. In some other networks, SOMO is a member of the steering committee. In other networks, SOMO is a member organisation. SOMO is also the lead agent for a consortium and a member of another consortium.

Host organisation (including membership of the steering committee):
1. MVO Platform
2. Coalitie voor Eerlijke handel
3. Good Electronics
4. OECD Watch

Member of the steering group:
1. Tax Justice Netherlands
2. European Coalition for Corporate Justice

EU consortia:
1. MakelITFair (SOMO is lead agent)
2. ProcureITFair (the German organisation World Economy, Ecology & Development (WEED) is the lead agent)
3. Towards Tax Justice (SOMO is lead agent)

Member of the following networks:
1. The Global Union Research Network (GURN)
2. Agribusiness Accountability Initiative
3. Our World is Not For Sale
4. Red Puentes
5. Seattle to Brussels Network
6. The Northern Alliance for Sustainability (ANPED)
7. Tropical Commodity Coalition
8. Werkgroep Duurzame Natuursteen
9. Clean Clothes Network
10. GATS Platform
11. Bank Track
12. Dutch Social Forum

For the networks and coalitions SOMO is hosting, an annual evaluation is carried out with the steering group or the members. This evaluation gives input for the new annual plan. For SOMO’s MFS programme and the two consortium programmes, a consultation is carried out every year among the programme and consortium partners to formulate a new annual plan.

E. Financial position and continuity

The financial year 2010 ended with a positive result, after taxes, of € 86.941. The result was higher than had been forecast. The budget forecast for 2010 was a positive result of € 35,000. This budget was based on commissions to which commissioning parties had actually committed themselves in April 2010. The higher result is due to an increase in the number of commissions.

With the long-term subsidy programmes, SOMO has a solid basis of commissions and income. SOMO managed to raise new funds in 2010. In 2011 the following programmes will start:
- IMPACT programme.
- Fair Green & Global programme.
- Sigrid Raising Trust funding.

In the coming years, attempts will be made to broaden the funding channels, particularly in the field of service delivery.

SOMO is following a strategy of incremental growth. To ensure both quantitative and qualitative growth, SOMO has opted for a scenario of incremental development. The current size of the
organisation is 25 employees. It is expected that two new employees will be hired in 2011.

At the time of writing this management report in April 2011, the majority of staff members are already fully occupied with the commissions that SOMO is committed to during 2011.

<table>
<thead>
<tr>
<th>Forecast 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
</tr>
<tr>
<td><strong>Government grants/contributions</strong></td>
</tr>
<tr>
<td>government grants</td>
</tr>
<tr>
<td>other contributions</td>
</tr>
<tr>
<td><strong>Professional services</strong></td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
</tr>
<tr>
<td>direct costs of professionals services</td>
</tr>
<tr>
<td>direct project costs</td>
</tr>
<tr>
<td>Personell costs</td>
</tr>
<tr>
<td>general expenses</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
</tr>
</tbody>
</table>

April 2011

Dick de Graaf (Chair of SOMO)
Ronald Gijsbertsen (Managing Director of SOMO)
Balanced Sheet as of 31 December, 2010 (after appropriation of result)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>31-12-2010</th>
<th>31-12-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>tangible fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other equipment</td>
<td>26.819</td>
<td>29.109</td>
</tr>
<tr>
<td>current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>receivables, prepayments and accrued income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>trade debtors</td>
<td>63.806</td>
<td>120.370</td>
</tr>
<tr>
<td>subsidy receivable</td>
<td>338.661</td>
<td>32.169</td>
</tr>
<tr>
<td>prepayments and accrued income</td>
<td>137.098</td>
<td>231.958</td>
</tr>
<tr>
<td></td>
<td>539.565</td>
<td>384.497</td>
</tr>
<tr>
<td>cash and bank balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.247.777</td>
<td>1.326.232</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>1.814.161</td>
<td>1.739.838</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>31-12-2010</th>
<th>31-12-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>general reserve</td>
<td>406.941</td>
<td>320.000</td>
</tr>
<tr>
<td>appropriated reserves</td>
<td>66.581</td>
<td>66.581</td>
</tr>
<tr>
<td></td>
<td>473.522</td>
<td>386.581</td>
</tr>
<tr>
<td>provision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>provision personnel</td>
<td>21.335</td>
<td>18.635</td>
</tr>
<tr>
<td>current liabilities, accruals and deferred income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>creditors</td>
<td>381.957</td>
<td>382.095</td>
</tr>
<tr>
<td>advanced payments/ advances received on subsidies</td>
<td>521.416</td>
<td>524.290</td>
</tr>
<tr>
<td>taxation and social securities</td>
<td>91.976</td>
<td>56.683</td>
</tr>
<tr>
<td>accruals and deferred income</td>
<td>323.955</td>
<td>371.554</td>
</tr>
<tr>
<td></td>
<td>1.319.304</td>
<td>1.334.622</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>1.814.161</td>
<td>1.739.838</td>
</tr>
</tbody>
</table>
## Statement of Income and Expenditure, 2010

<table>
<thead>
<tr>
<th></th>
<th>2010 realization</th>
<th>2010 budget</th>
<th>2009 realization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td>€</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>government grants/contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>government grants</td>
<td>2,056,871</td>
<td>2,381,000</td>
<td>2,311,500</td>
</tr>
<tr>
<td>other contributions</td>
<td>1,207,429</td>
<td>625,000</td>
<td>742,001</td>
</tr>
<tr>
<td></td>
<td>3,264,299</td>
<td>3,006,000</td>
<td>3,053,501</td>
</tr>
<tr>
<td>professional services</td>
<td>370,775</td>
<td>244,000</td>
<td>282,636</td>
</tr>
<tr>
<td>other income</td>
<td>8,085</td>
<td>-</td>
<td>1,405</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td>3,643,159</td>
<td>3,250,000</td>
<td>3,337,542</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td>€</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>direct project costs</td>
<td>1,916,683</td>
<td>1,540,000</td>
<td>1,743,963</td>
</tr>
<tr>
<td>direct costs of professional services</td>
<td>28,336</td>
<td>70,000</td>
<td>42,661</td>
</tr>
<tr>
<td>personnel costs</td>
<td>1,356,059</td>
<td>1,300,000</td>
<td>1,250,472</td>
</tr>
<tr>
<td>general expenses</td>
<td>233,338</td>
<td>310,000</td>
<td>207,418</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURE</strong></td>
<td>3,534,416</td>
<td>3,220,000</td>
<td>3,244,514</td>
</tr>
<tr>
<td>operating result</td>
<td>108,743</td>
<td>30,000</td>
<td>93,028</td>
</tr>
<tr>
<td>financial income and expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>interest income</td>
<td>6,786</td>
<td></td>
<td>9,000</td>
</tr>
<tr>
<td>financial expenses</td>
<td>- 6,990</td>
<td></td>
<td>- 1,899</td>
</tr>
<tr>
<td></td>
<td>- 204</td>
<td></td>
<td>7,101</td>
</tr>
<tr>
<td><strong>RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION</strong></td>
<td>108,539</td>
<td>30,000</td>
<td>100,129</td>
</tr>
<tr>
<td>taxation on ordinary activities</td>
<td>- 21,598</td>
<td></td>
<td>- 20,438</td>
</tr>
<tr>
<td><strong>RESULT AFTER TAXATION</strong></td>
<td>86,941</td>
<td>30,000</td>
<td>79,691</td>
</tr>
</tbody>
</table>
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.

Principles of valuation of assets and liabilities

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

The following fixed percentages of cost are used for depreciation:
- Computers: 20% a year;
- Office equipment: 20% a year.

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

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

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

Principles for the determination of the result

Government grants/ contributions (allowances)
Allowances are included in the statement of income and expenses in the year in which the subsidised expenses are realised.

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

Taxation
Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes.
Notes to the balance sheet as of 31 December, 2010

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>other equipment (computer/office equipment)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>purchase value at historical cost</td>
<td>89,108</td>
<td>80,188</td>
</tr>
<tr>
<td>accumulated depreciation</td>
<td>59,999</td>
<td>43,130</td>
</tr>
<tr>
<td>balance as of 1 January</td>
<td>29,109</td>
<td>37,058</td>
</tr>
<tr>
<td>movements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>investments</td>
<td>14,634</td>
<td>8,920</td>
</tr>
<tr>
<td>depreciation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>desinvestment depreciation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>balance as of 31 December</td>
<td>26,819</td>
<td>29,109</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>31-12-2010</th>
<th>31-12-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>trade debtors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>trade debtors</td>
<td>98,128</td>
<td>145,130</td>
</tr>
<tr>
<td>minus: allowance for doubtful receivables</td>
<td>34,322</td>
<td>24,760</td>
</tr>
<tr>
<td>subtotal trade debtors</td>
<td>63,806</td>
<td>120,370</td>
</tr>
<tr>
<td>subsidy receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidies Dutch Government</td>
<td>165,614</td>
<td>20,602</td>
</tr>
<tr>
<td>Subsidies European Government</td>
<td>61,651</td>
<td>40,496</td>
</tr>
<tr>
<td>Other subsidies</td>
<td>140,284</td>
<td>-</td>
</tr>
<tr>
<td>subtotal subsidy receivable</td>
<td>367,549</td>
<td>61,098</td>
</tr>
<tr>
<td>minus: doubtful subsidy receivable (projects)</td>
<td>-</td>
<td>28,929</td>
</tr>
<tr>
<td>total subsidy receivable</td>
<td>338,661</td>
<td>32,169</td>
</tr>
<tr>
<td>prepayments and accrued income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>professional services to invoice</td>
<td>91,787</td>
<td>185,738</td>
</tr>
<tr>
<td>other prepayments and accrued income</td>
<td>45,311</td>
<td>46,220</td>
</tr>
<tr>
<td>subtotal prepayments and accrued income</td>
<td>137,098</td>
<td>231,958</td>
</tr>
<tr>
<td>cash and bank balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>cash and bank balances</td>
<td>1,247,777</td>
<td>1,326,232</td>
</tr>
</tbody>
</table>

Except for 2 bank guarantees (with the sum of €83,969), all cash and bank balances are available for expenditure by SOMO.

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

<table>
<thead>
<tr>
<th></th>
<th>€</th>
<th>€</th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>begin</td>
<td>movements</td>
<td>end</td>
</tr>
<tr>
<td></td>
<td>financial year 2010</td>
<td>2010</td>
<td>financial year 2010</td>
</tr>
</tbody>
</table>

#### Equity

- **General Reserve**
  - 320,000
  - 86,941
  - 406,941
- **Appropriated Reserve Housing**
  - 30,000
  - -
  - 30,000
- **Appropriated Reserve Organization Development**
  - 36,581
  - -
  - 36,581

**Total Equity**

- 386,581
- 86,941
- 473,522

#### Provision

- **Provision Personnel**
  - 18,635
  - 2,700
  - 21,335

#### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>€</th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31-12-2010</td>
<td>31-12-2009</td>
</tr>
</tbody>
</table>

#### Creditors

- **Creditors**
  - 145,889
  - 163,849
- **Contract Obligations Project Partners**
  - 236,068
  - 218,246

**Total Creditors**

- 381,957
- 382,095

#### Advanced Payments/Advances Received on Subsidies

- **Advanced Received on Subsidies Dutch Government**
  - -
  - 151,907
- **Advanced Received on Subsidies European Government**
  - 258,397
  - 124,414
- **Advanced Received on Other Contributions**
  - 263,019
  - 247,969

**Total Advanced Payments/Advances Received on Subsidies**

- 521,416
- 524,290

#### Taxation and Social Securities

- **Taxation (Corporate Tax)**
  - 4,284
  - 4,060
- **Tax Dividend**
  - -
  - 6
- **Value Added Tax (V.A.T)**
  - -
  - 7,469
  - -
  - 5,176
- **Social Securities (Payroll Tax)**
  - 95,167
  - 47,441

**Total Taxation and Social Securities**

- 91,976
- 56,683

#### Accruals and Deferred Income

- **Pension Contributions**
  - -
  - 885
  - 8,760

#### Other Accruals and Deferred Income

- **Project Related Expenses**
  - 3,310
  - 3,310
- **Holiday Days**
  - 119,351
  - 97,304
- **13th Month**
  - -
  - 72,494
- **Services, Auditing, Controlling and ICT**
  - 70,733
  - 50,133
- **Other**
  - 131,446
  - 139,553

**Total Other Accruals and Deferred Income**

- 324,840
- 362,794
- 323,955
- 371,554
Reservations
In 2007 SOMO started a general housing reservation. This first year € 20,000 was added to this reserve. SOMO will add € 10,000 to this reserve annually from any positive results that exceed the result needed to reach the necessary general reserve.

The necessary amount as general reserve equals fifty percent of the fixed annual personnel costs (gross salary, social charges, allowances, pension) of the employees with a contract for an indefinite period (the norm on 31 December 2010 would be: € 442,000). Any residual positive results will be added to the reserve for organisational development and can be used for different types of projects serving the goals of SOMO. This reserve can be used to hire extra capacity when needed, or to start research for which there are no funds available yet but which must start at a particular moment for reasons of urgency. In addition to this kind of strategic deployment, this reserve can also be used for investments in infrastructure to improve sustainable cooperation with partners in the North or South.

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

SOMO started a capital account in 2007 related to the Postbank account for bank guarantees. At the end of 2009, the total sum of bank guarantees is € 83,969. This amount refers to 2 bank guarantees. The first one (€ 26,275) relates to the lease for the building of SOMO at Sarphatistraat 30 in Amsterdam (rent in 2009: € 53,957) The second bank guarantee (€ 57,694) was required by the European Commission in order to receive advanced payments of a subsidy. The lease for Sarphatistraat 30 SOMO signed in 2007 starts from 1 July 2007 – 30 June 2012.

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

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

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td><strong>government grants</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>subsidies Dutch government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry of Foreign Affairs</td>
<td>1.207.047</td>
<td>1.250.815</td>
</tr>
<tr>
<td>Ministry of VROM</td>
<td>22.150</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>1.229.197</td>
<td>1.250.815</td>
</tr>
<tr>
<td>subsidies European governments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DG Europe Aid</td>
<td>757.537</td>
<td>1.001.099</td>
</tr>
<tr>
<td>DG Employment and Social Affairs</td>
<td>70.137</td>
<td>59.586</td>
</tr>
<tr>
<td></td>
<td>827.674</td>
<td>1.060.685</td>
</tr>
<tr>
<td>other contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Network Contributions</td>
<td>1.015.616</td>
<td>666.979</td>
</tr>
<tr>
<td>Capacity building and awareness raising subsidies</td>
<td>191.812</td>
<td>75.022</td>
</tr>
<tr>
<td></td>
<td>1.207.428</td>
<td>742.001</td>
</tr>
<tr>
<td>total income government grants and contributions</td>
<td>3,264,299</td>
<td>3,053,501</td>
</tr>
<tr>
<td>professional services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>professional services</td>
<td>370.775</td>
<td>282.636</td>
</tr>
<tr>
<td>total income professional services</td>
<td>370.775</td>
<td>282.636</td>
</tr>
</tbody>
</table>

**Fundraising**

The total of income received not from own fundraising of SOMO but as part of co-funding of project partners for 2010 is €275,142.
### Direct Project Costs

<table>
<thead>
<tr>
<th>Expense</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel costs</td>
<td>204,190</td>
<td>225,399</td>
</tr>
<tr>
<td>Office expenditure</td>
<td>41,442</td>
<td>20,126</td>
</tr>
<tr>
<td>Telephone and postage</td>
<td>7,829</td>
<td>6,737</td>
</tr>
<tr>
<td>Printed matter</td>
<td>87,182</td>
<td>108,327</td>
</tr>
<tr>
<td>Contracted work</td>
<td>1,508,954</td>
<td>1,284,309</td>
</tr>
<tr>
<td>Other direct project costs</td>
<td>67,086</td>
<td>89,065</td>
</tr>
</tbody>
</table>

**Total Direct Project Costs:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,916,683</td>
<td>1,743,963</td>
</tr>
</tbody>
</table>

### Direct Costs of Professional Services

<table>
<thead>
<tr>
<th>Expense</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct costs of professional services</td>
<td>28,336</td>
<td>42,661</td>
</tr>
</tbody>
</table>

**Total Direct Costs of Professional Services:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28,336</td>
<td>42,661</td>
</tr>
</tbody>
</table>

### Personnel Costs

<table>
<thead>
<tr>
<th>Expense</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>947,094</td>
<td>784,948</td>
</tr>
<tr>
<td>Social securities</td>
<td>170,201</td>
<td>127,939</td>
</tr>
<tr>
<td>Pension contributions</td>
<td>85,401</td>
<td>128,084</td>
</tr>
<tr>
<td>Expenditure employee saving scheme</td>
<td>2,668</td>
<td>2,154</td>
</tr>
</tbody>
</table>

**Total Personnel Costs:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,433,308</td>
<td>1,287,112</td>
</tr>
</tbody>
</table>

### General Expenses

<table>
<thead>
<tr>
<th>Expense</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services (advice, auditing, controlling)</td>
<td>63,905</td>
<td>53,214</td>
</tr>
<tr>
<td>Literature, website, internet and databank</td>
<td>37,768</td>
<td>38,083</td>
</tr>
<tr>
<td>ICT (software and hardware)</td>
<td>52,547</td>
<td>45,866</td>
</tr>
<tr>
<td>Housing expenditure</td>
<td>20,010</td>
<td>14,018</td>
</tr>
<tr>
<td>Depreciation</td>
<td>16,924</td>
<td>16,869</td>
</tr>
<tr>
<td>Building expenditure (rent/energy)</td>
<td>62,101</td>
<td>63,540</td>
</tr>
<tr>
<td>Other general expenses</td>
<td>61,782</td>
<td>65,269</td>
</tr>
</tbody>
</table>

**Total General Expenses:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>315,037</td>
<td>296,859</td>
</tr>
</tbody>
</table>

### Personnel Costs

At the end of 2010, SOMO was employing a total of 25 people (20,5 FTE). The gross annual salary for the managing director for 2010 was € 66,125 (36 hours a week).

The liabilities regarding the 13th month reported in 2009 under 13th month (other accruals and deferred income) are reported in 2010 under social securities (payroll tax) (taxation and social securities) and salaries (other accruals and deferred income).
Explanation of differences between realisation and budget 2010

The positive result in 2010 is higher than budgeted. The budgeted result 2010 was € 30.000 before taxation. The positive result is € 86,941. The differences can be explained by several causes. The most important reason is the turnover out of services. The daily tariff used in service delivery is higher than the tariff used in grant projects. Secondly, absenteeism was low (1,8%). In 2010 the amount of projects exceeded the expectations. To be able to carry out these additional projects the staff of SOMO worked overtime and extra capacity was recruited on temporary basis. The fixed costs did not rise.
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 2010
The result after taxation 2010 is € 86,940 positive (2009: € 79,691 positive). The board of SOMO has decided to add this result to the general reserve.

Independent auditor’s report
INDEPENDENT AUDITOR’S REPORT

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

We have audited the accompanying financial statements 2010 of Stichting Onderzoek Multinationale Ondernemingen (SOMO), Amsterdam, which comprise the balance sheet as at 31 December 2010, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management’s responsibility
Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the director’s report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements
In our opinion, the financial statements give a true and fair view of the financial position of Stichting Onderzoek Multinationale Ondernemingen (SOMO) as at December 31, 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Amsterdam, 29 April 2011

Dubois & Co. Registeraccountants

Origineel getekend door:
C. Offerman en R.W.J. Bruinooije

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

Oranje Nassaulaan 1
1075 AH Amsterdam
Postbus 59258
1007 XX Amsterdam

Telefoon 020 577 33 45
Telefax 020 664 21 67
E-mail info@dubois.nl
www.dubois.nl
KvKnummer 3433685