



SOMO
Annual Report
2016

Colophon



Stichting Onderzoek Multinationale Ondernemingen
Centre for Research on Multinational Corporations

Annual Report 2016

Text by: *Paige Shipman (PAiGES)*

Cover image, design and layout by: *Zeppa*.

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

SOMO's address

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

No. 41223308 in the Amsterdam Trade Register

Table of Contents

About Somo	4	Organisational Development	64
Director's Report	9	• Changes	65
Introduction	10	• Sustainability and accountability	67
Highlights	12	• Governance and organisational structure	69
Part I SOMO as Knowledge Centre	24	• Human Resource Management	70
• Sustainable Supply Chains	25	• Forecast 2017	73
• Economic Justice	28	Report from the Supervisory Board	74
• Rights, Remedy & Accountability	32	Financial Statements 2016	79
• Democratic Control over Natural Resources	35	• Balance sheet as of 31st December, 2016	80
Part II SOMO & NGO Networks	40	• Statement of income and expenditure, 2016	81
SOMO as a member		• Accounting principles for financial reporting	82
and host of NGO Networks	41	• Notes to the balance sheet	83
• MVO Platform	42	• Notes to the statement and expenditure	88
• OECD Watch	43	• Explanation of differences between realisation and budget, 2016	95
• GoodElectronics	44	Other information	96
SOMO as a Member of Consortia	48	• Benefits	96
• Partnership with Oxfam Novib	49	• Expenses	96
• Fair Green Global Alliance	50	• Appropriation of result 2016	96
• ECCJ	51	• Independent auditor's report	98
• Towards Tax Justice	51		
Part III SOMO Services to CSOs	53		

About SOMO

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

MISSION

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

VISION

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

ANALYSES

SOMO PROVIDES ANALYSES, EVIDENCE AND SERVES AS WATCHDOG

CAPACITY BUILDING

SOMO PROVIDES CAPACITY BUILDING

NETWORK

SOMO HOSTS AND PARTICIPATES IN NETWORKS

LOBBYING & ADVOCATING

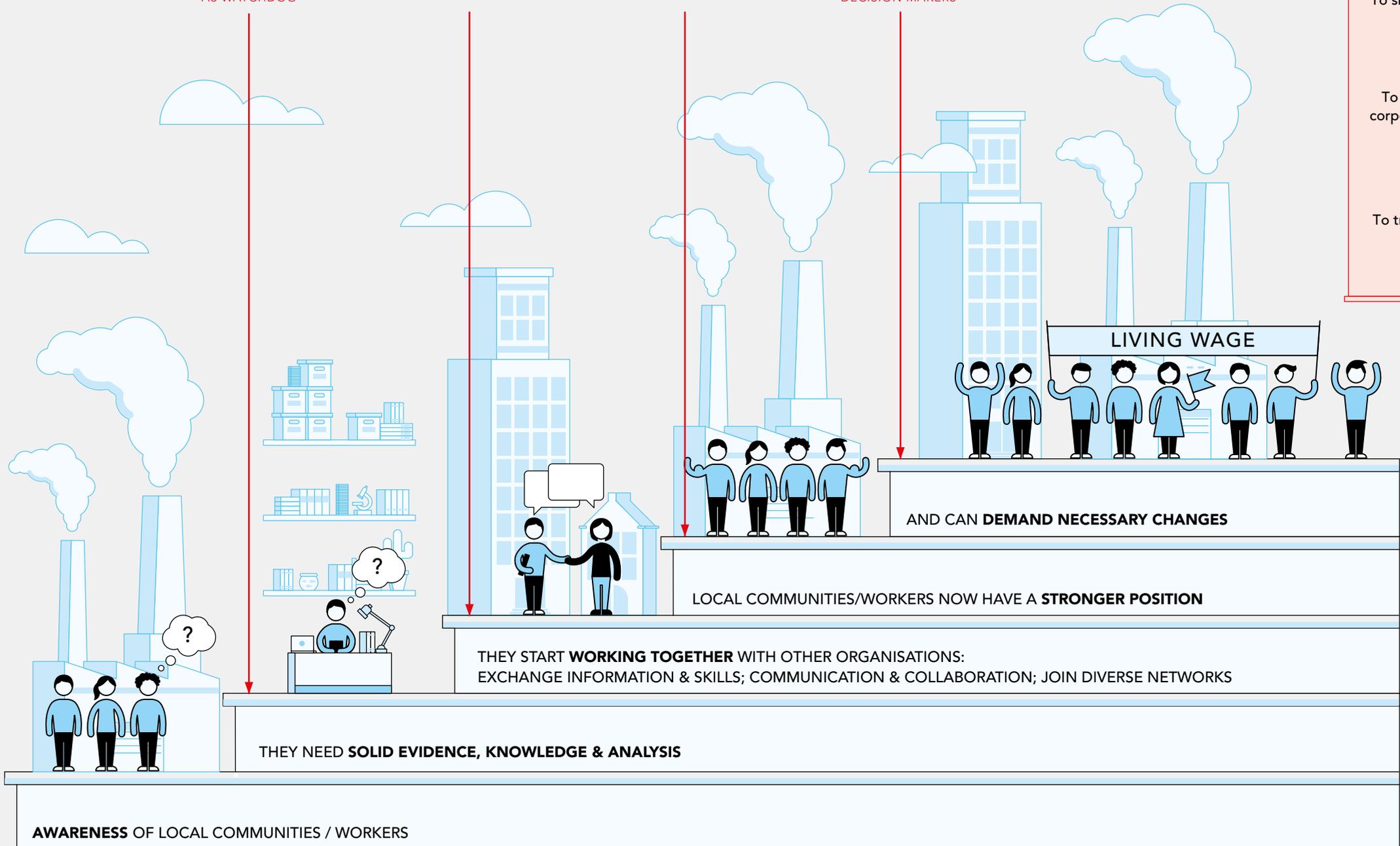
SOMO LOBBIES AND ADVOCATES TOWARDS DECISION MAKERS

& OUTREACH

SOMO CONDUCTS OUTREACH

SOMO WANTS:

- 1 To shape public discourse and opinion
- 2 To redefine the role of corporations through laws and regulations
- 3 To try alternative policies and practices



Director's report



INTRODUCTION

It is a great pleasure to present SOMO's 2016 annual report and our progress on the admittedly long path to realising the socially just and sustainable economic system we envision. In 2016 we worked with civil society organisations across the globe to raise awareness, shape public discourse and opinion, and push for important changes in the policies and practices of governments and corporations. SOMO's persistent attention to the issue of tax justice, for example, has borne fruit: our research and outreach has helped put this seemingly obscure issue high on the public agenda. The same goes for the debate on fair trade and investment regulation, as seen in the broad-based opposition to TTIP and CETA. We also drew attention to new topics like working conditions in Myanmar's burgeoning garment industry and child labour in mica and gold supply chains. We saw positive steps being taken by development banks to improve access to remedy for adversely affected communities and workers. And we saw an increase in pressure on corporations – including new EU regulation – to take responsibility for their mineral supply chains and to take steps to prevent trade being linked to conflict or human rights abuses. Both changes are a result of long-term, concerted efforts by SOMO and our many allies.

We are proud of our contribution to these changes. Yet we know we face significant challenges. Power imbalances have not changed. The space for civil society to make its voice heard is shrinking. Human rights defenders are facing increased threats. Populists around the world can be heard criticising the global economy in terms similar to our own, yet for fundamentally different reasons. They seem to accept the coupling of political and business interests, and to support increased competition and conflict. Our challenge is to reach out to new and unsuspecting audiences to spread our message loud and clear: we envision a global economic system in which democratic processes respect all voices, the public interest has precedence over corporate profits, and the world's resources are democratically controlled and sustainably used.

The year 2016 can be seen as the beginning of a new era for SOMO. We launched implementation of our new strategic plan, Evidence for Empowerment and Accountability (2016-2020). The plan lays out our ambitions and strategies for creating a just global economic system in which civil society has the power to hold multinational corporations and governments to account. The plan also features a clear strategy for building a strong and vibrant SOMO. Our new website, launched in May, is just one example of how we are now working to achieve our goals. We replaced what was essentially an online database of publications with a lively and engaging website that links breaking news to our research and analyses – describing both the background and the big picture in new and creative ways. We have integrated social media into all our communications and are making better use of visual images – videos, photos, infographics and the like – to tell our story to a broader audience.

We began working with a more focused and consolidated programme structure (four programmes instead of seven) and a new Supervisory Board (Raad van Toezicht). It was also the beginning of our participation – with the Fair, Green and Global Alliance and Oxfam Novib – in five-year strategic partnerships with the Dutch Ministry of Foreign Affairs. The strategic partnerships, which are aimed at strengthening the lobbying and advocacy capacity of civil society in low- and middle-income countries, provide SOMO with increased contact and engagement with the Ministry on many key issues, as well as long-term funding. In 2016 we were also pleased to receive support from two new donors.

In all of our work, cooperation is fundamental. None of the results described in this report were the work of SOMO alone. We see ourselves as an essential piece of a larger puzzle that includes civil society organisations and networks of diverse shapes and sizes in all corners of the globe. SOMO engages in what we call 'mutual capacity building' with our partners and allies. We are committed to a reciprocal and respectful exchange of knowledge,

skills, and strategies that recognises each other's expertise and benefits all organisations involved.

Being more explicit about our commitment to mutual capacity building means we also need to reflect on it. To that end, we held a strategy conference in September with partners and allies from Argentina, Brazil, the Democratic Republic of Congo (DRC), India, Indonesia and the Brussels-based network Eurodad. The input we received reinforced our conviction that mutual capacity building is the right approach. As one participant put it, organisations in the global South have a global – not just a local – perspective. They often have a much better understanding of global dynamics than we do.

In all of our work, cooperation is fundamental

Our partner in the DRC confirmed the value of SOMO's ways of working and the interlinkages between our work at multiple levels – collaborating with local organisations in the global South to inform people about their rights based on international normative frameworks; researching and publishing accounts of rights violations and people's attempts to claim their rights; and contributing to collective lobbying and advocacy to improve those very same frameworks.

It is also clear that groups greatly appreciate our research. SOMO is very sensitive to the fact that exposure of human rights violations can have an adverse impact – for example dismissal, harassment or repression – on the very people we aim to support. We deal with this by being transparent about these risks, collaborating closely with local organisations, hiring and training local researchers and guaranteeing the anonymity of our sources.

Given this dilemma, we were very pleased to read an independent report by researchers at the University of Newcastle and RMIT University in Australia that evaluated our work, conducted over several years, with Tirupur Peoples Forum and India Committee of the Netherlands on forced labour in Tamil Nadu's garment industry. Based on interviews with local organisations, the researchers concluded that 'SOMO and ICN had established a close working relationship (with local NGOs) based on mutual respect'. They described the relationship as 'mutually beneficial and collaborative' and concluded that our strategy worked: 'the local NGOs have been effective in maintaining their campaign activities, and information provided by local NGOs has assisted SOMO and ICN to produce high profile reports and maintain pressure on global brands and Indian suppliers. The trust established in this collaboration has strengthened the capacity of NGOs locally and internationally to maintain the campaign momentum'. Equally important, the researchers found that 'local NGOs did not blame SOMO' when there was a temporary loss of work due to companies that 'cut and run' after being publicly linked to forced labour.

Needless to say, this was music to our ears. It shows that our approach works: mutual capacity building, linking the local to the global, and generating the evidence for empowerment and accountability is the right way to bring about the change we seek. I invite you to read more about the results of our work in the pages that follow.

Ronald Gijsbertsen
Managing Director

Highlights

Progress towards SOMO's objectives in 2016

Knowledge is a powerful driver of change. To achieve lasting change, knowledge should be integrated in all kinds of actions, from awareness-raising to case support of complaints. This is the work of SOMO: to integrate knowledge with action. Achievements toward SOMO's three objectives are possible through close cooperation with hundreds of partners and allies, working together in coalitions and networks toward common goals. Each result represents years – sometimes decades – of work. A simple activity focused on a seemingly narrow topic may evolve into a global campaign involving a wide range of stakeholders, which create the pressure for real change. SOMO's contribution to these achievements varies: most were collective efforts with other organisations and within networks.

Critical awareness raised

- As part of the StopTTIP alliance, we organised The Big #TTIPalarm Festival, which brought together more than 250 citizens and activists from across the Netherlands to debate and discuss TTIP and the possibilities for an alternative trade framework.
- The report *A structural problem in the shadows: lobbying by banks in the Netherlands* raised critical awareness about how Dutch banks are influencing decisions around financial laws.
- We hosted a sold-out public discussion about the Netherlands' role in international tax corporate tax avoidance. More than 120 people, including concerned citizens and representatives of accountancy and financial firms, attended the event.
- The report *Cobalt blues: Environmental pollution and human rights violations in Katanga's copper and cobalt mines* informed the electronics industry and other stakeholders about severe, structural problems in the cobalt mines of the Democratic Republic of Congo.
- The joint report *Industry-sponsored clinical drug trials in Egypt: Ethical questions in a challenging context* drew attention to corporate violations of international ethical standards and raised key questions about the drug trial consent process

Agenda setting

- A stakeholder meeting helped put the issue of working conditions on the agenda of food-related sustainability certification schemes which focus primarily on environmental or other social issues.
- The report *Profiting from dependency: Working conditions of Polish migrant workers in the Netherlands and the role of recruitment agencies* helped ensure that the Dutch government remained attentive to the problem.
- Thanks to the joint report *Glass Half Full? The State of Accountability in Development Finance* and well-coordinated advocacy by its co-authors, access to remedy is now firmly on the agenda of development finance institutions.
- SOMO's work on disengagement – whether, when and how companies and investors should end a problematic business relationship – caught the attention of many stakeholders. The Ministry of Foreign Affairs invited SOMO to present a workshop, 'Disengagement as a tool in due diligence', at a stakeholder meeting involving 150 participants.

Strengthened CSOs

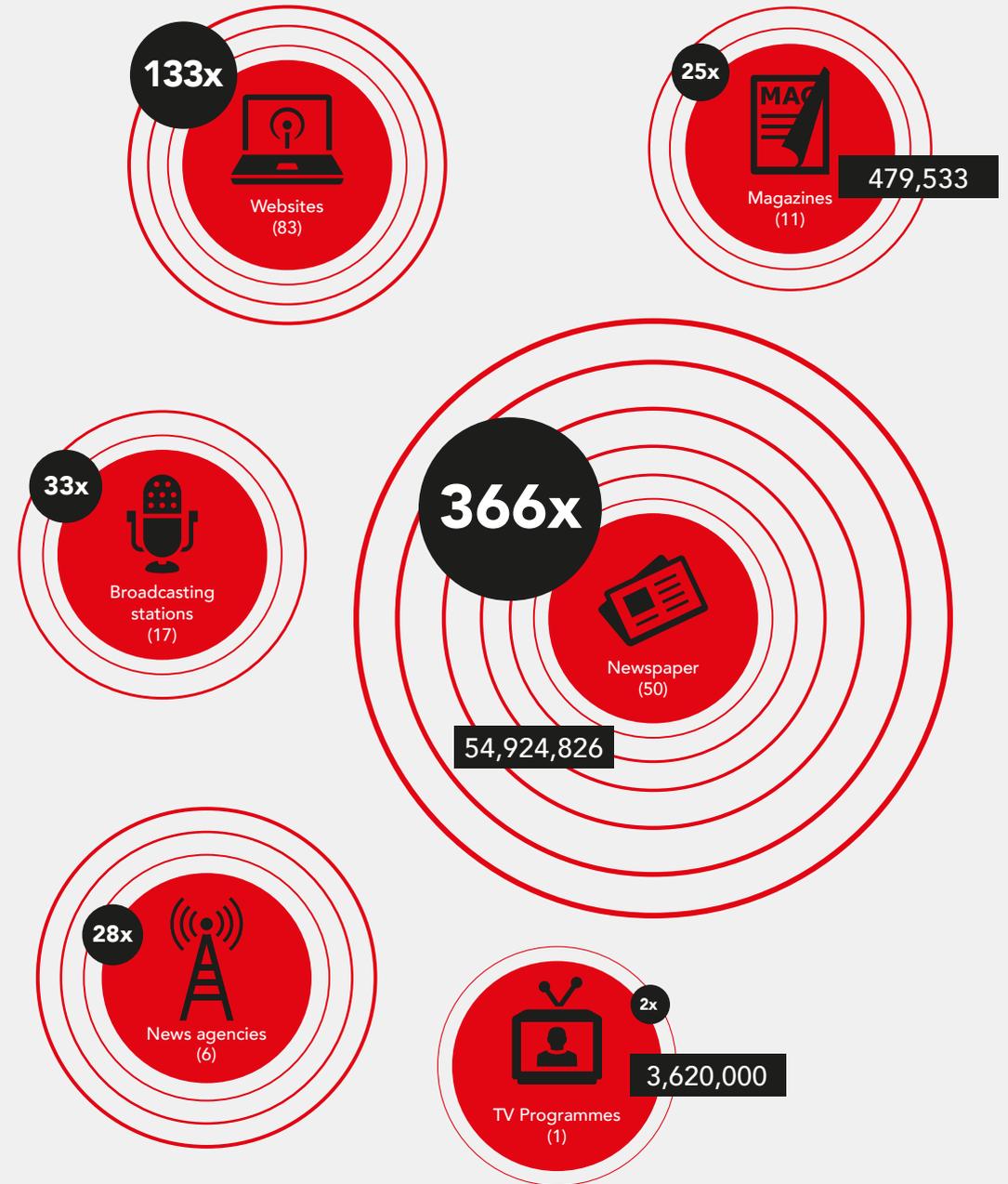
- SOMO partners Indonesia for Global Justice and Cividep strengthened their knowledge and engagement in processes related to a UN treaty on transnational corporations.
- Indepaz, SOMO's partner in Colombia, presented a joint report on the Pacific Exploration and Production Corporation at a meeting attended by government policymakers and representatives of the state oil company. The event and the report received significant public and media attention in Colombia.
- The intense collaboration between SOMO and the ten co-authors of *Glass Half Full?* contributed to the development of a stronger, more unified civil society voice calling for greater accountability mechanisms of development finance institutions.

Stronger and wider alliances

- SOMO helped launch a new coalition, Lobby-watch Nederland, which is pushing for greater transparency. The coalition involves FGG members TNI and Milieudefensie, as well as Transparency International Nederland, Food-watch and others.
- Along with other members of the Treaty Alliance (Bread for the World, Friends of the Earth Europe and Coopération Internationale pour le Développement et la Solidarité), SOMO co-organised a legal seminar about a UN treaty on transnational corporations. The seminar helped strengthen knowledge about key issues related to a treaty and options for justice.
- MVO Platform and the Dutch government, together with the European Coalition for Corporate Justice and the European and the Network of National Human Rights Institutes (ENNHRI), co-organised a pan-European multi-stakeholder conference, 'EU Roadmap to Business and Human Rights'. SOMO was an organising partner and presented several workshops at the conference, which was attended by 250 people.

Improved policies of governments and companies

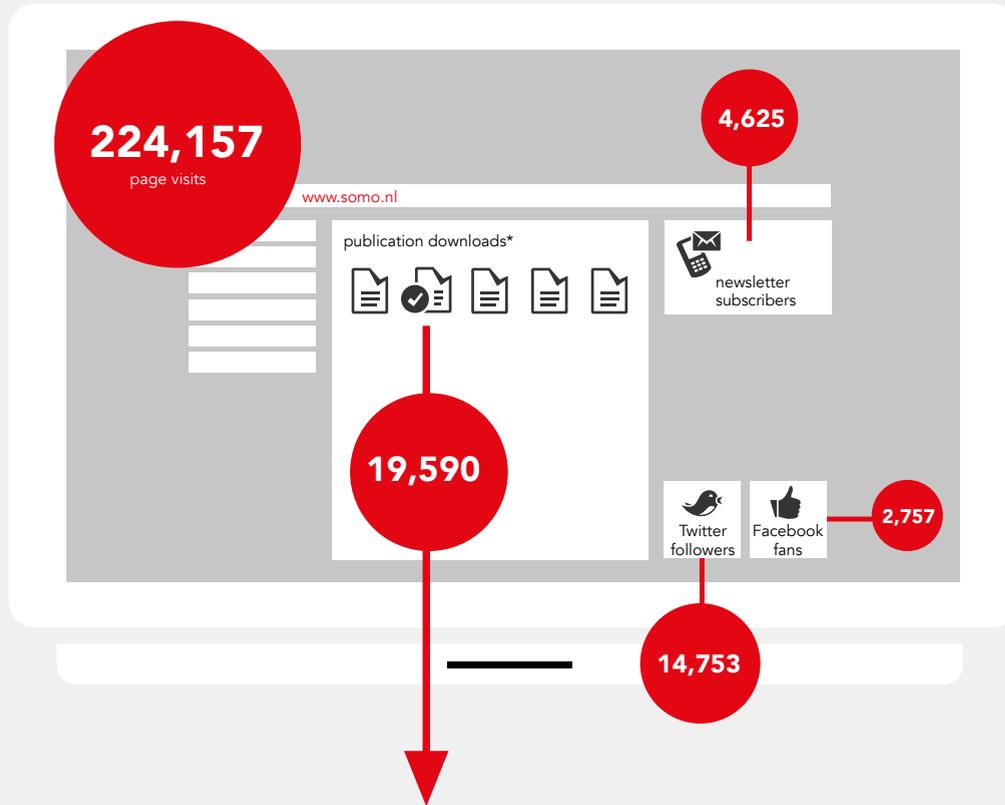
- The Dutch Parliament adopted two motions calling on the government to support full and public country by country tax reporting within the EU.
- Philips publicly acknowledged that social auditing has failed to result in sustained improvement in working conditions. The company requested SOMO's input into a new approach to factory monitoring.
- The European Parliament called for framework legislation to address income and power imbalances in the food supply chain.
- Dutch development bank FMO finally agreed to divest from the Agua Zarca dam after several people affiliated with its client were charged in connection with the murder of Berta Cáceres.
- The EU Foreign Affairs Council adopted conclusions on business and human rights which included strong language on the need for access to remedy and effective grievance mechanisms.
- The International Finance Corporation (IFC) finally divested from a dangerous mining project in Colombia which threatens a high-altitude ecosystem that provides water to millions of people.
- New EU legislation, the first of its kind, requires certain companies to take measures to prevent trade in four conflict minerals.
- The Dutch Parliament adopted a motion calling on the government to ensure transparency and corporate social responsibility in the issuance of export credit insurance was adopted.



X = number of mentions

XXX,XXX = individuals reached

The small number in brackets indicates the number of different titles regarding the media outlet. The number in black indicates the amount of mentions we got. The numbers are based on our own searches and can only give a rough indication of the way our publications and news was picked up by the press in the Netherlands and worldwide.

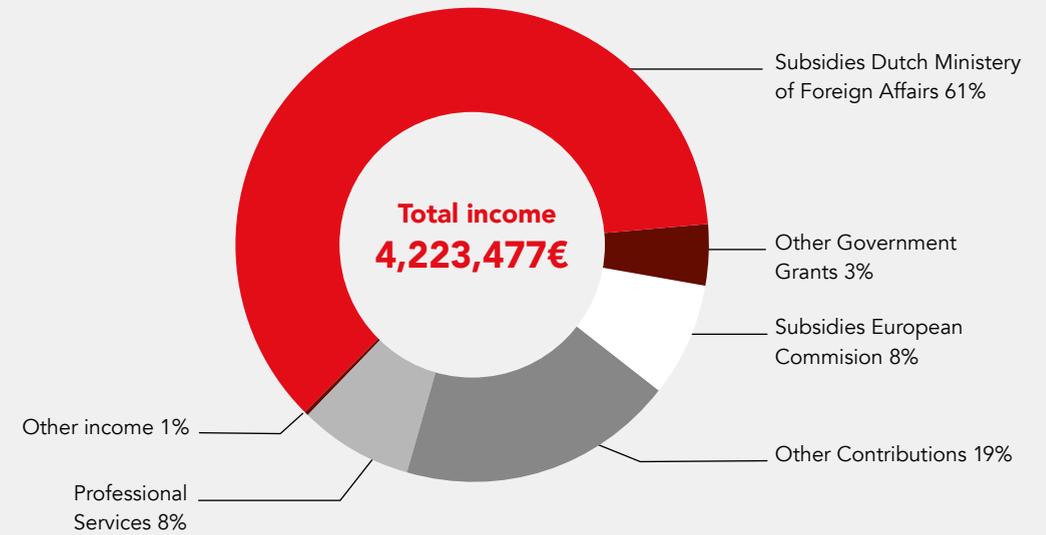


TOP 10 NEWS COVERAGE

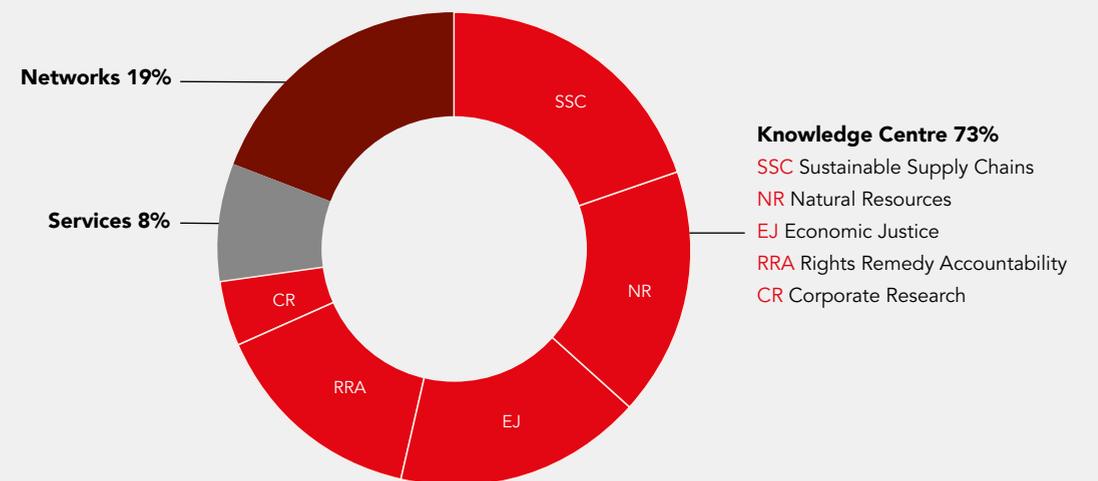
1 Grote bedrijven, Kleine lasten (report for FNV)	6 Interne overheidsdocumenten leggen belastinglobby bloot (research for Oxfam Novib)
2 Kortsluiting op de groene energiemarkt (report for Greenpeace)	7 A Structural problem in the shadows
3 Dredging in the dark	8 Survival of the richest
4 Cobalt blues	9 Profiting from dependency
5 Beauty and a beast (report for Terre des Hommes)	10 Verantwoorde mijnbouw: Conflictgrondstoffen

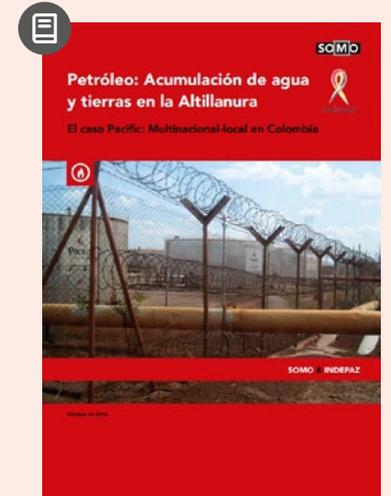
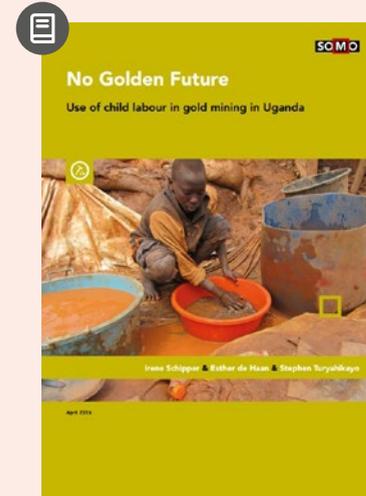
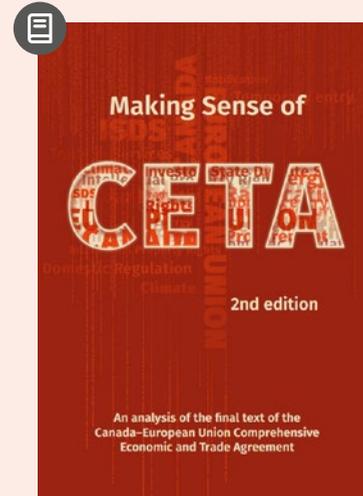
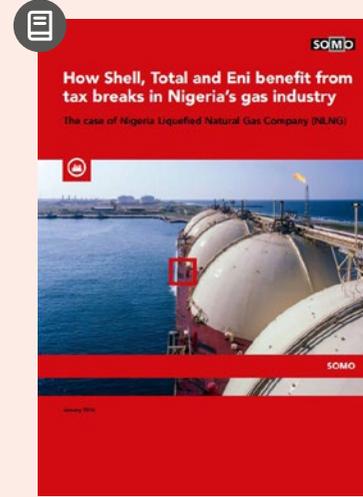
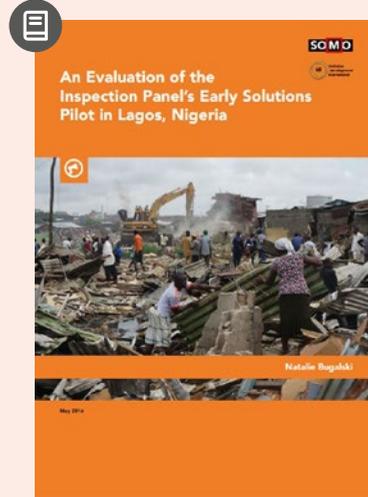
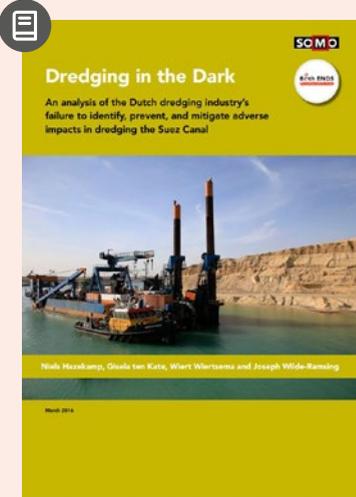
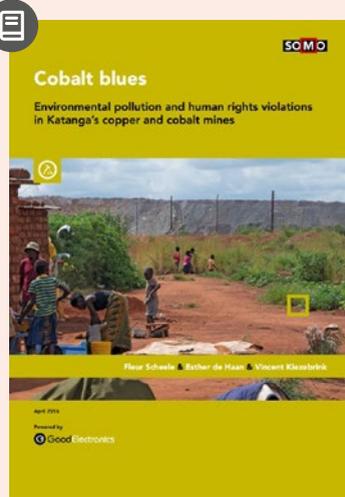
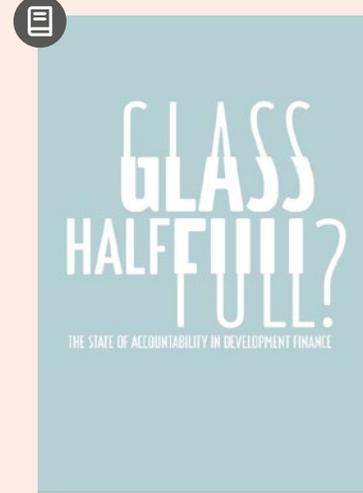
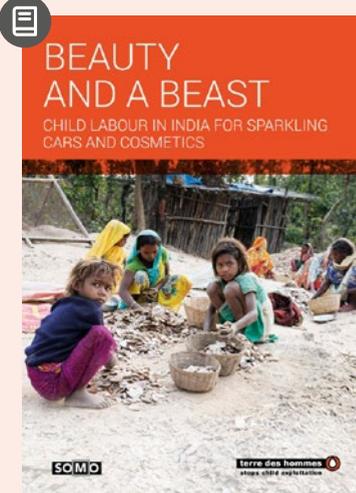
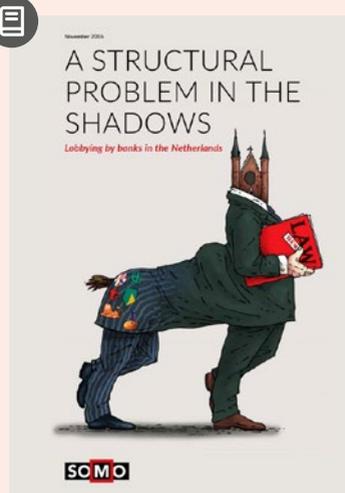
* Considering the number of downloads, we were not able to measure for nearly half of the year, due to technical problems.

INCOME BY FUNDING SOURCE



DIVIDED OVER SOMO'S 3 TYPES OF WORK





GoodElectronics **SOMO**



The Poisonous Pearl

Occupational chemical poisoning in the electronics industry in the Pearl River Delta, People's Republic of China

Authors: Labour Action China (LAC), Labour Education and Service Network (LESN), Centre for Research on Multinational Corporations (SOMO)

Supported by: Direct for All/State Catholic Centre Fund

September 2016

GoodElectronics **SOMO**

Profiting from dependency

Working conditions of Polish migrant workers in the Netherlands and the role of recruitment agencies



Katrin McGowan, Esther de Haan, Fleur Scheele, Franck Wijnant

GoodElectronics **SOMO**

Reality Check

The gender dimensions of the impact of multinational companies' operations in fragile and conflict-affected areas – Guidance for research



Introduction

Private sector and gender in conflict-affected areas

Researching the impacts of multinationals

GoodElectronics **SOMO**

Multinational corporations in conflict-affected areas

Risks and challenges around human rights and conflict



Introduction

Business development and peace building

GoodElectronics **SOMO**

Should I stay or should I go?

Exploring the role of disengagement in human rights due diligence



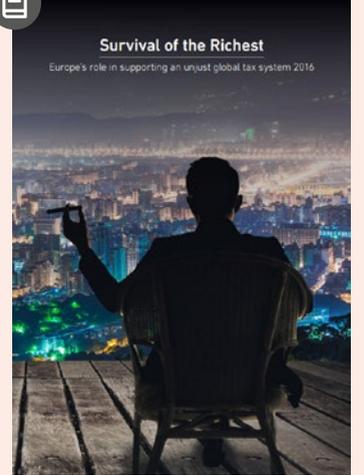
Introduction

The two most authoritative international instruments

GoodElectronics **SOMO**

Survival of the Richest

Europe's role in supporting an unjust global tax system 2016



GoodElectronics **SOMO**

Research Methodology

Calculating the effective tax rates of large Dutch companies and identifying tax avoidance



Indira Rømgren, Tim Stainweg

GoodElectronics **SOMO**

Responsible Mining

Cobalt

This factsheet is based on three SOMO reports:

- Cobalt: Black Environmental pollution and human rights violations in Katanga's copper and cobalt mines (SOMO, April 2015)
- Human rights abuses in the Democratic Republic of the Congo: power the global trade in cobalt (January - January 2016)
- Katanga Calling, Complex Cobalt and Consumer Electronics (Friends of the Earth Netherlands/SOMO) - December 2015

April 2016

GoodElectronics **SOMO**

Responsible Mining

Conflict minerals

This factsheet is based on three SOMO reports:

- Multinational corporations in conflict-affected areas (December 2015)
- There is more than TPO (January 2016)
- Conflict due diligence by European companies (November 2015)

April 2016

GoodElectronics **SOMO**

THE IMPACT OF LETTERBOX-TYPE PRACTICES ON LABOUR RIGHTS AND PUBLIC REVENUE

FOUR CASE STUDIES ON THE USE OF LETTERBOX COMPANIES AND CONDUIT ENTITIES TO AVOID LABOUR LAWS, SOCIAL PREMIUMS AND CORPORATE TAXES



GoodElectronics **SOMO**

TISA

TRADE IN SERVICES AGREEMENT



GoodElectronics **SOMO**

Responsible mining

Gold

Fact sheet based on SOMO report: Gold from children's hands (April 2014)



GoodElectronics **SOMO** **milieudefensie**

Responsible Mining

Tin

This factsheet is based on two Friends of the Earth reports:

- Gold portraits of tin mining in Bangka Belitung, Indonesia (December 2014)
- Mining for smartphones: the true cost of tin (December 2015)

April 2016

GoodElectronics **SOMO**

RETHINKING BILATERAL INVESTMENT TREATIES

CRITICAL ISSUES AND POLICY CHOICES



EDITED BY KAVAJET SINGH AND BURGHARD ILGE

Both Ends **M** **SOMO**



Part I: SOMO as Knowledge Centre

SOMO as Knowledge Centre

SOMO's own research is organised into four programmes, which are targeted at achieving sustainable change and strengthening cooperation. We seek to offer social organisations worldwide, especially those in the Global South, the opportunity to promote sustainable alternatives and to provide a counterweight to unsustainable strategies and practices of multinational corporations.

Sustainable Supply Chains

Together with trade unions and civil society organisations, SOMO presses for the promotion and protection of the rights of workers, individuals and communities, and environmental standards in all stages of supply chains. SOMO pushes for regulation, policies and practices that ensure decent work and sustainability, including binding corporate accountability mechanisms and a leading role for workers in monitoring workplace conditions. The programme focuses on key sectors – garments and textiles, electronics, food and agriculture, and pharmaceuticals – as well as key issues that cut across supply chains, like precarious work and the specific problems faced by vulnerable groups of workers, including migrants, women, children and indigenous people.

GARMENTS

In 2016 SOMO launched an intensive collaboration with two new partners in Myanmar, Action Labor Rights (ALR) and Labour Rights Defenders and Promoters (LRDP). Since the European Union lifted economic sanctions against Myanmar in 2013, the country's garment industry has grown explosively. Unfortunately, the sector's structural problems have accompanied it. Violations of freedom of association, poverty wages and excessive working hours are already rife and, in the frenzy to build factories, companies are also ignoring land rights. Collaborative research by SOMO and its partners reveals that brands are not adequately preventing, identifying or remediating the adverse human rights impacts of their business in Myanmar. SOMO researcher Martje Theuws spent three months in Yangon to develop an in-depth understanding of the local context and to closely work with partners to investigate labour rights issues in the country. SOMO, ALR and LRDP co-organised several training sessions to develop the skills and knowledge of a team of researchers responsible for interviewing workers. Close collaboration and regular contact between SOMO, ALR, LRDP and the team of interviewers enabled adaptation of research tools

to suit specific contexts. A report – among the first to probe into labour issues in the country's new garment industry – will be published in 2017. In the Netherlands, SOMO made its critical voice heard in relation to the Sustainable Garment and Textile Sector Agreement (Convenant Duurzame Kleding & Textiel), signed in July. The agreement is the first in a series of sectoral agreements facilitated by the Dutch government which are aimed at promoting responsible business conduct. SOMO brought attention to the essential need for involvement of local unions and organisations in the agreement and for independent monitoring of improvement efforts. SOMO commended the signatories for making a commitment to tackle problems in the industry and welcomed language in line with the OECD's draft Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector – for which it had advocated. But SOMO made clear to the public and decision-makers alike that without local participation and independent monitoring – fundamental components for an effective agreement – the final outcome falls short of what is needed. The critique, shared by Fair, Green and Global Alliance partner Clean Clothes Campaign, was reported widely in the Dutch media.

Need for involvement of local unions

ELECTRONICS

SOMO's expertise in corporate research and supply chain accountability has been critical to efforts to improve conditions in the electronics industry. In close collaboration with the GoodElectronics Network, SOMO has drawn attention to the urgent need for responsible use of chemicals and sourcing of minerals by electronics companies (see page 44). In 2016 SOMO continued its collaboration with partners African Resources Watch (Afrewatch), Action Against Impunity for Human Rights (ACIDH)

and PremiCongo to examine the impact of cobalt mining in the Democratic Republic of Congo (DRC). The electronics industry is a key consumer of cobalt, which is used to make rechargeable batteries for smartphones, laptops and electric vehicles. In April, SOMO published a comprehensive report based on both new and existing evidence, *Cobalt blues: Environmental pollution and human rights violations in Katanga's copper and cobalt mines*. The report showed that the problems of cobalt mining, including air and water pollution and forced evictions, are both serious and structural. Despite the overwhelming evidence of the industry's adverse impacts, international stakeholders have failed to set environmental or human rights performance standards for the DRC's cobalt mines.

SOMO released the report on the occasion of the Roundtable Meeting on Responsible Mining for Electronics, organised by the GoodElectronics network in collaboration with SOMO, Stop Child Labour Coalition and Friends of the Earth/ Milieudefensie (see page 44). In the evening, GoodElectronics held a panel discussion and public screening of the short documentary 'Whose Wealth? Cobalt from Congo'. SOMO researcher Fleur Scheele joined Emmanuel Umpula Nkumba of Afrewatch, Dirk-Jan Koch, the Special Envoy Natural Resources at the Dutch Ministry of Foreign Affairs and a representative from Philips Lighting on the panel. Significantly, Philips publicly acknowledged what SOMO and others have long been arguing: social auditing has failed to result in sustained improvement to working conditions. The company requested SOMO's input into developing a new approach to monitoring.

SOLUTIONS THAT WORK

Alongside of exposing problems in supply chains, SOMO shows key decision-makers the way forward by proposing solutions and new approaches that can ensure human rights and sustainability. Among these is socially responsible public procurement policies which harness the significant buying power of public institutions to make a positive impact on the electronics sector. SOMO helped found and serves on the Board of Trustees of Electronics Watch, an independent monitoring organisation helping

public organisations source socially responsible IT products. Electronics Watch is based on worker-led monitoring, which is vital for ensuring sustainable change and central to SOMO's recommendations for improving condition across all supply chains.

SOMO's work to promote Electronics Watch bore significant fruit in 2016 when the Hanze University of Applied Sciences agreed to become an affiliate, the first Dutch institution of higher education to do so. Further awareness about the initiative was raised at a meeting organised by the Dutch Public Procurement Expertise Centre which involved some 35 participants, including brands, suppliers, buyers, and law and policy experts. SOMO made a key contribution to the meeting, sharing the valuable experiences and lessons learned from Electronics Watch members, among others. As a result of the meeting, several municipalities and public institutions have expressed interest in Electronics Watch affiliation.

Meanwhile, SOMO's expertise on socially responsible public procurement proved vital for assisting the buying agency of the Dutch government in implementing a responsible sourcing policy. The government sought SOMO's professional advice (see SOMO Services, page 52) in relation to a national tender for data centre hardware worth more than 144 million euros. In response to SOMO's recommendations, the agency included concrete and measurable sustainability requirements in the award system criteria for the data centre's procurement contracts. The award system sends a strong and much-needed message to electronics industry suppliers: socially responsible business practices are not only expected, they will be concretely rewarded.

FOOD AND AGRICULTURE

In 2016 SOMO continued to draw attention to unfair trading practices and poor labour conditions in supermarket supply chains in the Netherlands and Europe. SOMO is part of a broad coalition of European civil society organisations – including farmers, consumer groups, labour unions and fair trade organisations – which mobilised more than 60,000 Europeans to voice their support for

regulation to curb the concentration and abuse of power of big supermarkets. The coalition achieved significant results in 2016. In June the European Parliament adopted a resolution calling on the Commission to develop framework legislation to address income and power imbalances in the food supply chain. The Parliament affirmed the fact that unfair trading practices are detrimental to both farmers and consumers. Significantly, both the Parliament and the EU's Agricultural Markets Task Force echoed the message of SOMO and many others, stating that voluntary and self-regulatory schemes have fallen short in preventing unfair trading practices and that statutory rules, penalties and a confidential complaint mechanism are needed to ensure compliance.

Power imbalances in the food supply chain

Research on sustainability certification schemes – Rainforest Alliance, UTZ Certified and the like – resulted in constructive dialogue at a Roundtable Meeting organised by SOMO in May. Policymakers from the certification bodies, as well as manufacturers, supermarkets, governments and CSO representatives attended the meeting, where SOMO and research partners presented preliminary findings of joint research on certification's effect on working conditions in Peru (fruit and vegetables), Colombia (coffee and cut flowers) and India (tea). The findings point once again to the critical need for worker-centered approaches that ensure respect for labour rights alongside of other social and environmental goals. The findings have influenced debate around the corporate responsibility agreement (covenant) currently being negotiated between the government and the Dutch food sector.

PHARMACEUTICALS

The need for sustainability in supply chains is not limited to consumer goods. It is also relevant to the pharmaceutical industry. All too often, drug

companies disregard public health priorities, and engage in unethical research and marketing practices. In 2016 SOMO, along with Public Eye, Wemos, Egyptian Initiative for Personal Rights and Shamseya for Innovative Community Healthcare Solutions, published the joint report, *Industry-sponsored clinical drug trials in Egypt: Ethical questions in a challenging context*. The report revealed violations of international ethical standards, Egyptian law, as well as the codes of conduct of companies conducting clinical trials in Egypt. Most Egyptians lack access to standard medical treatment. Their limited health care options make them vulnerable testing subjects, raising questions about the consent process. Since the report, Egyptian policymakers have engaged in dialogue with SOMO's partners around a new law to govern clinical trials. The report also resulted in questions from members of the European Parliament to the European Commission and the European Medicines Agency about inspections.

MIGRANT WORKERS

In its work on supply chains, SOMO has amassed significant expertise on the particular problems faced by vulnerable workers, including migrant workers. In 2016 SOMO turned its attention toward migrant workers in the Netherlands. Together with FairWork, which provides support to victims of labour exploitation in the Netherlands, SOMO published the report *Profiting from dependency: Working conditions of Polish migrant workers in the Netherlands and the role of recruitment agencies*. The report, which found evidence of underpayment, long working days and violations of collective agreements, called on recruitment agencies and the government to take their respective responsibilities to improve the working conditions for Polish migrant workers in the Netherlands. The report prompted questions in the Dutch Parliament by the Labour Party and helped keep the issue on the government's agenda.

Economic Justice

In myriad and often obscure ways, the current neo-liberal system is rigged to ensure private gain at public loss. SOMO's economic justice programme works to reveal how the global economic system – particularly trade, aid, tax, investment and finance – is designed to maximise profits for corporations and investors, regardless of the social and environmental costs. Among other things, SOMO exposes how 'private gain, public loss' mechanisms deprive low-income governments of vitally needed tax revenues and inhibit their ability to make socially and economically sound policy choices.

INTEGRATED APPROACH IN INDONESIA

In SOMO's experience, new and valuable insights can be gained from applying a comprehensive, integrated approach and analysis to economic justice issues. To that end, in 2016 SOMO embarked on a long-term collaboration with partners in Indonesia to examine the nature and impact of various elements of the economic relationship between Indonesia and the Netherlands. The choice was obvious as Indonesia is both a partner country for Dutch development cooperation and a key target of investment by Dutch businesses. The Dutch government intends to shift the relationship with Indonesia 'from aid to trade,' meaning economic cooperation will replace development cooperation. SOMO adds value to local campaigns, supporting partners' research, advocacy and lobbying efforts on economic justice issues.

SOMO joined forces with Indonesian partners and Fair, Green and Global (FGG) Alliance members Both ENDS and Transnational Institute (TNI) to examine the details behind the Masterplan for National Capital Integrated Coastal Development (NCICD), a huge multi-billion dollar flood-protection and land development plan for Jakarta Bay. Dutch engineering firms, with the support of the Dutch Embassy in Jakarta, have a key role in the plan. A forthcoming report about the project (to be published in 2017) points up the lack of

coherence between the Dutch government's trade and development agendas. The project poses an enormous threat to the coastal environment and to local fishing communities who were not sufficiently consulted about the plan – a violation of Dutch policy, international conventions and human rights standards.

SOMO and its allies supported the Save Jakarta Bay Coalition, formed in 2014, in directly expressing to the Dutch government its opposition to the project. In an open letter, the coalition detailed human rights violations, bribery, corruption and environmental damage that has or will result from the project. SOMO and its allies also facilitated a meeting between representatives of the Save Jakarta Bay Coalition and the Dutch Minister of Infrastructure and Environment, Melanie Schultz van Haegen, during an economic trade mission in November. Collaboration between the three FGG members has proved highly valuable, with Both ENDS playing a key role in connecting with local fishing communities, TNI sharing its expertise on public water management, and SOMO contributing its corporate research skills.

To support transparency and public consultation

Meanwhile, SOMO teamed up with the Indonesian research organisation Prakarsa (Welfare Initiative for Better Societies) to experiment with an innovative, new methodology to identify possible 'round-trip' investments – cases in which Dutch letterbox companies use the double taxation agreement between the Netherlands and Indonesia to avoid paying taxes. Prakarsa painstakingly gathered data of tax disputes brought by the Indonesian revenue authority before the Indonesian tax court and the Supreme Court. The legal files are a new source of evidence which SOMO and Prakarsa

ultimately hope can be used to help the Indonesian government protect its tax base.

The Indonesia-European Union comprehensive economic partnership agreement (CEPA), negotiations for which were launched in July, was the subject of yet another research collaboration between SOMO and an Indonesian partner. SOMO supported Indonesia for Global Justice (IGJ) in conducting an analysis of the potential impact of the agreement, which aims to facilitate corporate profits while failing to protect the human rights of Indonesian citizens. IGJ raised awareness among Indonesian organisations and networks about the agreement, and the group's director, Rachmi Hertanti, visited the Netherlands to bring a strong message to the Dutch Ministry of Foreign Affairs. Hertanti called on the Ministry to support transparency and public consultation around the negotiations, and protection of human and labour rights.

TAX JUSTICE

SOMO continued to contribute to knowledge and awareness about the Netherlands' role as a key player in international tax avoidance strategies. In January SOMO hosted a sold-out public discussion about the issue with special guests John Christensen, Executive Director of Tax Justice Network, and Paul Tang, European Member of Parliament, among others. SOMO's high quality research and analysis on the topic attracted the interest of 120 people, from concerned citizens to representatives of accountancy and financial firms.

SOMO also drew attention to the problem as co-author of the fourth Eurodad annual report, *Survival of the Richest: Europe's role in supporting an unjust global tax system 2016*. The report, which examined the tax and transparency policies of European institutions, 17 Member States and Norway, received significant media attention. In the report, SOMO contributed to raised awareness about the problem of secret tax deals negotiated between companies and the Dutch tax service. The report highlights the woeful response of the Dutch government to exposure of its role in facilitating tax avoidance. At the same time, SOMO's work on

tax justice has helped bring about some positive change: two motions were adopted by the Dutch Parliament calling on the government to support full and public country by country reporting within the EU. The measure was one of the key recommendations made by SOMO, ActionAid, Oxfam Novib and other tax justice allies in an open letter to European Commission President Claude Juncker and Vice President Frans Timmermans.

How corporations exert influence over government

CORPORATE LOBBYING

In 2016 SOMO dug deeply into the question of how corporations exert influence over government policy processes in the Netherlands, where there is currently no law or binding regulation of lobbying activities. Following up on previous research, SOMO scrutinised the banking lobby with the report *A structural problem in the shadows: lobbying by banks in the Netherlands*. SOMO found that Dutch banks are using a variety of channels to spend millions on lobbying in the Netherlands and the EU. The report exposed how Dutch banks ABN AMRO, ING, Rabobank, Triodos Bank, SNS Bank and its subsidiary ASN Bank influenced the decision-making processes on financial laws at the Dutch Ministry of Finance. A key problem revealed in the report is that most lobbying and contact between the banks and the Ministry is not publicly available, making it nearly impossible for citizens and parliament to find out if, how and when the Ministry was influenced. Moreover, banks and their many lobbying organisations enjoy privileged access to the law-making process, in stark contrast to citizens.

To overcome the challenge posed by lack of transparency, SOMO made innovative use of freedom of information law to obtain over 250

government documents in research focused on the development of Dutch tax policy. Among other things, SOMO requested and reviewed the agendas and meeting minutes of policymakers and lobbyists to trace the impact of lobbyists' interventions on policy decisions. The findings were startling, showing clear proof of the Ministry's prioritisation of the position of the Confederation of Netherlands Industry and Employers over other input. The research was conducted as part of a report about Dutch tax policy published by Oxfam-Novib (*Nederland Belastingparadijs*, in Dutch only), which received much media attention.

A growing number of organisations are calling on the government to address the lobbying problem. SOMO is part of a new coalition, Lobbywatch Nederland, which is pushing for greater transparency. The coalition – which involves FGG members TNI and Milieudefensie, as well as Transparency International Nederland, Foodwatch and others – was launched at a press conference in the Hague. Members presented the first Lobbywatch NL report (*Een Giftige Lobby*, in Dutch only), which focuses on lobbying related to re-approval of the herbicide glyphosate, better known as the Monsanto product Roundup. The event and the three reports published in 2016 captured the attention of the Dutch press, as well as Dutch parliamentarian Lea Bouwmeester. Bouwmeester has used SOMO's research as a reference to support her parliamentarian initiative for improved lobbying transparency.

FINANCIAL SECTOR REFORM

SOMO continued to play an important role within civil society by monitoring and analysing policy developments related to the financial sector. In December SOMO co-organised a conference for civil society organisations – attended by 45 organisation from around the world – on reforms aimed at making the financial sector more stable and socially and environmentally sustainable. SOMO partners from India, Indonesia and Ghana made important contributions to the conference's discussions and recommendations for reform, which were presented in a letter to the G20 Presidency and the German Minister of Finance. A "C20" (Civil

Society 20) working group on finance will follow up on the conference and give input into the G20's financial reform discussions.

Parliamentarian initiative for improved lobbying transparency

SOMO also continued to monitor and engage in policy dialogues around EU and international financial regulation. A new issue on the agenda, 'green finance', aims to increase finance and capital flows to clean energy and environmentally friendly companies and activities. The 'green finance' discussion gave SOMO and a coalition of allies the opportunity to highlight the need for reform and regulation of the EU financial industry so it contributes to social and environmentally sustainable development. The groups organised collective input into European Commission consultations, insisting that civil society organisations be given a role in the development of sustainable finance policy. As a result, the Commissioner on Financial Regulation and Stability agreed to a meeting with civil society stakeholders, including SOMO. SOMO's unique expertise was acknowledged when staff member Myriam Vander Stichele was appointed by the EC to join a High-Level Expert Group on Sustainable Finance. The group will advise the Commission on policies and regulations for sustainable finance.

TRADE

SOMO continued to raise awareness around the proposed Transatlantic Trade and Investment Partnership (TTIP) between the United States and the EU. In May SOMO, TNI, Milieudefensie and other members of the StopTTIP alliance organised The Big #TTIPAlarm Festival, which brought together more than 250 citizens and activists

from across the Netherlands. Featuring lectures, workshops, music, art and delicious TTIP-free food, the festival gave participants a forum to debate and discuss TTIP and CETA, the EU trade agreement with Canada, as well as an alternative trade framework which would contribute to a more sustainable world. The festival added to growing public understanding about the dangers of such agreements, particularly the investor protection clause which gives companies the right to sue governments for regulations – such as environmental protection or consumer rights – that may threaten profits.

Alongside of outreach and awareness-raising, SOMO engaged with the Ministry of Foreign Affairs around TTIP and CETA, as well as the Dutch model for bilateral investment treaties (BITs). SOMO called on the Ministry to create more coherency between its trade agenda and sustainable development and climate goals. Thanks in large part to civil society pressure, Minister Ploumen announced in June that it was time for a free trade 'reset'. At an OECD meeting in Paris, she highlighted the need to tackle inequality, stating that: 'An increase in trade and investment is essential, but it must benefit everyone, not just a small group of people'. The statement is a welcome and significant shift in the terms of the debate on trade. SOMO will push to see that it is followed up by concrete action.

SOMO also drew urgently needed attention to the Trade in Services Agreement (TiSA) currently under negotiation between the EU, the US and 21 other countries. In an easy-to-understand booklet, SOMO, TNI and the Dutch trade union federation FNV outlined the threat TiSA poses to public provision of health care, education and water, among other things. The booklet contributed to general debate about the little known negotiations and helped mobilise people to express their opposition. In November FNV presented 5,000 signatures against TiSA to Minister of Foreign Trade and Development Cooperation, Lilianne Ploumen.

Rights, Remedy and Accountability

SOMO seeks to address the global governance gaps that allow multinational corporations to operate with impunity. SOMO pushes for strong corporate accountability frameworks and monitors developments around and implementation of international standards like the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. Essential to a strong accountability framework are effective mechanisms for accessing remedy. SOMO is recognised globally as an expert on non-judicial grievance mechanisms like the OECD's National Contact Point (NCP) mechanism and the Independent Accountability Mechanisms (IAMs) of development banks.

CORPORATE ACCOUNTABILITY FRAMEWORKS

The Dutch presidency of the EU, in the first half of 2016, coincided with the fifth anniversary of the UNGPs – a perfect opportunity for the Dutch government to advance the European agenda on business and human rights. In response to the request of MVO Platform members (see page 42), including SOMO, the Ministry agreed to co-organise a high-level conference on the issue, the “EU Roadmap to Business and Human Rights”. SOMO, an official partner of the conference, co-organised three sessions and ensured that representatives of Southern civil society organisations were present and could make their voices heard. The conference served as important input into the Dutch position – and, in turn, the EU Foreign Affairs Council position – on business and human rights. At a meeting in June, the Council adopted conclusions on business and human rights which included strong language on the need for access to remedy and effective grievance mechanisms – a fundamental demand of SOMO.

Meanwhile, SOMO continued to monitor and contribute to discussion and analysis around a future UN treaty on business and human rights. In cooperation with Bread for the World, Friends of the Earth Europe and Coopération Internationale

pour le Développement et la Solidarité, SOMO co-organised a legal seminar in Brussels in May. The seminar looked at issues related to access to remedy and enforcement mechanisms, as well as the treaty's relationship with the trade and investment regime. A detailed report on the seminar, UN Treaty on transnational corporations, other business enterprises & human rights: Options for justice, provided a useful overview of key issues and was distributed widely to civil society organisations, including members of the global Treaty Alliance, to which SOMO belongs.

The seminar helped inform SOMO's oral interventions at the 2nd session of the treaty deliberations in Geneva. SOMO monitored the deliberations in the company of Indonesia for Global Justice, whose participation was made possible with SOMO's support. SOMO also supported Indian partner Cividep to organise a CSO consultation meeting in New Delhi to discuss the role and content of the proposed treaty, and explore opportunities to establish a business and human rights framework in India.

In response to growing civil society pressure, the EU and Member States increased their engagement in the treaty discussion by participating in the 2nd session. Although it's a far cry from actively supporting the treaty – which SOMO and allies across Europe have advocated – it was a positive development.

FOCUS ON REMEDY

SOMO participated in two exciting collaborations around the issue of remedy in 2016. “Righting Remedy”, a joint project of SOMO and International Corporate Accountability Roundtable (ICAR), came to a close with a final strategy workshop in Amsterdam. The workshop brought together experts working on both judicial and non-judicial mechanisms of remedy. The two types of mechanisms should in theory reinforce each

other, but all too often there is little connection between them. The “Righting Remedy” strategy workshop (the project's third) identified actions and recommendations to ensure that practitioners—both individually and collectively—have the tools and resources they need to support communities in the most robust way possible. ICAR and SOMO are now exploring resources to carry the work forward.

Later in the year, SOMO teamed up with the Danish Institute for Human Rights (DIHR) and National Human Rights Institutes and civil society organisations in Tanzania and Kenya on another project which received the support of the United States Department of State Bureau of Democracy, Human Rights and Labor. The project, “Implementing the UNGPs in sub-Saharan Africa”, is aimed at strengthening civil society's capacity to influence business and human rights in the two African countries and in East Africa in general. The project combines DIHR's expertise on the development of National Action Plans (NAPs) on business and human rights with SOMO's expertise on human rights grievance mechanisms. The project was formally launched at a kick-off meeting in Amsterdam in October.

ACCOUNTABILITY IN DEVELOPMENT FINANCE

In 2016 SOMO and ten organisations co-authored the most comprehensive evaluation to date of the accountability mechanisms of development finance institutions. *Glass Half Full? The State of Accountability in Development Finance* reviewed 758 complaints submitted to 11 accountability mechanisms of development banks over 21 years. The report examined the extent to which the mechanisms – and the banks that administer them – are effective in providing remedy to complainants for human rights harm. Among other things, the authors revealed that most banks do not even require borrowers to tell project-affected people that a complaint mechanism exists, thus impeding the mechanism's accessibility and effectiveness from the very start. SOMO and the co-authors also found that complaint processes, while occasionally providing some positive outcomes, rarely provided adequate remedy for the harm experienced by people and communities. This is largely because of the failure of

the banks to provide the mechanisms with sufficient mandate to ensure redress for complainants. The report's recommendations are as exhaustive as the research underpinning it. On the one hand, they address the urgent need to improve the current accountability system in the short-term. On the other hand, they outline the need for an ambitious new accountability system in which mechanisms have the power to make binding decisions and development banks no longer can claim immunity in national courts. The report has put the issue of access to remedy solidly on the banks' agendas. It has become a key reference for accountability at development finance institutions. Meanwhile, the process behind publication of the joint report – intense collaboration on the research and analysis – helped facilitate the development of a stronger, more unified voice among the organisations involved.

The need for an ambitious new accountability system

The urgent need for improved accountability was made brutally clear in March when Honduran human rights defender Berta Cáceres of the Civic Council of Popular and Indigenous Organisations of Honduras was murdered. For years she bravely defended indigenous communities whose rights are threatened by the construction of the Agua Zarca dam, financed by Dutch development bank FMO. The highly contested project is one among several that SOMO and others have drawn attention to: they demonstrate why it is essential for FMO to improve its lending practices. Following the murder, SOMO and many other organisations increased pressure on FMO to divest from the project. After several people affiliated with FMO's client were charged in connection with Berta's murder, FMO finally agreed to divest.

In December, after years of work, the Committee for the Defense of Water and the Santurbán Páramo, SOMO and allies (Center for International Environmental Law, Interamerican Association for Environmental Defense and MiningWatch Canada) celebrated the decision of the International Finance Corporation (IFC) to divest from a dangerous mining project in Colombia. The Committee had filed a complaint in 2012 with the IFC's accountability mechanism (the Compliance Advisor Ombudsman, CAO) for its investment in the Angostura gold mining project operated by Canadian mining company Eco Oro Minerals. The project threatens a high-altitude ecosystem that provides water to millions of people. In August 2016, the CAO issued a report on the case, concluding that the IFC, the private lending arm of the World Bank, had violated its internal policies by not adequately considering the projects' environmental and social impacts. SOMO supported the complainants throughout the complaint process, including two trips in 2016 to meet directly with IFC decision-makers in Washington D.C. to press for divestment.

Increased pressure on FMO to divest

RESPONSIBLE DISENGAGEMENT

The announcements by IFC and FMO mark the first step in a much longer path of disengagement. Most guidance on business and human rights focuses on how investors or companies should responsibly engage with business partners. A less-developed but equally important aspect of the issue is whether, when and how to end a problematic business relationship. In 2016 SOMO made an important contribution to the topic with the discussion paper *Should I stay or should I go?* The paper provides an overview of guidance on disengagement in the OECD Guidelines and the UNGPs. But it digs even deeper by exploring practical considerations around the decision to disengage, such as the importance of discussing the prospect of disengagement early in a business relationship, how to decide whether enough progress is being made to justify

continued engagement, and the need to address potential adverse impacts related to the decision to disengage. The paper points up the critical need for more research on concrete disengagement experiences – both good and bad – so as to develop useful and practical recommendations for disengaging effectively and responsibly. SOMO's work on disengagement caught the attention of many stakeholders (see Democratic Use of Natural Resources programme, page 35). Among other things, SOMO was invited to give several workshops on the subject, including to a stakeholder event of the Dutch National Contact Point and at the 2016 UN Annual Forum on Business and Human Rights.

RESEARCH IMPACT

That SOMO's research was cited by a variety of sources in 2016 confirms the value of its contribution to knowledge, analysis and action around corporate accountability. For example, KnowTheChain, a key resource for businesses and investors on forced labour risks within supply chains, cited multiple SOMO reports in its 2016 benchmark report. Meanwhile, the Danish OECD National Contact Point cited Fatal Fashion, a joint report by SOMO and the Clean Clothes Campaign, in its response to a complaint involving a company sourcing in Bangladesh. Although the NCP failed to provide remedy to the complainants in that particular case, it did confirm that a company has an obligation to step up its human rights due diligence when there are reports, like *Fatal Fashion*, of labour and human rights violations relevant to its supply chain. In other words, simply by bringing such cases to light, SOMO is helping increase the NCP's expectation that a company should and will take action.

Democratic Control over Natural Resources

SOMO advocates for democratic, transparent and sustainable control over natural resources. SOMO investigates companies and financiers in the agribusiness, energy, and extractives sectors with a close eye on the complex web that links these sectors to each other and to myriad social and environmental problems, including human rights violations and armed conflict.

MULTINATIONALS IN CONFLICT-AFFECTED AREAS

Since 2013, SOMO has worked with local partners in five countries – Indepaz (Colombia), South Sudan Law Society (South Sudan), Green Advocates (Liberia), MADAM (Sierra Leone), ACIDH, Afrewatch and Premicongo (Democratic Republic of Congo) – in a multi-year project to better understand both the impacts and responsibilities of multinationals operating in conflict-affected areas. Multinationals often look to fragile states to pay as little as possible for highly valuable natural resources, exploiting the governance gaps that characterise these countries.

In 2016 SOMO reflected on the overarching lessons that can be learned from the project's seven case studies in the report *Fragile! Handle with Care: Multinationals and Conflict*. The report sheds light not only on the risks that multinationals face when they take up operations in fragile areas, but also the risks they contribute to or create, which negatively impact local communities. The analysis shows a vicious circle: fragility enables companies to profit from the government's weak bargaining position and to operate without being held accountable. This in turn contributes to the already fragile situation, which often results in renewed conflict. Instead of benefiting from the end of an armed conflict, local communities now suffer from rights violations and threats to their security as a consequence of natural resource exploitation by multinational companies. Recommendations for multinational companies, governments and other international stakeholders were included in the

report and were presented during the Business for Peace Forum, convened by the UN Global Compact in Dubai in October, and during a Round Table on the role of business in peacebuilding, convened by the Dutch Ministry of Foreign Affairs. Stakeholders responded positively to the report. Among others, the Ministry of Foreign Affairs stated that the report provides valuable evidence about how companies operate in conflict-affected areas and the additional risks and challenges this creates.

How companies operate in conflict-affected areas

NEW REGULATION ON CONFLICT MINERALS

For several years, SOMO has participated in a broad European-wide effort to push for regulation of minerals sourced from conflict areas. On the occasion of the Dutch Presidency of the Council of the European Union (January to June 2016), SOMO participated in several meetings with staff of the Ministry of Foreign Affairs to brief them on the subject, and to push for ambitious legislation that would require all companies bringing conflict minerals into the EU to perform basic checks and human rights due diligence on their supply chains.

SOMO summarised the problem of conflict minerals in a short fact sheet (published with GoodElectronics) and joined up with 126 civil society organisations in an open letter to the Dutch government and EU member states calling for strong, binding regulation. In November, the EU finally took a positive step forward with legislation that, for the first time, requires some companies

to take steps to prevent trade in four key minerals linked to conflict or human rights abuses. Although the regulation did not go nearly far enough, SOMO celebrated the fact that it is both binding and global in scope, and requires companies to conduct due diligence in line with the OECD's Guidance for responsible supply chains of minerals from conflict-affected and high risk areas. These key features of the regulation were advocated for by SOMO and its allies.

ABUSES BY PACIFIC IN COLOMBIA

Pacific Exploration and Production Corporation is one of several companies scrutinised by SOMO and its partner Indepaz for its conduct in a region of Colombia still plagued by conflict. A joint study published in October, *Petroleum: Accumulation of oil, water and land in the Altillanura* analysed the context and conditions that enabled Pacific's rapid growth and subsequent bankruptcy, as well as its severe human rights and environmental abuses. The report describes threats to local communities by Pacific's security forces and cases in which indigenous peoples' collective rights to territory and participation in decision-making were infringed by the company, as well as state authorities.

Indepaz presented the report at a meeting attended by government policymakers and representatives of Ecopetrol, the state oil company now in control of Pacific's oil fields. The report received significant public and media attention in Colombia. Ecopetrol commented positively on the report, stating that it will be used as 'input for the design and execution of strategies that ensure the respect and promotion of human rights'.

DISENGAGEMENT: THE CASE OF COAL SUPPLY CHAINS

In 2016 SOMO made an important contribution to the question of whether, when and how to end a problematic business relationship. The need for more thinking on the subject of disengagement became clear at a March meeting involving the Dutch government, Dutch energy companies and SOMO, where Minister Ploumen (Foreign Trade and Development Cooperation) welcomed SOMO's effort to give more attention to the

subject. The following month, SOMO published *Should I stay or should I go?* (see Rights, Remedy, and Accountability programme, page 34), which provides an overview of guidance on disengagement in the UNGPs and OECD Guidelines and explores practical considerations around the decision to disengage. Following publication of the paper, the issue became highly germane when Vattenfall, the parent company of Dutch company NUON, announced that it would temporarily disengage from Colombian coal supplier Drummond due to its failure to comply with human rights standards. Joint work by SOMO and Dutch peace organisation PAX has brought attention to severe problems in the Colombian coal supply chain and in Drummond's operations specifically. As a result of Vattenfall's decision, Drummond publicly announced a stronger position against violence in the region where it is operating. The announcement was a positive step, although much more is needed to address the problem.

Severe problems in the Colombian coal supply chain

SOMO's expertise on disengagement attracted the attention of key actors. Two energy companies actively sought SOMOs' advice towards developing a company disengagement policy. And in December, the Ministry of Foreign Affairs invited SOMO to present a workshop, 'Disengagement as a tool in due diligence', at a stakeholder meeting involving 150 participants. SOMO's knowledge and analysis reached an important audience which included energy companies that have signed the Dutch coal covenant, an agreement facilitated by the government aimed at improving corporate accountability responsibility in the coal supply chain.

CORPORATE AND SECURITY SERVICES

The role of private and state security actors in protecting the assets of multinationals is a common problem in many corners across the globe. State security forces, such as local police and the army, sometimes play this role at the expense of the very communities they are obliged to protect. In 2016 SOMO participated in an exciting collaboration with the University of Nottingham's International Law and Security Centre, and Indonesian partner Inkrispena to carry out innovative research on the issue. The collaboration was supported by the Netherlands Organisation for Scientific Research through the Knowledge Platform Security and Rule of Law. The research, which will be published in 2017, considers corporations' responsibilities in regard to the outsourcing of security services. SOMO and its partners examined two palm oil and logging companies in Sumatra and their business relationships and supply chain responsibilities –with respect to security providers. The research raises important questions about accountability of local police and the army. Preliminary findings show that the financial relations between the companies and the public security forces compromise their impartiality in conflicts between the company and local communities.

THE IMPACT OF DUTCH BUSINESS IN EGYPT

SOMO collaborated with Fair, Green and Global Alliance partner Both ENDS to expose the role of the Dutch dredging industry and its insurer – the government – in social and environmental violations related to an expansion of the Suez Canal. The report, *Dredging in the dark*, concluded that the Dutch companies and the government failed to uphold international social and environmental standards in a project to expand the Suez Canal, for which thousands of Egyptians were abruptly forced from their homes. The Dutch government – through its export credit agency, Atradius Dutch State Business – hastily provided insurance to the companies. In contravention of its own policy and international business and human rights standards, Atradius granted the insurance without first obtaining the Environmental and Social Impact Assessment or engaging in meaningful stakeholder dialogue. Following publication of the

report, members of the Dutch parliament raised questions about the issue. A motion calling on the government to ensure transparency and corporate social responsibility in the issuance of export credit insurance was adopted.



Part II: SOMO & NGO Networks

SOMO as a member and host of NGO Networks

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

In 2016-2020 SOMO will continue to host and facilitate the vitally important networks MVO Platform (a coalition of Dutch unions and organisations working to promote corporate social responsibility), OECD Watch (an international network whose members are committed to improving corporate accountability mechanisms) and Good Electronics (an international network of organisations seeking to improve protection and respect for human rights and the environment in the electronics industry).

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

MVO Platform

MVO Platform is a coalition of 30 Dutch organisations that share a common interest in promoting corporate accountability. Hosted by SOMO, MVO Platform includes a wide range of organisations, from labour unions to human rights groups to environmental and consumer organisations. MVO Platform stimulates, facilitates and coordinates activities among participating organisations. The coalition focuses primarily on improving corporate accountability in developing countries.

A highlight of 2016 was the pan-European multi-stakeholder conference organised by MVO Platform with the Dutch government (on the occasion of the Dutch presidency of the European Union). Called the 'EU Roadmap to Business and Human Rights', the conference was attended by 250 experts, including many EU and Member State decision-makers. The European Coalition for Corporate Justice and the European and the Network of National Human Rights Institutes (ENNHRI) joined in hosting the event, which took place in Amsterdam in May. The conference focused much-needed attention on the need to advance the business and human rights agenda in the European Union, leading to significant results. The EU Foreign Affairs Council subsequently acknowledged that measures taken so far have been insufficient for ensuring that companies respect and are accountable for human rights. In the Council's 'Conclusions on business and human rights', adopted on 20 June 2016, it made commitments on transparency, corporate responsibility, and access to remedy which MVO Platform heartily welcomed.

Throughout the year, MVO Platform continued to support coalition members and other organisations that are monitoring, participating or preparing to engage in negotiations around sector-based international corporate social responsibility 'covenants'. The covenants are an initiative of the Dutch government aimed at addressing risks in

key sectors. MVO Platform worked to promote stronger, more unified civil society positions in the various negotiation processes, especially in cases where proposals failed to conform to international norms on business and human rights.

The government's effort to promote sector-level cooperation on corporate social responsibility has faced obstacles: the legal framework around competition often makes businesses reluctant or prevents them from collaborating on sustainability and human rights initiatives. MVO Platform has advocated for and offered proposals to address this challenge. In 2016 the Dutch Economic Affairs Minister Henk Kamp decided to follow up on an innovative idea: legislation to give the government the possibility to declare private agreements on sustainability or corporate social responsibility mandatory for the whole sector – just as it does with collective labour agreements. MVO Platform applauded the proposal, which could be a major breakthrough for promoting sector-wide initiatives.

OECD Watch

OECD Watch is a global network of over 100 organisations in more than 50 countries. Network members share a commitment to ensuring that business activity contributes to sustainable development and poverty eradication, and that corporations are held accountable for their impacts. OECD Watch focuses specifically on the OECD Guidelines for Multinational Enterprises, tracking and evaluating their effectiveness as a corporate accountability tool within a broader effort to strengthen regulatory frameworks. OECD Watch is a leading source of information on the OECD Guidelines and its grievance mechanism, which is intended to help resolve disputes and facilitate access to remedy for victims of corporate abuse.

The 40th anniversary of the OECD Guidelines

THE CASE FOR STRENGTHENING NATIONAL CONTACT POINTS

On the occasion of the 40th anniversary of the OECD Guidelines, OECD Watch published a briefing for policymakers entitled *A "4 x 10" plan for why and how to unlock the potential of the OECD Guidelines*. Bearing the logos of nearly 50 organisations, the briefing details the importance of strengthening the OECD's National Contact Points (NCPs), which are responsible for handling complaints against companies that have allegedly failed to adhere to the Guidelines. Among other things, the briefing calls on governments to improve the structure and transparency of the NCPs and to ensure that NCPs have adequate resources

to perform their duties effectively. A 40-day-long twitter campaign – a joint effort of OECD Watch and the Trade Union Advisory Committee (TUAC) to the OECD – helped reinforce the message in the run up to the anniversary. In the next stage of the campaign, referred to as #StepItUp, OECD Watch and TUAC launched a consultation process for the development of an NCP Performance Index (due out in 2017). In a positive sign, eleven governments and NCPs responded to a detailed survey about criteria for assessing NCP performance. The announcement of the ranking and the consultation process have already contributed to increased awareness among policymakers about the importance of NCP performance.

Meanwhile, OECD Watch launched an exciting new project aimed specifically at improving access to remedy through the use of NCPs in nine Central and Eastern European (CEE) countries. Past OECD Watch research has shown that NCPs in the targeted countries are neither accessible to potential complainants nor functioning effectively: together the NCPs have received fewer than one complaint per year. The project aims to strengthen civil society's capacity to use the NCP mechanism, and to raise awareness and encourage adoption of best practices by the NCPs. The project will also produce a broader analysis of access to remedy for victims of corporate abuses in CEE countries. The analysis is intended as input into the development of the Polish and Czech Republic's National Action Plans for implementing the UN Guiding Principles on Business and Human Rights.

How NCPs operate and how they should operate will continue to be key questions for OECD Watch in the coming years. In 2016 OECD Watch membership adopted a three-year strategic plan in which efforts to improve NCP procedures are a top priority. The strategic plan provides a solid framework for OECD Watch's collective work.

IMPROVING HUMAN RIGHTS DUE DILIGENCE

OECD Watch continued to monitor the development of OECD general and sector-specific guidance on responsible business conduct. In 2016 the network coordinated interventions by its members on due diligence guidance for institutional investors and for the garment and footwear sector. OECD Watch members succeeded in improving the garment and footwear sector guidance in relation to several specific issues, including child labour and employment discrimination, as well as measures to increase sectoral collaboration through the disclosure of information. The guidance for the two sectors was approved by the OECD Working Party on Responsible Business Conduct and now goes to the Investment Committee for adoption.

GoodElectronics Network

GoodElectronics is an international network of some 100 organisations, trade unions, activists, researchers and academics who share a struggle and commitment to improved protection and respect for human rights and the environment in the global electronics industry. GoodElectronics calls on companies and governments to take action to improve the electronics production cycle – from the mining of minerals used in electronics products to the manufacturing process to the recycling and disposal of electronics waste. SOMO hosts the network and serves on its Steering Committee.

MINING FOR ELECTRONICS

In April, GoodElectronics joined with SOMO, Stop Child Labour Coalition and Friends of the Earth/ Milieudéfense to host a Roundtable Meeting on Responsible Mining for Electronics. The roundtable was held at and attended by the Dutch Ministry of Foreign Affairs, as well as NGOs from production countries and representatives of major electronics companies and manufacturers – including Apple, Philips, Samsung and the industry association

Electronic Industry Citizenship Coalition (EICC). The roundtable provided an important platform for CSOs, including those from the Democratic Republic of Congo, Indonesia and Mali, to raise awareness and advocate directly toward companies and policymakers for sustainable sourcing policies and practices. To coincide with the roundtable, GoodElectronics released four concise fact sheets focused on the electronics sector and mining of tin, gold, cobalt and conflict minerals.

Responsible mining firmly on the agenda

In the evening, a panel discussion and public screening of the award-winning short documentary ‘Whose Wealth? Cobalt from Congo’ brought the issue to a wider audience. (See page 26 for details about SOMO’s report, *Cobalt blues*, published on the occasion of the event). In addition to researchers from SOMO and Afreewatch, the panel included Dirk-Jan Koch, the Special Envoy Natural Resources at the Dutch Ministry of Foreign Affairs and a representative from Philips Lighting. GoodElectronics and its members have succeeded in putting the issue of responsible mining firmly on the agenda of companies and policymakers alike.

CHEMICALS IN ELECTRONICS SUPPLY CHAINS

The protection of workers and their involvement in decision-making around management of chemicals and waste remained a top priority for GoodElectronics in 2016. The network published the results of extensive research into chemical poisoning of workers in China’s Pearl River Delta-region, a global hub for the production of consumer electronics. The report, *The Poisonous Pearl*, revealed that workers are poorly informed about the health risks posed by chemical exposure and lack sufficient information, training and adequate personal protective equipment. When they fall

ill, employers actively counter and even obstruct workers’ efforts to get a proper diagnosis or claim compensation for medical expenses.

The report, which was authored by network members Labour Action China (LAC), Labour Education and Service Network (LESN), both based in Hong Kong, and SOMO, confirmed the need for safer and more sustainable manufacturing practices. Along with the report, GoodElectronics reiterated its ‘Challenge to the electronics industry’ – presented jointly with the International Campaign for Responsible Technology (ICRT) in 2015 – to respect workers’ and community rights, ensure safe working conditions, and proactively reduce and eliminate chemical and physical hazards in the sector.

Publication of the report coincided with a panel discussion – organised by LAC and another GoodElectronics member, Supporters for the Health and Rights of People in the Semiconductor Industry (SHARPS) – during the 33rd session of the UN Human Rights Council in Geneva. The panel included the UN Special Rapporteur on Hazardous Substances and Wastes and representatives from Northeast Asian NGOs. They discussed cases of mismanagement of hazardous substances by transnational corporations which have resulted in human rights violations, including health problems, for workers and communities. In his report to the Human Rights Council, the Special Rapporteur highlighted the right to information and the right to access to remedy for addressing human rights issues involving toxic chemicals.

In November, GoodElectronics and ICRT launched the online Chemical Challenge Gap Analysis, which reveals the huge gap between the manufacturing standards of the electronics industry and expectations set by experts in occupational health and safety, as well as those of civil society organisations. GoodElectronics and the ICRT launched the analysis at the annual conference of the Electronic Industry Citizenship Coalition (EICC), an industry body of electronics brands and manufacturers. Around 20 companies attended a presentation about the Gap Analysis, including

Apple, HP, Sony, Phillips and Texas Instruments. The EICC Chemical Management Working Group has since consulted GoodElectronics and IRCT about its code of conduct and auditing protocol revision process.

Mismanagement of hazardous substances

ENGAGEMENT WITH COMPANIES

In addition to advocacy addressing the electronics sector as a whole, GoodElectronics engaged in dialogue with specific companies, including efforts to pressure them to remedy specific cases of workers’ rights violations. Among these was a case of union busting at a factory in the Philippines, a subsidiary of Irish company C&F. GoodElectronics signed on to a successful appeal – initiated by network member Workers Assistance Center – calling for reinstatement of the workers. GoodElectronics also participated in Philips’ sustainable supply chain stakeholder dialogue. Together with SOMO, the network gave input into the company’s plans to develop a new approach for monitoring factories.

TTIP ≈ race
CETA ≈ to the
bottom om



SOMO as a Member of Consortia

We are very pleased to have been selected as a strategic partner by the Dutch Ministry of Foreign Affairs in two consortia—one with Oxfam Novib and the other with the Fair, Green, and Global Alliance—for the duration of the strategic plan period, 2016-2020.

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

Partnership with Oxfam Novib

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

We want people to be able to raise their voice.

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

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

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

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

1. Right to food: The world produces sufficient food to feed everyone, yet one in nine people on our planet go to bed hungry. Ironically, the majority are involved in food production. We aim to change the broken food system to ensure all people realise their right to food.
2. Greater responsibility in finance for development: Illicit financial flows accounted for the loss of around \$950bn from low- and middle-income countries in 2011 – almost seven times what they receive in aid. Global inequality is increasing, despite economic gains. We aim to change fiscal and financial systems to increase finance for development. We also aim to strengthen the political commitment of traditional and new donor countries to provide sufficient quantity and quality of aid.
3. Conflict and fragility: More than 1.5 billion people live in countries affected by fragility and conflict. Women suffer most, but have only limited participation in political processes. We will work towards change of policies so that the rights of people affected by conflict and fragility are respected and human security is improved.

Fair Green Global Alliance

The FGG alliance aims for socially just, inclusive, and environmentally sustainable society. Such societies are within reach, yet a persistent combination of socioeconomic and environmental crises threatens to roll back the progress we have made. People across the globe, particularly in low- and lower middle income countries (LLMICs), are suffering from rising inequality, food insecurity and financial instability. Their lives and livelihoods are threatened by climate change, declining biodiversity, and scarcity of resources. Human rights are being systematically violated and rights defenders are under severe threat. Governance gaps—described by former UN Special Representative on Business and Human Rights John Ruggie as the gap between “the scope and impact of economic forces and actors, and the capacity of societies to manage their adverse consequences”—are a principal cause of these social and environmental crises. People’s ability to claim respect for their human rights, engage in decision making and influence policies and practices that affect them is shrinking. Laws, policies and decision making processes increasingly favour the private sector at the expense of public interest.

Grassroots social movements have the power to effect change

The Fair, Green and Global Alliance, have expertise and strategies to help close these governance gaps. The FGG believes that the solution lies in democratic, transparent, equitable and gendersensitive economic and social structures and practices that respect our natural environment.

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

Since 2009 the FGG Alliance, funded by the Ministry of Foreign Affairs as part of MFSII, has achieved notable results in these three areas, exceeding the sum of our parts. The key to achieving transformative change is to inform and mobilise people to engage with relevant decision makers in these three areas. We know that the grassroots social movements FGG is part of have the power to effect change.

The Fair, Green and Global Alliance members, hereafter referred to as ‘FGG members’ are Both ENDS, ActionAid, Clean Clothes Campaign, Milieudefensie, SOMO, and Transnational Institute. These members are firmly rooted in international networks—all of them either are, or host, networks themselves. The FGG Alliance in its totality, also referred to as ‘FGG’ or ‘FGG partners’ consists of:

- the six FGG members
- nearly 300 CSOs in Low- and lower-Middle Income Countries (LLMICs) and
- key networks and network members

To ensure ‘fair’ and ‘green’ development, the Alliance works with groups—NGOs, civil society organisations (CSOs), community-based organisations (CBOs), communities, and individuals—that face challenges relating to labour and human rights, the use of and control over natural resources, and the global financial system.

ECCJ

The European Coalition for Corporate Justice (ECCJ) promotes corporate accountability by bringing together coalitions of CSOs, trade unions, consumer advocacy groups and academic institutions from all over Europe. ECCJ represents more than 250 organisations in 15 European countries. SOMO is a board member of ECCJ. In 2016, the main focus was on Human Rights Due Diligence and potential avenues to introduce it into law at international, EU and national level. Advocacy efforts were concentrated on working with the Dutch EU Presidency on both a high-level business and human rights conference and the publication of the EU Foreign Affairs Council Conclusions on business and human rights. The above mentioned event, in which ECCJ collaborated closely with the Dutch MVO Platform, hosted 240 participants from 33 countries. The debates included sessions on sensitive political topics, like establishing a UN Treaty on business and human rights.

The EU Foreign Affairs Council Conclusions on business and human rights (June 2016) reflected the acknowledgement that measures taken so far to ensure that companies respect human rights, and are accountable for violations, remain insufficient. The Conclusions were the result of intense advocacy efforts - letters, meetings, media work - by civil society, ECCJ included, and will be a key reference in future advocacy activities.

Other notable advocacy achievements are the European Parliament’s adoption of a report on *Corporate liability for serious human rights violations in third countries*, which incorporates many of ECCJ’s demands.

Furthermore, ECCJ coordinated a pan-European campaign on the 5th anniversary of the UNGPs, including a twitter storm targeting EU and national decision-makers, the publication of a call to action for decision-makers and an opinion article in Brussels media.

Tax Justice

SOMO is an active member of Tax Justice Nederland, which is, through the European Tax Justice Network, part of the Global Alliance for Tax Justice. On the Dutch national level the network has created a common strategic approach towards policymakers and politicians, which has been very successful. TJNL published a position paper that includes the most pressing issues and possible solutions and alternatives, building on the work of all its member organisations. This position paper is the basis for joint advocacy efforts and was used to push tax justice issues high on the political agenda in regards to the Dutch elections in March 2017. Most political parties included the fight against tax avoidance and evasion in their election programme (which were drafted already in 2016).

Exchange valuable information about tax-related subjects

In 2016, SOMO also continued its membership of Eurodad. Through participation in strategy meetings hosted by Eurodad, SOMO was able to exchange valuable information about tax-related subjects such as country-by-country reporting, anti-tax avoidance policies, and effective taxation. These meetings and other forms of communication have helped to develop SOMO’s strategies and activities in line with European partner organisations. With a group of more than 20 other European organisations, and coordinated by Eurodad, SOMO published for the fourth year in a row a report on the current state of play regarding tax matters in the EU.



Part III: SOMO's Services to CSOs

SOMO's Services to CSOs

SOMO Services provides research, training and advice to NGOs and institutions, giving them the facts, skills and strategic information they need to make informed decisions about campaigns, dialogues, or partnerships involving companies.

SOMO Services researchers are experts in mining databases including financial terminals Bloomberg, Reuters' Eikon, Orbis and LexisNexis, as well as investigating corporate structures, finances and markets. In consultation with SOMO's programme experts, SOMO Services offers clients crucial information about the private sector and its impact on society and sustainable development. In 2016 SOMO provided services to 31 clients. SOMO conducted 25 research projects covering a diverse range of companies – from private security companies to global online retailers – and a variety of topics including tropical fruit supply chains, and empty letterboxes used to avoid labour laws, social premiums and taxes. SOMO Services conducted ten trainings and provided six clients with tailored professional advice about dialogues and partnerships with companies. SOMO's reputation is growing well beyond the Netherlands: in 2016 more than a third of its clients hailed from outside the Netherlands.

HIGHLIGHTS OF COMMISSIONED RESEARCH

CORPORATE TAX AVOIDANCE

In 2015 FNV, the Dutch trade union federation, set SOMO to work to examine the average, effective tax rate for a group of more than 150 large Dutch companies over a period of ten years (2005-2014). The results of the project, the largest of its kind in the Netherlands, were published in the 2016 report *Big companies, Low Rates: A study of the effective tax rates of large Dutch companies*. The research revealed that companies were effectively taxed at rates significantly lower than statutory rates, which led to a loss in tax revenue estimated at €3 billion per year over the ten-year period. FNV used the report in its advocacy and tax justice campaign which highlights the impact of tax avoidance by multinationals on workers and society. Alongside the report, SOMO published an international report for tax justice researchers explaining the methodological issues and choices made in the study.

Loss in tax revenue estimated at €3 billion per year

CHILD LABOUR IN ARTISANAL MINING

The Dutch children's organisation Terre des Hommes engaged SOMO to do background research on child labour in India's mica mines. Mica is a glittery mineral that is often used to make cosmetics and car paint shine. SOMO's research, which also identified some of the main companies sourcing Indian mica, found that an estimated 20,000 children, many from marginalised Dalit communities, are working in the mica mines of India's Jharkhand and Bihar regions.

The subsequent report, *Beauty and a Beast: Child labour in India for sparkling cars and cosmetics*, helped bring about significant results in the Nether-

lands and beyond. In a campaign based on SOMO's research, Terre des Hommes collected over 11,000 signatures calling on the national government to stop Dutch companies from buying mica mined by children.

Ten to fifteen thousand children work in the country's artisanal gold mines

Several major Dutch companies including Philips and HEMA as well as foreign multinational car companies GM and BMW subsequently launched internal investigations into their mica supply chains, while Volkswagen suspended purchasing mica from India. In October, a multistakeholder meeting was held involving Terre des Hommes, the Dutch Ministry of Foreign Affairs and several multinationals, including, among others, Philips, L'Oreal, and Akzo Nobel. Meanwhile, Chinese company Kuncai, a major mica supplier, donated €500,000 to Terre des Hommes for a joint programme to help children leave their work in the mines so they can go to school.

Another assignment, commissioned by the Stop Child Labour coalition (coordinated by Hivos), turned SOMO Services' attention to the issue of child labour in the gold mines of Uganda. In the report *No Golden Future: Use of child labour in gold mining in Uganda*, SOMO revealed that between ten to fifteen thousand children work in the country's artisanal gold mines. SOMO also examined the supply chain – from the mines to the point of export – exposing an enormous difference between official export figures and the actual amount of gold exported. The Guardian reported extensively on SOMO's findings, which are now

being used by Stop Child Labour to pressure companies to take action.

ENERGY USE OF MUNICIPALITIES

SOMO Services made a valuable contribution to a highly effective Greenpeace campaign on green energy. Greenpeace employed SOMO to investigate the source of electricity purchased by 390 Dutch municipalities. The subsequent report (*Kortsluiting op de groene energiemarkt: Onderzoek naar de duurzaamheid van gemeentelijke elektriciteitsinkoop*, in Dutch only) revealed that two-thirds of municipalities are not purchasing green energy, despite commitments to do so. The report received widespread media attention and in the first six months after publication, 52 municipalities, including Arnhem, Gouda, The Hague and Nijmegen, pledged to switch to green energy.

Two-thirds of municipalities are not purchasing green energy

PROFESSIONAL DEVELOPMENT

Alongside work for external clients, SOMO's corporate research experts help SOMO programmes expand their research goals by providing deep data and financial analysis. SOMO's corporate researchers train all SOMO researchers individually in the in house databases as well as hosting database trainings on specific subjects. The team develops and stays on top of new and promising research methodologies that can be shared within SOMO and beyond.

In 2016 SOMO staff participated in fruitful skill-sharing sessions with investigative journalists from the Dutch public television station VPRO. The skill-swap between the VPRO and SOMO followed from an

assignment SOMO conducted for the public broadcaster concerning corporate partnership screening. SOMO researchers also frequently participate in exchanges with faculty, researchers and students at various educational institutes in the Netherlands. One notable academic partner is the University of Amsterdam's CORPNET project. SOMO is helping CORPNET identify case studies for its investigation into global networks of corporate ownership and control. Through CORPNET, SOMO has learned about the potential of state-of-the-art computer science to interpret complex data on tens of millions of companies around the world.

SOMO PROVIDES THE FOLLOWING SERVICES FOR CSOs

Research Services

SOMO offers tailor-made corporate investigations that provide useful, clear and strategic analysis on individual companies, whole supply chains, key economic sectors and on the impact of policies on the national, EU and international level.

We provide:

- Company research
- Sector research
- Supply chain research
- Public policy research

Training services

SOMO provides engaging and action-oriented training programmes which provide civil society organisations and (semi) public organisations with the hands-on knowledge and skills needed to promote sustainable change and provide a counterweight to unsustainable strategies and practices of multinational corporations.

We give:

- Company research training:
 - Analyse corporate structures and finance
 - Evaluate a company's corporate social responsibility (CSR) policy
 - Research controversial issues
 - Place CSR issues in the context of competitive markets
 - identify leverage points for change

- Business and Human Rights training
- Grievance mechanisms
- Supply Chain Analysis training

Advice

SOMO advises and assists organisations and institutions to make the most of their interaction with companies – from drafting a corporate partnerships to developing criteria for ethical screenings. We also help documenting and drafting effective complaints to address corporate misconduct through non-judicial grievance mechanisms.

We can advise on:

- Corporate partnership policy
- Multi-stakeholder initiatives
- Sustainable public procurement
- Grievance mechanisms
- Lobby & campaigns
- Expert input

A total of 44 organisations have become SOMO clients over the past five years:

Development organisations

ActionAid NL
 CARE Nederland
 Cordaid
 Finn Church Aid
 Hivos
 ICCO
 Oxfam International
 Oxfam Novib
 SNV
 Südwind
 Terre des Hommes
 Wilde Ganzen

Campaign and lobby organisations

Al Haq
 Amnesty International
 Eurodad
 ForUM
 ICN
 Stop Kinderarbeid Campagne
 WEED

Governmental organisations

Danish business Authority /
 Danisch European Parliament
 SER

International organisations

UNI Global Union

Social entrepreneurs

FairPhone BV
 Stichting Butterfly Works
 Return to Sender

Consumer organisations

Consumentenbond

Labour Unions

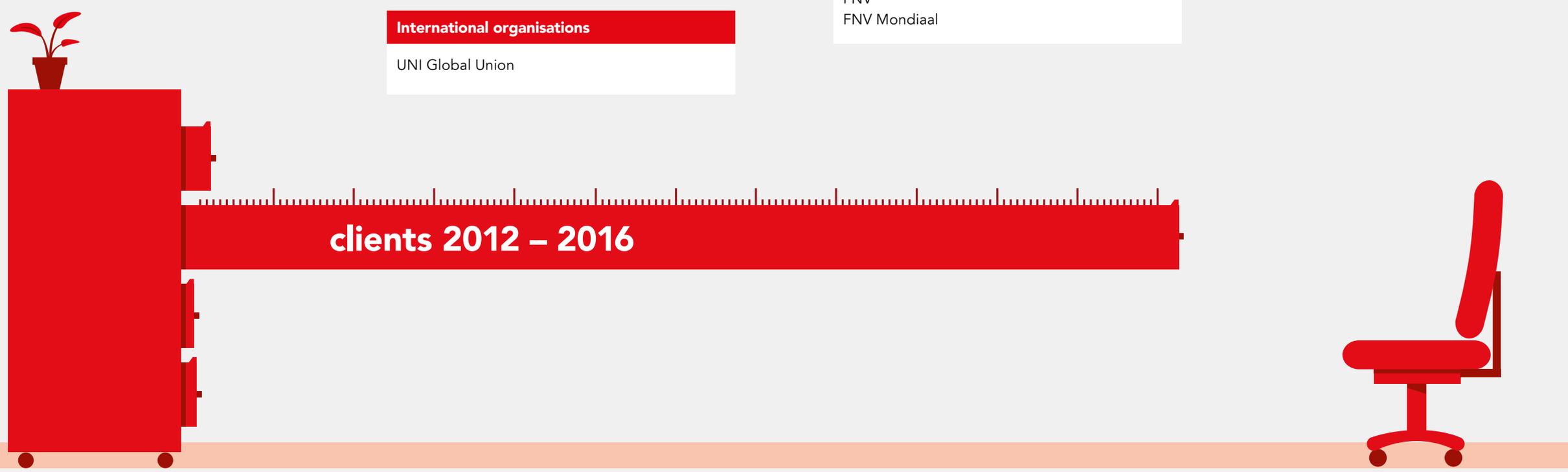
ABVAKABO
 CNV Int
 EPSU
 FNV
 FNV Mondiaal

Environmental organisations

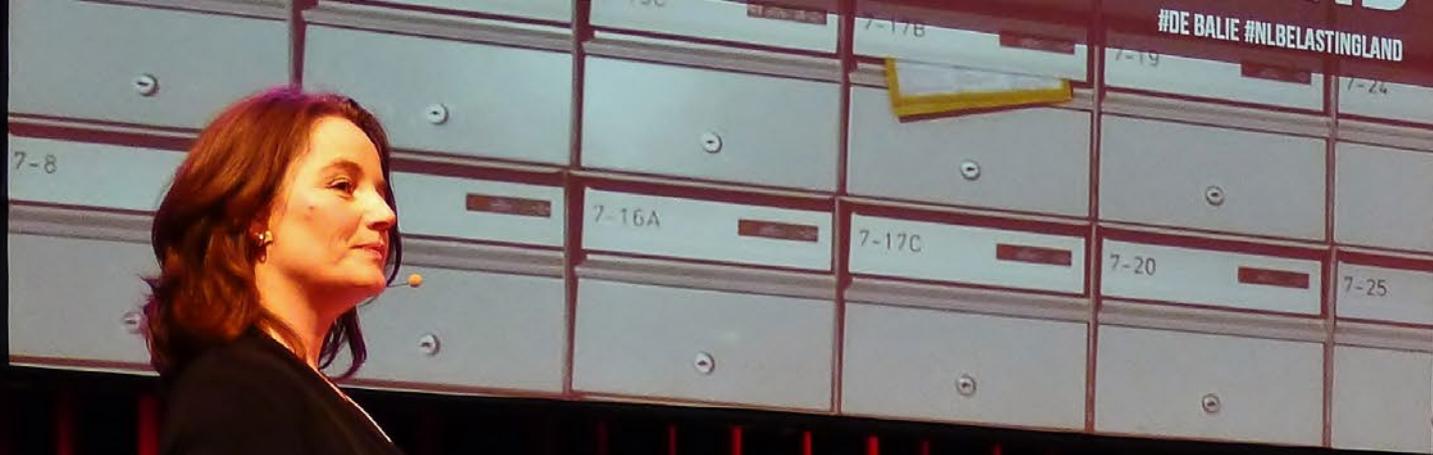
FoE Europe
 Greenpeace Italy
 Greenpeace Nederland
 Milieudefensie
 Shift Project
 Stichting Dier&Recht
 WWF International

Research and media

LEI
 Trouw
 VPRO



clients 2012 – 2016



**MINING ON PROGRESS
SLOW DOWN**



Organisational development

CHANGES

2016 was a year of many organisational changes at SOMO, including the start of implementation of the new strategic plan (2016–2020). It was also the first year of the strategic partnerships with the Dutch Ministry of Foreign Affairs, part of its 'Dialogue and Dissent' policy framework. Together with partners in two different alliances, SOMO was selected by the Ministry for a new five-year grant. Both alliances received an 'A' score from the Ministry, which illustrates the quality of the programme proposals and the added value of SOMO.

In order to achieve the impact envisioned in the strategic plan and the partnership programmes, SOMO seeks to continually develop and improve. To meet external challenges and internal ambitions, we aim to deliver the best quality possible and be innovative in the way we conduct our research, training, coordination and awareness-raising. The following describes key changes in 2016:

- **Strategy conference:** SOMO organises a strategy conference every year. In 2016 the main topic of the conference was the cooperation of SOMO with partner organisations around the world. We invited six representatives from partner organisations to reflect with the entire SOMO staff on the context of our cooperation, the results and challenges. SOMO defines its cooperation strategy in terms of mutual capacity development. Within the cooperation with local partners, we look for complementary roles to strengthen each other. The strategy conference was an important moment to set priorities together. In the context of shrinking space for civil society, with all kinds of threats – financial, legal, physical and lack of access to justice for human rights defenders – we have to invest in safety and security, in joint planning of strategies and activities, in knowledge of the local context, and by linking local and grassroots experiences with national and international policy influence.

- **Alliances:** In the period 2011-2015, SOMO worked together with the Fair, Green and Global Alliance (FGG), led by Both ENDS, and with the IMPACT Alliance, led by Oxfam Novib. Thanks to new strategic partnerships with the Ministry, the cooperation with the FGG Alliance will continue to 2020. The FGG Alliance membership remains the same. SOMO's cooperation with Oxfam Novib will also continue to 2020. However, the other former IMPACT Alliance members are not part of the new partnership. This is largely due to the fact that the other former IMPACT Alliance members do not specifically focus on lobbying-related activities, which is the priority of the Ministry's new policy framework for development aid. The FGG programme focuses on corporate accountability, trade and investment, and financial reform. The Oxfam Novib programme focuses on food, fragility and finance for development. In 2016 baseline studies were conducted by both alliances on the current state of affairs regarding these topics.

- **Team:** Building on decisions made in 2015, SOMO organises its work into a knowledge centre, a services unit and networks. The knowledge centre is organised in four programme teams:
 - Economic Justice
 - Sustainable Supply Chains
 - Rights, Remedy and Accountability
 - Democratic Control over Natural Resources

Communication officers are now members of both the communications team and a programme team. This matrix structure provides better integration of communications in the programmes. The administration team was also reorganised. By the end of 2016, a new team was formed with the Head of Finance, PME officer, HRM officer and Fundraising Coordinator. The responsibilities of these officers used to be very task-oriented. Together the team is now more process-oriented which enables a better understanding and facilitation of the whole process from fundraising to reporting and learning. The work in the programme teams is mainly financed by government and foundation grants.

The services unit is financed by clients. The networks are financed by government and foundation grants and membership contributions.

- **Agile communication strategy:** Over the years, SOMO has developed a strong communication strategy focused on presenting new reports. Following different internal and external evaluations, we decided to renew our communication strategy, putting experts and expertise at the centre instead of reports. This makes the communication strategy more flexible and it enables SOMO to present information in different and more creative forms, like long reads, infographics, animations, short films, briefing papers and newsletters. We are also proud of the launch of our new website www.somo.nl. With the new website, SOMO is more agile. We can present new types of content and information, and respond better to current news, debates or emergencies, providing visitors with tailor-made background information.
- **PME&L and HRM:** Following an external review of SOMO's PME system, we decided to change PME practices and focus more on learning. We implemented new methods for evaluation within teams, including outcome harvesting and sense-making sessions. We also hired external coaches to improve cooperation in teams and team learning, and to implement intervention methods. PME not only refers to learning, but also to transparency on results. In 2016 SOMO began publishing results related to grants from the Dutch Ministry of Foreign Affairs in IATI, the International Aid Transparency Initiative.
- **ICT:** The ICT infrastructure for SOMO's intranet, knowledge management and management information is undergoing a necessary update. The software and data server, which were designed primarily to manage projects but do not facilitate team collaboration, are being replaced with a digital workspace. The new digital workspace will enable employees to work together online with team members and with partner organisations. The workspace was designed in 2016 and will be implemented in the second quarter of 2017. For all

management information (financial, hours, results), SOMO uses Pluriform. To improve the management information at the programme team level and to enable online use of this software, we started with the implementation of Project Connect in 2016.

EXTERNAL EVALUATIONS

In 2016 SOMO commissioned several external evaluations. One SOMO programme was evaluated by Resultante. Within the FGG Alliance SOMO participated in the baseline studies for the programmes' three Theories of Change (ToC) conducted by Context (ToC 1 and 2) and Profundo (ToC3). Within the Strategic Partnership with Oxfam Novib, SOMO participated in composing an inception report for the programme's three ToCs. These baselines have been used to improve the annual plans within the Strategic Partnerships and form the bases for the foreseen mid-term and endterm evaluations.

Additionally, SOMO was interviewed for the Baseline study 'Mapping the Expectations of the Dutch Strategic Partnerships for Lobby and Advocacy' commissioned by the Dutch Ministry of Foreign Affairs' IOB and conducted by Wageningen University, Radboud University and Erasmus University.

Also, SOMO commissioned evaluations of all the projects funded by the Sigrid Rausing Trust in 2016. The conclusions of these evaluations have been taken up in the application for funds for 2017.

QUALITY SYSTEM

SOMO's quality management system has been certified by ISO 9001 since 2011. This audit has since been repeated and included the update of the internal quality system in 2013. SOMO was recertified in 2014. SOMO was audited again in 2016 and no critical issues were identified. In 2017 SOMO will organise the transition to the latest ISO standard.

SUSTAINABILITY AND ACCOUNTABILITY

Sustainability and accountability are fundamental not only to SOMO's mission, but also to the way we operate as an organisation. We are committed to practicing what we propose. SOMO strives to ensure that the supplies and services it purchases are of the most sustainable nature possible. Wherever possible, SOMO chooses Fairtrade, green, organic, recycled or second-hand items. In the case of new supplies, the choice of supplier is based on the best CSR score. In 2016 we installed solar energy panels and switched to Greenhost, an environmentally sustainable webhosting company. For our energy provision, we switched to Groenpand. We also switched to a new security company after research revealed that our previous provider did not meet our standards of corporate accountability.

SOMO's travel policy takes sustainability into account. SOMO employees are reimbursed for commuting costs by public transport. In the case of work-related travel, no use is made of air travel within a radius of 700 kilometres from Amsterdam. In the case of work-related travel for which air travel is necessary, SOMO compensates for the emissions using GreenSeats. SOMO is also accountable for its research and network-related activities. As a watchdog organisation, SOMO takes seriously its responsibility to avoid causing undue harm in the work that we do: our Code of Conduct and Complaints Procedure, are based on this principle. SOMO continues to strive for the highest possible standards and procedures in research, including maintaining an open dialogue with companies, academics and lawyers and to carry out proper reviews of research and other activities. This is to ensure that SOMO's work and services are up-to-date and of the highest quality possible.

In 2016 SOMO handled and resolved four complaints. None were received via SOMO's formal complaint process, but they were nevertheless handled as complaints:

- The first complaint involved a misunderstanding about the feedback procedure for a draft publication, which caused a company to miss the deadline. Although the feedback procedure had been clearly communicated, due to the misunderstanding SOMO provided the company another opportunity to provide feedback. SOMO then assessed the feedback and concluded that it was not necessary to rectify the publication.
- The second complaint revolved around a request from a company for the names of experts and funders involved in a research project. SOMO concluded that its policy on protection of sources (Article 4 of its Code of Conduct) has precedence over its policy on transparency (Article 6 of its Code of Conduct). SOMO provided the company some insight into the project's experts and funders, but did not fully disclose the names of our sources.
- The third complaint came in the form of threat by a company to sue SOMO for the effects of a report published in 2015. (The report revealed that the company was contributing to human rights violations.) SOMO had given the company ample opportunity to give input into the research and provide feedback on the draft publication during the review process. SOMO had taken the company's feedback into account in the report. SOMO thus concluded that the complaint was invalid and a case of legal intimidation – a tactic increasingly being used by companies to silence civil society criticism.
- The fourth complaint came from a journalist and photographer who accused SOMO of copyright infringement. GoodElectronics had referred to their work on its website. While SOMO's communications policy is to limit online references to a maximum of 90 words, in this case 600 words were referenced. SOMO concluded that while it was not a case of copyright infringement, it was a mistake. SOMO agreed to provide the complainants reasonable compensation.

RISK MANAGEMENT

In 2016 SOMO's Supervisory Board and staff together defined a new basis for risk management. During staff meetings these risks are discussed. The Supervisory Board is updated on risk management issues every quarter by the Managing Director. The main risk areas for SOMO are:

1. **Political:** In 2016 the staff and the Supervisory Board discussed two political risks. The first risk relates to elections in the United States, the Netherlands and several other European countries. Both nationalism and climate scepticism lead to risks for the work of SOMO both financially and in terms of policy outcomes. The on-going trend of fact-free politics, alternative facts and fake news are also a risk given our focus on research, facts and evidence. Most of these risks are beyond the sphere of influence of SOMO. We need to be aware of the risks and, where possible, anticipate them in our efforts to influence policy, and in our methods for research and outreach. We need to provide people information for fact-checking and information about alternatives to the current globalised, imbalance of power. The second risk we discussed relates to the independent position of SOMO in relation to the Dutch Ministry of Foreign Affairs and the way we communicate about this relationship.
2. **Financial:** Although the financial position of SOMO is good and the secured incomes for the coming years cover about 70% of the annual budget, SOMO needs to diversify its source of funds and lower financial dependency on a few larger funders. SOMO was successful in securing new funding from private foundations and from the US government in 2016. In 2017, we will intensify fundraising, especially for core funding.
3. **Legal:** SOMO and its partner organisations face different legal risks. SOMO implemented procedures to mitigate risks related to publishing reports and being a watchdog organisation. SOMO has a Code of Conduct for research and publications. In addition, SOMO has a complaint mechanism, a strict procedure for company

reviews (right to reply) and a publication checklist procedure. SOMO will continue to train staff and partners to comply with the Code of Conduct.

4. **Safety:** In 2016 SOMO continued to provide safety training for staff members. Due to increasing risks to human rights defenders, especially those working on issues like mining, land grabbing and resistance to large infrastructure projects, SOMO invested in 2016 in its safety policy, training and risk assessments. This was also an important issue discussed during SOMO's annual strategy conference.
5. **Security:** Related to safety is the issue of ICT-security. We're constantly monitoring the security of our system and have created more awareness about digital security threats. Furthermore, before implementing the digital workspace, we will carry out penetration tests to ensure that sensitive information can be shared safely with partners and vice versa. SOMO is a member of Publeaks.
6. **HRM:** Like many CSOs, SOMO runs the risk of unhealthy work pressure. Employees are often highly committed to the goals of the organisation and strive for changes beyond their sphere of control or sphere of influence. In 2016 teams received coaching to focus more on strategic learning and contribution towards outcomes, rather than outputs.

FUNDRAISING

In 2016, the focus was on securing follow up funding by SOMO's major donors, and building relations with new donors and funds. An increasing number of colleagues have become active in fundraising, combining work related travels with meetings with donors and/or private funds.

We were especially proud on new funding from the U.S. Government - Bureau of Democracy, Human Rights, and Labor on Business and Human Rights in Sub-Saharan Africa (US \$ 495,049.00 for the 2016-2018 period) and funding from the Open Society Foundation on lobby of the financial and

accountancy industry in the Netherlands (US\$ 106,875.70 in 2016) .

MVO Platform and OECD Watch, two of the networks hosted by SOMO, also secured funding. MVO Platform got a subsidy for two years from Oxfam Novib (€ 96,187.00 for the periode 2016-2017) to improve the quality of involvement of NGOs and labour unions in voluntary agreement processes. OECD Watch got a subsidy (€ 200,000 for the period 2017-2018) from WWF for a campaign to improve the functioning of the NCP system.

Revenues from won applications in 2016 came to a total of € 1,268,685 for the period 2016–2019, including a share of funding for SOMO partners.

DONATIONS

In 2013, SOMO introduced a donation button on the website. In 2016 € 2.001 was donated through this channel.

GOVERNANCE AND ORGANISATIONAL STRUCTURE

Over the past ten years, many organisations have changed their governance structure to improve

organisational supervision. A two-tier governance structure, which features a Supervisory Board, makes a clear distinction between executive responsibilities and supervisory responsibilities. In December 2015, both the board members and the staff of SOMO decided to implement this new structure. The former board members became part of the new Supervisory Board. The day-to-day management of the organisation is in the hands of the management. The management team is chaired by Ronald Gijsbertsen, who serves as Managing Director, and includes Esther de Haan, Gerhard Schuil and Roos van Os. Ronald Gijsbertsen serves as Managing Director. He is a member of the Supervisory Board of Free Press Unlimited, for which he receives no remuneration.

Important decisions regarding SOMO's strategies and policies are made collectively. SOMO values the preservation of a 'flat' organisational structure that includes participatory policy development. Thus horizontal team structure features a high level of self-management. The role of the staff is included in the new articles that came into force in January 2016.

Income SOMO	Deal - Organization	Deal - Role SOMO
€ 9.075	Norwegian Forum for Development and Environment (ForUM)	Lead applicant
€ 10.000	Bread for All	Lead applicant
€ 5.000	FNV	Lead applicant
€ 44.270	Ministerie van Buitenlandse Zaken	Co-applicant
€ 199.280	Ministerie van Buitenlandse Zaken	Lead applicant
€ 500.000	US Government - DRL	Lead applicant
€ 39.997	NWO-WOTRO	Co-applicant
€ 25.000	Pax	Lead applicant
€ 106.876	Open Society Foundation	Lead applicant
€ 10.000	Open Society Foundation	Co-applicant
€ 5.000	Rosa Luxemburg Foundation	Lead applicant
€ 18.000	Brot für die Welt	Lead applicant
€ 200.000	WWF	Lead applicant
€ 96.187	Oxfam Novib	Lead applicant
€ 1.268.685		

The supervisory board of SOMO consists of five members, all with a specific field of attention:

- **Ronald Messelink** (chair) is CEO of ICS, an NGO that works on the socio-economic development of rural areas in Africa and Asia.
- **Jasper Teulings** (secretary) is head of the Legal Unit of Greenpeace International in Amsterdam. He is a member of the Board of EarthRights International and the Advisory Board of Pro Bono Connect.
- **Angela Wigger** (member) is Associate Professor of Global Political Economy at the Department of Political Sciences at Radboud University in Nijmegen. She is the vice-chair of the Critical Political Economy Research Network (CPERN), a member of the scientific advisory board of Solidar, a member of the editorial board of the journal Capital and Class, and co-founder of the Amsterdam Research Centre for International Political Economy (ARCIPE).
- **Nicky McIntyre** (member) joined Mama Cash in 2007 and became its Executive Director in June 2008. She serves on the Governing Council of the European Foundation Centre and on the Board of Prospera—the International Network of Women's Funds.
- **Niels ten Oever** (member) head of Digital at ARTICLE 19, a global non-profit organisation that defends freedom of expression and information.

SOMO hosts three networks. These networks function as informal associations with members in the Netherlands (MVO Platform) or worldwide (OECD Watch and GoodElectronics). Steering committees, which represent the network members, are responsible for the networks' strategies and plans. SOMO's management and board are responsible for organisational and managerial issues.

SOMO is an organisational member of the board of the European Coalition for Corporate Justice (ECCJ).

HUMAN RESOURCE MANAGEMENT

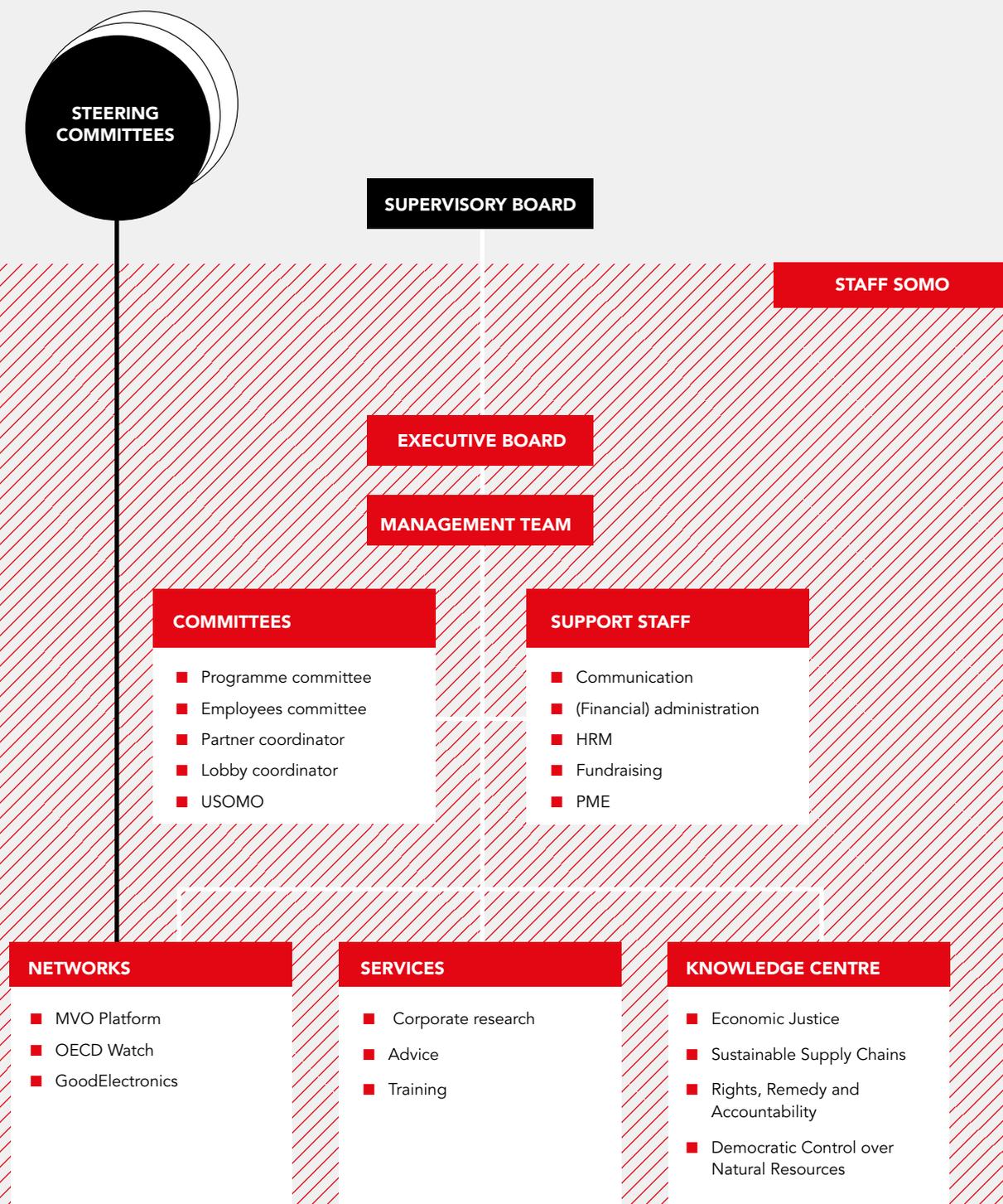
Together with the personnel commission SOMO's management reviewed the actions that were taken to prevent unhealthy work pressure, to improve feed back and coaching within SOMO and to improve performance evaluation interviews. Although not all respondents share the same opinion, it was concluded that these HR issues still need more attention in 2017. The costs for study and personnel development rose again in 2016. This is the result of different strategic decisions: We pay more attention to personal development, for example through coaching. Also, we invested in team development within the different programme teams, including the Management Team. Last, we invested in security training for staff members: all employees that need to travel abroad have to complete a safety training to become familiar with travel related risks, especially in conflict-affected areas.

Relevant Personnel Statistics for SOMO in 2016:

- At the end of 2016, SOMO employed 40 people (2015: 39) at 31.6 FTE (2015: 30.8 FTE).
- 34 people have permanent contracts.
- 6 have temporary contracts for a period of at least one year.
- SOMO has flexible personnel to expand its temporary capacity. In total, 9 freelancers and 1 flexible staff members were working for SOMO at the end of 2016.
- The caretaker (0.35 FTE) is hired from Dienst Werk en Inkomen (Gemeente Amsterdam), an organisation that provides work for people with a distance to the common labour market.
- SOMO trained 4 interns in 2016.
- Absence caused by illness was 2.9% in 2016 (2015: 3.4%).

- The costs for fundraising consists of personnel costs and costs for consultancy. In 2016, 5.7% of the time available was spent on fundraising (2015: 7.6%). The total costs for fundraising are 4.3% of SOMO's total income in 2016 (2015: 5.7%).

The salary of the Managing Director was € 75.954 in 2016. The VFI (the sector organisation of charities) developed a calculation to relate the salary of the Managing Director to the size of the organization, the complexity of the organization, the organisational context and the applied management model. According to this model, SOMO's salary for the Managing Director could maximally be € 98.257 (functiegroep G BSD-punten).



Forecast 2017

		2017 Forecast	
		€	€
Income			
Government grants			
Dutch Ministry of Foreign Affairs		2,580,000	
Other Dutch Government grants		-	
European Commission		420,000	
Other Government grants		550,000	
Total Government grants			3,550,000
Other contributions			
Membership contributions		200,000	
Grants and other contributions		210,000	
Total other contributions			410,000
Professional services			380,000
Other income			20,000
Total income			4,360,000
Expenditure		€	€
Direct project costs		1,250,000	
Direct costs of professional services		30,000	
Personel costs		2,560,000	
General expenses		495,000	
Total expenditure			4,335,000
Operating result before interest and taxation			25,000

FINANCIAL STRATEGY

SOMO's long-term financial strategy consists of four interrelated elements. First, SOMO implements a strategy of consolidation and incremental development. We want to grow in impact, not necessarily in size. Second, we recognise the need to diversify our sources of income and reduce the proportion of funding from the Dutch Ministry of Foreign Affairs. Fundraising in previous years resulted in a solid financial base for implementation of our strategy plan for 2016 – 2020. After 2020, we aim for no more than half of our income to come from a single donor. Our primary focus will be on raising funds from other (European) governments, but we will also invest in building relationships with private foundations in Europe and the United States. Our goal is to increase funding from these sources to at least 15% of our budget. SOMO will

also explore new funding opportunities through crowdfunding, new membership contribution structures, and strengthened collaboration with academic institutions. SOMO's provision of professional services is another key generator of more diverse funding. SOMO aims to expand its external services significantly, reaching out to new clients from a broader geographic area. By 2020, fees from clients should account for at least 20% of our income. Third, we aim to build a higher general reserve. As stated in the financial report, the general reserve does not meet the set targets yet. Finally, given low interest rates SOMO aims to use part of the general reserve for sustainable investments, like solar panels, that both reduce our ecological footprint and provide a better return on investment than a savings account.

Report from the Super- visory Board

REPORT FROM THE SUPERVISORY BOARD

SOMO's new Supervisory Board (Raad van toezicht) formally came into being in January. The change in governance structure coincided with the beginning of a new phase for SOMO – the start of a new ambitious strategic plan and two new strategic partnerships with the Dutch Ministry of Foreign Affairs, both of which cover the period 2016-2020.

The Supervisory Board is pleased to see SOMO unlock the incredible potential of its research by communicating its knowledge in new and dynamic ways, and investing more in its relationships with partners and within networks.

The Supervisory Board is now complete with five members, two of whom joined us in 2016. Nicky McIntyre is the Executive Director of Mama Cash and Niels ten Oever is Head of Digital at ARTICLE 19, a global organisation that defends freedom of expression and information. Within the Supervisory Board, Nicky focuses on strategy development and fundraising, while Niels focuses on ICT, innovation and safety. The three veteran board members, Jasper Teulings (General Counsel at Greenpeace International), Angela Wigger (Associate Professor of Global Political Economy at Radboud University) and myself (CEO of ICS), focus respectively on legal issues, university relations and financial management.

While the legal structure and role and responsibilities of the Supervisory Board have changed, our ways of working have not. SOMO is both unique and exemplary in its bottom-up and inclusive style of management. The Supervisory Board aims to support SOMO in maintaining this structure while asking key questions, monitoring risks, and performing standard checks, including review and approval of financial and annual reports.

The Supervisory Board met four times in 2016. In each meeting attention was given to risk management, fundraising, human resources, the strategic partnership relationship with the Ministry of Foreign Affairs, and programme development and results. We were pleased once again to

receive confirmation of SOMO's excellent financial management with the 2015 independent auditor's report. We implemented a new approach to risk management in 2016, focusing attention on both strategic and operational risks for SOMO. We discussed and approved SOMO's new strategic plan. We also analysed the potential impact of the 2017 Dutch elections on SOMO and its work. Other agenda points included financial management in relation to collaborations with at-risk partners (such as those facing repression or operating in conflict areas), changes in law and regulation, and legal harassment by companies.

We conducted a performance review of the Managing Director in July and met with SOMO's employee committee in December. It is clear from these discussions that SOMO staff have a strong commitment and well-deserved pride in the organisation. Nevertheless, work pressure remains a challenge for staff and steps are being taken to address this problem.

SOMO continues to distinguish itself as both a leading centre of research and analysis on multinationals, and as a visionary and principled organisation that functions at the highest level.

Ronald Messelink
Chair of the Supervisory Board





Financial Statements

Balance Sheet as of 31st of December, 2016 (after appropriation of result)

	31-12-2016	31-12-2015
Assets	€	€
Fixed assets		
Tangible fixed assets		
Other equipment	135,321	54,975
Current assets		
Receivables, prepayments and accrued income		
Trade debtors	3,557	178,458
Subsidy receivable	197,308	272,377
Taxation and social securities	43,188	17,948
Prepayments and accrued income	188,153	139,589
	432,206	608,372
Cash and bank balances	1,804,685	1,972,550
Total assets	2,372,212	2,635,897
Liabilities	€	€
Equity		
General reserve	666,709	632,179
Appropriated reserves	66,581	66,581
	733,290	698,760
Current liabilities, accruals and deferred income		
Creditors	345,102	331,234
Advanced payments/ advances received on subsidies	743,464	1,133,232
Taxation and social securities	148,960	135,169
Accruals and deferred income	401,396	337,502
	1,638,922	1,937,137
Total liabilities	2,372,212	2,635,897

Statement of Income and Expenditure, 2016

	2016 realization	2016 budget	2015 realization
Income	€	€	€
Government grants/contributions			
Government grants (Dutch Government)	2,605,773	2,480,000	2,485,861
Government grants (European Commission)	333,738	410,000	536,288
Other Government grants	151,941	50,000	27,366
Other contributions	802,592	740,000	575,704
	3,894,044	3,680,000	3,625,219
Professional services	324,247	400,000	382,230
Other income	5,186	30,000	-
Total income	4,223,477	4,110,000	4,007,449
Expenditure	€	€	€
Direct project costs	1,208,891	1,050,000	1,127,164
Direct costs of professional services	37,024	30,000	67,202
Personnel costs	2,551,379	2,500,000	2,409,735
General expenses	386,998	500,000	374,696
Total expenditure	4,184,292	4,080,000	3,978,797
Operation result before interest and taxation	39,185	30,000	28,652
Financial income and expenses			
Interest income	2,970	-	8,089
Financial expenses	-1,848	-	-1,264
	1,122	-	6,825
Result on ordinary activities before taxation	40,307	30,000	35,477
Taxation on ordinary activities	-5,777	-	-7,381
Result after taxation	34,530	30,000	28,096

Accounting Principles for Financial Reporting

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

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

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

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

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:

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

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

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

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

	31-12-2016	31-12-2015
Assets	€	€
Other equipment (rebuilding, computer/office equipment)		
Purchase value at historical cost	228,218	219,658
Accumulated depreciation	-173,243	-148,585
Balance as of 1 January	54,975	71,073
Movements		
Investments	111,891	8,560
Desinvestments	-	-
Depreciation	-31,545	-24,658
Total movements	80,346	-16,098
Purchase value at historical cost	340,109	228,218
Accumulated depreciation	-204,788	-173,243
Balance as of 31 December	135,321	54,975
Trade debtors		
Trade debtors	3,557	178,458
Minus: allowance for doubtful receivables	-	-
Total trade debtors	3,557	178,458
Subsidy receivable		
BothENDS (MFS II Fair, Green & Global Alliance)	-	31,944
BUZA (Human Rights and Grievance Mechanisms)	-	79,161
Oxfam Pakistan (Fragile States)	3,974	-
BUZA (Fragile States)	49,685	107,240
EuropeAid (ECCJ)	1,710	1,710
SETEM (EuropeAid ProcureITFair)	10,561	10,561
Fair Wair Foundation (EuropeAid Creating Change Agents in the European Garment Industry)	-	7,534
TIE (EuropeAid Human Rights at Work)	12,555	35,937
DRL (US Government)	109,562	-
Open Society Fund (Tackling corporate lobby in the Netherlands)	2,037	-
Brot fur die Welt (OECD Watch)	4,742	-
Open Society Fund (corefunding)	3,126	-
Norwegian Forum for Development and Environment (OECD Watch)	1,066	-
Subtotal subsidy receivable	199,018	274,087
Minus: doubtful subsidy receivable (projects)	-1,710	-1,710
Total subsidy receivable	197,308	272,377

	2016	2015
Assets	€	€
Taxation and social securities		
Taxation (corporate tax)	3,720	4,432
Value added tax (V.A.T.)	39,468	13,516
Total taxation and social securities	43,188	17,948
Prepayments and accrued income		
Professional services to invoice	118,814	71,171
Rent	5,021	4,991
Interest	4,231	10,762
Pension contributions	25,589	13,989
Health insurance	10,893	10,132
Other prepayments and accrued income	23,605	28,544
Total prepayments and accrued income	188,153	139,589
Cash and bank balances		
Current accounts	389,988	387,551
Interest accounts	1,413,700	1,584,056
Stocks	997	943
Total cash and bank balances	1,804,685	1,972,550

CASH AND BANK BALANCES

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

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

	Begin financial year 2016	Movements 2016	End financial year 2016
Liabilities	€	€	€
Equity			
General reserve	632,179	34,530	666,709
Appropriated reserve housing	30,000	-	30,000
Appropriated reserve organisation development	36,581	-	36,581
Total equity	698,760	34,530	733,290

EQUITY

General Reserve: The necessary amount as general reserve, based on the guidelines of the VFI, equals 50% of the fixed organization costs. This contains the fixed personnel costs (gross salary, social charges, allowances, pension) and the fixed organization costs. The norm for 2016 is € 1,171,375 (2015: € 1,146,265. The actual general reserve for 2016 is € 666,709 (2015: € 632,179).

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

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

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

	31-12-2016	31-12-2015
Liabilities	€	€
Creditors		
Creditors	170,502	173,684
Contract obligations project partners	174,600	157,550
Total creditors	345,102	331,234
Advanced payments/ advances received on subsidies		
BothENDS (Partnerschap BuZa: Fair, Green & Global Alliance II)	233,258	839,422
Oxfam Novib (Partnerschap BuZa)	156,563	-
BUZA (Improving NCP Program)	19,500	-
La Strada (EuropeAid Trafficking Human Beings)	13,563	-
TNI (EuropeAid EU Investment Coherence for Sustainable Development)	832	4,944
CIR (EuropeAid Fair Super Brands)	26,485	30,048
Oxfam Pakistan (Fragile States)	-	59,929
The Sigrid Rausing Trust	32,638	34,906
MVO Platform advanced payments	49,340	48,570
EuropeAid (Good Electronics Network)	102,850	21,377
Bread For All (ProcureITfair)	-	24,749
Fastenopfer (ProcureITfair)	6,414	14,659
Oxfam Novib (IMVO Convernanten)	17,939	-
Fidelity Charitable (Righting Remedy)	-	24,733
Dutch Embassy Colombia	10,388	29,895
NOW-WOTRO	498	-
WWF (OECD Watch)	60,000	-
Pax ('Should I stay or Should I go?')	13,196	-
Total advanced payments	743,464	1,133,232
Taxation and social securities		
Social securities (payroll tax)	147,728	133,698
Social Securities Belgium	1,232	1,471
Total taxation and social securities	148,960	135,169
Other accruals and deferred income		
Holiday pay	79,761	72,070
Holiday days	75,663	93,878
Pension contributions	4,121	-
Prepayments professional services	60,704	43,458
Audit fee	30,000	23,000
Development contract supervision	4,560	4,560
Implementation costs DWO and Projectconnect	14,580	-
Salaries	80,316	75,116
Transfer costs pension	9,000	9,000
Dividend to be paid to charity organisation	72	175
Other	42,619	16,245
Total other accruals and deferred income	401,396	337,502

CONTINGENT ASSETS AND LIABILITIES

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

SOMO started a capital account in 2007 related to the ING account for a bank guarantee. At the end of 2015, there is one bank guarantee for the sum of € 26,275. This relates to the lease for the building of SOMO at Sarphatistraat 30 in Amsterdam (rent in 2015: € 59,783). The lease for Sarphatistraat 30 SOMO signed in 2007 starts from 1 July 2007 – 30 June 2012. In 2016 the contract is extended to 30 June 2020.

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

	2016	2015
Income	€	€
Government grants (Dutch Government)		
Oxfam Novib (MFS II IMPACT Alliance)	-	1,222,929
Both Ends (MFS II Fair, Green & Global Alliance)	-	541,147
Oxfam Novib (Partnerschap BuZa)	655,937	-
BothENDS (Partnerschap BuZa: Fair, Green & Global Alliance II)	1,749,825	-
BUZA (Human Rights and Grievance Mechanisms)	-	392,412
BUZA (Fragile States)	-	324,158
BUZA (Improving NCP Program)	43,605	-
Dutch Embassy Colombia	88,771	5,215
Oxfam Novib (IMVO convenanten)	30,155	-
La Strada BuZa	6,359	-
Oxfam Pakistan (Fragile States)	30,988	-
Other	133	-
Total Government grants (Dutch Government)	2,605,773	2,485,861
Government grants (European Commission)		
EuropAid (Good Electronics Network)	280,806	337,509
Fair Wear Foundation (EuropeAid Creating Change Agents in the European Garment Industry)	2,384	7,534
TNI (EuropeAid EU investment coherence for sustainable development)	4,112	47,778
La Strada (EuropeAid Trafficking Human Beings)	-	10,583
SETEM (EuropeAid ProcureITFair)	-	30,160
CIR (EuropeAid Fair Super Brands)	42,431	68,716
TIE (EuropeAid Human Rights at Work)	4,005	34,008
Total Government grants (European Commission)	333,738	536,288
Other Government grants		
Royal Norwegian Ministry of Foreign Affairs (OECD Watch)	-	27,366
NWO-WOTRO	33,500	-
DRL US Department of State	118,441	-
Total other Government grants	151,941	27,366

	2016	2015
Income	€	€
Other contributions		
Contributions of partners (EuropeAid Good Electronics Network)	39,748	27,028
The Sigrid Rausing Trust	159,785	156,965
Oxfam Novib	-	30,050
OECD Watch (membership contributions)	250	8,091
MVO Platform (membership contributions)	154,204	153,518
Contributions TTIP festival	6,049	-
TNI (Lobby Watch)	10,000	-
Getting EU Business and Human Rights implementation back on track (contributions)	65,093	22,305
Oxfam Pakistan (Fragile States)	63,903	7,314
Oxfam Novib (Make Tax Fair)	-	69,677
Bread For All (ProcureITFair)	47,279	5,000
Lentenfund (ProcureITFair)	22,121	6,974
Norwegian Forum (OECD Watch)	5,356	10,091
WWF (OECD Watch)	4,625	-
Brot fur die Welt (OECD Watch)	18,000	-
Fedility Charity (Righting Remedy)	24,733	20,275
OSIFE (Lobby project)	93,371	-
OSIFE (corefunding)	50,000	-
Fair Wear Foundation (Sustainable Supply Chains)	10,724	-
Roza Luxemburg	5,000	-
Milieudefensie	-	13,455
Pax ('Should I stay or Should I go?')	11,804	-
Crowdfunding and gifts	2,001	782
Other contributions	8,546	44,179
Total other contributions	802,592	575,704

FUNDRAISING

The total of income received not from own fundraising of SOMO but as part of cofunding of project partners for 2016 is € 27,248 (2015: € 108,111).

EXPLANATION ONLINE FUNDRAISING AND DONATIONS

In 2016 SOMO received € 2,001 in donations (2015: € 782), no amount is received for crowdfunding in 2016 (2015: € 0).

For the use of this income the following rules apply:

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

	2016	2015
Income	€	€
Professional services		
Quick Scans	8,589	12,610
Corporate research	96,734	42,294
Sector research	112,390	153,862
Country and policy research	25,527	59,211
Supply chain research	20,688	24,000
Trainings	6,045	17,428
Consultancy	31,281	50,314
Expert contribution	13,706	20,443
Other services	9,287	2,068
Total professional services	324,247	382,230
Expenditure	€	€
Direct project costs		
Travel costs	169,491	256,184
Office expenditure	208,700	90,079
Telephone and postage	2,857	2,279
Printed matter	103,063	146,615
Contracted work	679,393	572,234
Other direct project costs	45,387	59,773
Total direct project costs	1,208,891	1,127,164
Direct costs of professional services		
Travel costs	1,114	12,043
Office expenditure	1,744	2,071
Telephone and postage	-	100
Printed matter	8,885	7,043
Contracted work	19,712	45,374
Other direct costs of professional services	5,569	571
Total direct costs of professional services	37,024	67,202

	2016	2015
Expenditure	€	€
Personnel costs		
Salaries		
Gross wages	1,703,172	1,596,119
Social securities	302,853	274,433
Pension contributions	209,048	195,369
Total salaries	2,215,073	2,065,921
Remaining personnel expenditure		
Study	46,730	45,666
Change in debt holiday pay	7,691	3,889
Change in debt holiday days	-18,215	-3,958
Insurance	43,766	28,033
Travel costs	33,377	28,567
Thirteenth month	152,739	134,913
Freelance costs support staff	21,413	16,740
Freelance costs project staff	107,155	124,084
Provision personnel	-	-44,451
Other personnel costs	24,574	29,821
Total remaining personnel expenditure	419,230	363,304
Subtotal personnel costs	2,634,303	2,429,225
minus: received payments for illness	39,743	19,490
minus: charged for (project) personnel expenditure	43,181	-
Total personnel costs	2,551,379	2,409,735

PERSONNEL COSTS

At the end of 2016, SOMO was employing a total of 40 people (2015: 39) and 31.6 FTE (2015: 30.8 FTE).

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

income of the employees who are involved in the Management Team.

Based on the WNT, the income of top officials in the (semi) public sector may not exceed the maximum of 100% of the minister's salary. For 2016 the maximum amount is € 179,000 including taxable allowances and employer pension contributions.

Our board members are unpaid, they only receive an attendance of € 150 per year.

2016

Title	Managing Director	Programme Manager	Programme Manager	Programme Manager
Name	Ronald Gijbertsen	Esther de Haan	Gerhard Schuil	Roos van Os
FTE	36 hours a week			
Months worked in 2016	12	12	12	12
Gross salary including thirteenth month holiday allowance and holiday pay	€ 75,954	€ 69,081	€ 64,243	€ 52,188
Pension premium paid	€ 9,648	€ 8,668	€ 7,787	€ 6,008
Travel expenses home-work	€ 3,591	€ 0	€ 0	€ 0
Total	€ 89,193	€ 77,749	€ 72,030	€ 58,196

TAXATION ON ORDINARY ACTIVITIES

Corporate tax 2016	€
Result on ordinary activities before taxation	40,307
Added: Partly tax-deductible costs	2,972
Added: Non-tax-deductible costs	1,250
Minus: investment deduction	-15,640
Fiscal result	28,889
Calculated corporate tax 20%	5,777

	2016	2015
Expenditure	€	€
General expenses		
Software and hardware		
Software and development	167,309	93,277
Software and hardware	22,073	9,526
Depreciation software and hardware	7,952	9,105
Depreciation software development	7,101	-
minus charged for project costs ICT/ Software	-72,268	-410
Subtotal software and hardware	132,167	111,498
Housing expenses		
Rent and energy	74,492	64,278
Insurance and taxes	2,895	2,305
Maintenance and cleaning	23,426	24,400
Depreciation rebuilding	11,844	11,823
Other housing expenditure	4,445	6,851
minus charged for project costs housing expenses	-765	-
Subtotal housing expenses	116,337	109,657
Office expenses		
Catering	8,656	8,268
Telephone	4,790	6,135
Postage and dispatch	852	964
Printed matter	4,926	4,174
Office supplies	8,418	5,172
Internet/ website	2,400	2,086
Contributions	7,603	4,477
Literature	822	1,012
Databank	58,362	43,700
Representation	2,557	6,172
Travel	4,897	6,089
PR and publicity expenditure	29,926	21,525
PR dissemination knowledge	37,657	49,845
Translation/ interpreter expenditure	922	2,348
Depreciation equipment	4,648	3,730
Indemnification	1,250	-
minus charged for project costs office expenses	-78,402	-64,457
Subtotal office expenses	100,284	101,240

	2016	2015
Expenditure	€	€
Organisation and administration expenses		
Advice	10,092	10,424
Audit fee	23,750	27,000
Administration costs	9,086	4,627
Insurances	7,857	6,836
Allowance for incollectable grants	-	1,710
Other general expenses	2,025	1,704
minus charged for Project costs organisational and administration expenses	-14,600	-
Subtotal organisation and administration expenses	38,210	52,301
Total general expenses	386,998	374,696

EXPLANATION OF DIFFERENCES BETWEEN REALIZATION AND BUDGET 2016

Result

The positive result (before taxation) for 2016 is € 10,307 higher than expected. The budgeted result for 2016 was € 30,000 before taxation; the actual positive result is € 40,307 before taxation. The result after taxation 2016 is added to the general reserve. Because SOMO's general reserve does not meet the norm yet, SOMO aims for a small positive result every year. The total income was € 113,477 higher than expected. This did not affect the result much, because the total expenditures were € 104,292 higher than budgeted.

Income

The income from professional services was 19% lower than budgeted. SOMO had more international clients with a smaller expected income per assignment.

The higher income and expenditures are mainly caused by successes in fundraising for new project and by a slight overspending of the annual budget of the partnerships programmes. This overspending will be deducted from the budget for the years to come. This overspending is related to the start-up phase of the programme.

The 2016 income from the European Commission is lower than budgeted. No new EU-funded projects started in 2016, and on the Good-Electronics Network project realized an underspending.

Other government grants were higher than budgeted, mainly because of the assigned US Government grant for the RRA programme team.

Expenditure

The direct project expenditures were higher than budgeted: more costs were spent on project related office expenditures. These costs are higher because of costs for the development of the new Digital Work Space, higher costs for colleagues and partner organisations, as well as higher costs for the implementation of new research methods (and related database costs) and a new outreach strategy with costs for new (online) communication tools and visualisations.

Fewer costs were spent on travel by SOMO staff and partners. Because of the start-up phase of the new partnerships less travel was carried out.

Personnel costs are € 51,379 (2%) higher than budgeted. Higher costs were invoiced for the health insurance and the calculation of the thirteenth month was higher than budgeted.

The general expenses are lower than budgeted; more costs could be financed with subsidies.

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 2016

The result after taxation 2016 is € 34,530 positive (2015: € 28,096 positive). The board of SOMO has decided to add this result to the general reserve.

May 18th 2017

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

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

A. Report on the audit of the financial statements 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 of Stichting Onderzoek Multinationale Ondernemingen (Centre for Research on Multinational Corporations), based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Onderzoek Multinationale Ondernemingen (Centre for Research on Multinational Corporations) as at 31 December 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Policy rules implementation of the Public and Semi-public Sector Senior Officials (Standard Remuneration) Act (WNT).

The financial statements comprise:

1. the balance sheet as at 31 December 2016;
2. statement of income and expenditure over 2016; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

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

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

Oranje Nassaulaan 1
1075 AH Amsterdam
Postbus 53028
10017 BA Amsterdam

Telefoon 020 571 23 45
E-mail info@dubois.nl
www.dubois.nl
KvK nummer 34374865

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



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

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

- the Board's report (part 1 -3);
- report from the Supervisory Board;
- other information;
- annex 1: financial overview MVO Platform 2016.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the Board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

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

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

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

Our responsibilities for the audit of the financial statements

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

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

dubois + co

REGISTERACCOUNTANTS

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

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

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Amsterdam, 18 May 2017

Dubois & Co. Registeraccountants

Signed on original by:
A.P. Buteijn RA



Flamar Italia

B
X

Flamar Italia

