



Summary Year Plan 2012

Based on the following themes:

- Corporate Accountability
- Corporate Research
- Sectors and Supply Chains
- Economic Justice

1 Corporate Accountability

In 2011, there were many developments in the field of Corporate Accountability, at international, regional and national level. On the global level, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises were revised and the Guiding Principles for Business and Human Rights were adopted by the United Nations Human Rights Council.

At the EU level, commitments were made towards mandatory non-financial reporting. A new communication on Corporate Social Responsibility (CSR) was released, and steps are being taken with regard to legislation of conflict minerals. At the national level, however, the political climate has unfortunately not been favourable towards Corporate Accountability.

Nevertheless, the international developments that have taken place influence the power configurations and dynamics between SOMO and its target groups: namely, civil society organisations (CSOs), companies and governments. While SOMO is critical about each of the instruments – both with regard to their content and leverage – the progress that has been made creates spaces and tools so that CSOs can hold companies to account.

Thanks to SOMO's active involvement in the development and renegotiation of the current Corporate Accountability instruments, SOMO has a good overview of any developments. This overview, combined with SOMO's research capacity and networks, makes the organisation well positioned to perform the function of critical watchdog that is so crucial in the current CSO landscape.

SOMO has identified the following priorities within the Corporate Accountability theme for 2012:

- ❑ Monitoring corporate accountability standards and initiatives
- ❑ Lobbying for corporate regulation
- ❑ Facilitating cooperation between CSOs
- ❑ Strengthening grievance mechanisms.

2 Corporate Research

The context that multinational corporations operate in is evolving at a rapid rate. This influences the way companies behave, for example, in terms of sustainability. Recent developments that will have an impact on how multinationals operate include: a series of legislative proposals around supply chain responsibility; continuing discussion around the use of offshore centres to reduce a company's tax burden; and the development and revision of a number of influential corporate accountability tools.

This changing environment calls for on-going monitoring of corporate behaviour to assess whether their behaviour is in line with new and improved standards. Evidence of corporate violations of these standards are also an important lobbying tool for further work on legislative and other proposals.

These trends are important drivers for SOMO's work on Corporate Research. SOMO sees a role for itself in assessing and evaluating whether a company's behaviour is in line with: a) its public corporate image; 2) current international standards for corporate conduct (e.g. the revised OECD Guidelines); and 3) a true contribution to sustainable development.

Additionally, the Corporate Research theme needs to explore how international instruments (e.g. the Ruggie Framework) are applied in practice, as well as investigating the concrete effects of broader policy developments (e.g. the effect of the EU's energy policies). SOMO also believes that it should find as many ways as possible to feed the information it gathers to other stakeholders.

Within this context, the Corporate Research theme has identified three major clusters around which it has organised its activities for 2012:

- ❑ **Controversial cases** – research and follow up strategies to address specific controversial business practices
- ❑ **Corporate profiles** – research that focuses on a range of activities from one specific company
- ❑ **Research strategies** – development of tools to enhance the quality and effectiveness of corporate research.

3 Sectors and Supply Chains

Around the globe, civil society, governments and companies are all paying more attention to critical sustainable development issues in the supply chains of different industrial sectors. It is becoming increasingly accepted that companies must take responsibility for the social, environmental and economic conditions in their supply chains – and that they can be held accountable if they fail to do so.

2011 saw a number of developments regarding supply chain responsibility, both at the international level (in the form of ‘soft law’ voluntary normative standards), as well as at the domestic level (in the form of ‘hard law’ regulations) in several key countries. SOMO has identified six strategic sectoral clusters that will serve as the focus of its work on Sectors and Supply Chains in 2012: electronics; food and agriculture; extractives; energy and public services; garments; and pharmaceuticals.

In addition, finance remains an important element in all the sectors SOMO is investigating. The 2012–2015 plans in a number of SOMO sectors include financial aspects such as taxation, private investment and commodity speculation. The choice of these sectors is based on SOMO’s recent work and experiences, as well as on an analysis of the expected importance of these sectors and the potential for SOMO to make an impact in 2012 and beyond.

With these clusters, SOMO covers key global sectors and value chains, from source (extractives and raw materials) to manufacturing (electronics) to service provision (electricity). In each of these sectors, there are major issues related to the impacts on poverty and sustainable development that continue to persist or will arise in the near future. In addition, many of these SOMO sectors overlap with the Dutch government’s ‘top sectors’ (e.g. electronics, electricity/energy, food, water and finance).

Sectors and Supply Chains is SOMO’s largest and most diffuse field of work. However, a number of important themes run through multiple sectoral clusters and serve to tie SOMO’s work on sectors and supply chains together. For example, the rising political and economic influence, as well as the policies and practices, of ‘Southern’ multinational corporations (MNCs) will be examined in the food and agriculture, public services and electronics clusters. In addition, the local impacts of CSR (including individual company policy, sector-specific codes of conduct, certification schemes and multi-stakeholder initiatives) will be a focus in SOMO’s 2012 sectoral work on garments, extractives, public services, food and agriculture, and electronics. Supply chain responsibility will be an important subject in nearly all SOMO sectors in 2012. These common threads that run throughout several sectors will be further crystallised and strengthened over the coming 12 months.

A major goal for SOMO’s Sectors and Supply Chains work in 2012 is to strengthen the systems approach within and between the sectors and supply chains. A systems approach implies analysing specific sectors and chains in the context of their relation to other sectors, as well as other parts of the economy, environment and society. For example, SOMO’s work on the energy value chain makes the link between the extraction and transport of the fuels used to generate electricity (uranium, coal, biomass) and the companies generating electricity and providing it to consumers. The project thus links SOMO’s work on the public services sector with its work in the extractives and agriculture clusters. Similarly, SOMO’s work on extractives for electronics means that these two clusters will collaborate and reinforce each other.

SOMO’s 2012 work on Sectors and Supply Chains is expected to use tried and tested strategies of knowledge-building, strengthening cooperation and information-sharing among CSOs globally. SOMO is also working towards advocacy for policy change, in order to contribute to the organisation’s objectives of:

- Civil society organisations contributing to sustainable development through increasing influence on multinationals;
- Corporate conduct and policies serving sustainable development
- Government regulation serving equitable distribution of wealth and sustainable development.

4 Economic Justice

Economic justice is SOMO's fourth cluster theme. It aims to reverse the long-standing trend that sees global resources flowing from those who need them most to those who already have abundant resources. Multinational corporations play a pivotal role in this development. As politics lag behind markets, the world is in need of a political economic system, globally and locally, that truly strives for a more equal distribution of wealth and power.

To achieve this, structural and institutional changes are needed in the way corporations (and the economic system in which they function) are regulated and governed: how their economic contribution to society is enhanced through more just taxation policies and through the internalisation of social and environmental costs.

Policy coherence is key to fundamental reform of the global economy in order to achieve a more fair and sustainable economic order across the wide range of policy areas that have implications for sustainable development and poverty eradication. Economic Justice is subdivided in three of those areas: taxation; trade and investment; and financial reform.

One separate but overarching project under Economic Justice focuses specifically on policy coherence in relation to economic foreign policy and the Dutch government. These different clusters have chosen the following priorities for 2012:

- ❑ **Tax Justice:** conducting company tax research on the impact of the Dutch conduit structures on revenues in developing countries, in combination with capacity-building and advocacy regarding the role of policy and company practices in tax avoidance and evasion and its impact on developing countries; advocating for policy change in the framework of the national and international tax justice networks.
- ❑ **Trade and Investment:** the inclusion of investor obligations and CSR in International Investment Agreements; capacity building in West Africa on CSR and Foreign Direct Investment policy; advocacy on financial sector liberalisation in Free Trade Agreements in India and Indonesia; and contributing to an Alternative Trade and Investment Mandate.
- ❑ **Financial Reform:** impact of shadow banking (Lehman case; commodity speculation and hedge funds) on developing countries; advocacy, outreach and networking to promote alternative reforms towards a financial sector that supports sustainable development worldwide; contribution to global financial network; advocacy and networking on EU Financial Reforms for development.
- ❑ **Policy Coherence:** privatisation of public goods in Dutch development cooperation and the Netherlands as a treaty haven: cost and benefit analysis of the Dutch business climate.