

SOMO
Annual Report
2018

Colophon



Stichting Onderzoek Multinationale Ondernemingen
Centre for Research on Multinational Corporations

Annual Report 2018

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Table of Contents

About Somo	4	Part III SOMO Services to CSOs	48
Director's Report	9	Organisational Development	58
Introduction	10	Report from the Supervisory Board	70
Highlights	12	Financial Statements 2018	75
Part I SOMO as Knowledge Centre	24	• Balance sheet as of 31st December, 2018	76
• Sustainable Supply Chains	25	• Statement of income and expenditure, 2018	77
• Economic Justice	28	• Accounting principles for financial reporting	78
• Rights, Remedy & Accountability	31	• Notes to the balance sheet	79
• Democratic Control over Natural Resources	33	• Notes to the statement and expenditure	85
Part II SOMO & NGO Networks	36	• Explanation of differences between realisation and budget, 2018	92
SOMO as a member and host of NGO Networks	37	Other information	93
• GoodElectronics	38	• Benefits	93
• Lobbywatch	40	• Expenses	93
• MVO platform	40	• Appropriation of result 2018	93
• Tax Justice	41	• Independent auditor's report	96
• OECD watch	43		
SOMO as a Member of Consortia	45		
• Partnership with Oxfam Novib	46		
• Fair Green Global Alliance	47		

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.

OUR 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.

OUR 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

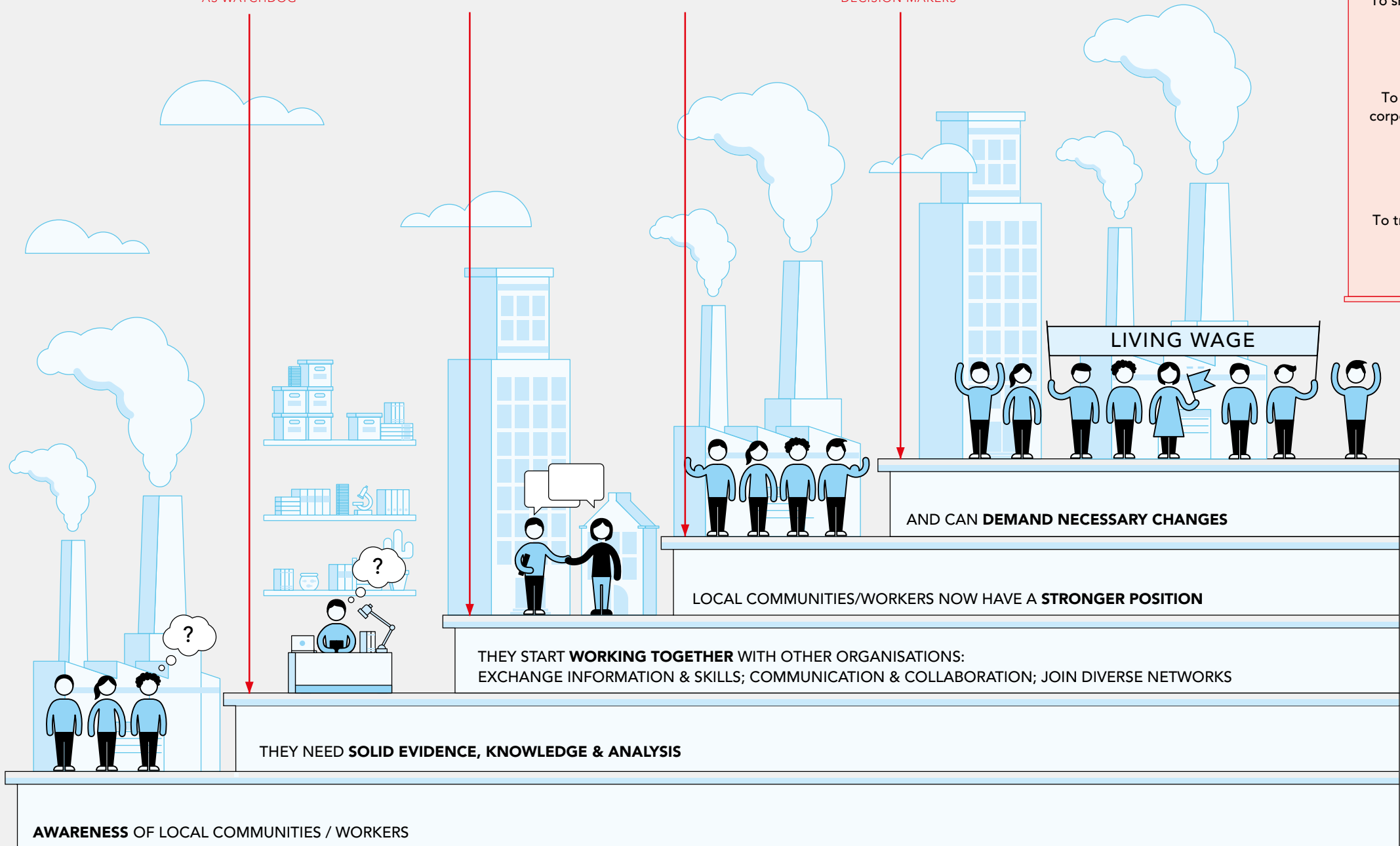
SOMO LOBBIES AND ADVOCATES TOWARDS DECISION MAKERS

& 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

One of SOMO's primary aims is to feed the public and political debate with hard facts and keen analysis. Sometimes it has taken years, even decades, of persistence to push an important issue to the fore. And sometimes the right facts at the right time, backed by well-informed incisive analysis, works like lightning to set the debate ablaze.

So it was with the Dutch government's plan to repeal the dividend tax. Together with journalists and academics, SOMO delved into the facts and numbers to show that the plan would do little good economic or social good. Most of the €2 billion in tax revenue would simply be diverted to foreign tax authorities and, more to the point, investors in foreign tax havens. In cooperation with our allies in LobbyWatch and Tax Justice NL, two of the networks we proudly host, SOMO helped draw attention to the bigger problem behind the government's decision: the corporate capture of policymaking that is driving a 'race to the bottom' on taxation and on regulation generally. By spreading this information and inspiring Dutch citizens and civil society organisations to make their voices heard, SOMO helped make it politically impossible for the government to continue with the plan after one of the plan's main proponents, Unilever, backtracked on its decision to move its headquarters to the Netherlands (see page 42). The Dutch case is both a window on the world and on SOMO's theory of change. The problem of extensive and largely unregulated corporate power and structural bias in public policymaking can be seen everywhere – in the Netherlands, Europe, and globally; tackling it involves action-oriented research on corporations and their impacts, critical analysis and the strengthening of cooperation among diverse civil society groups.

SOMO excels at connecting the dots to reveal the big picture. New research conducted with Mongolian partner Oyo Tolgoi Watch is another example.

inspiring Dutch citizens and civil society organisations

Together, we showed how a corporate mining giant avoided \$470 million in Canadian taxes by using mailbox companies in Luxembourg and the Netherlands, and another \$230 million in Mongolian taxes via an abusive investment agreement.

The report generated much media attention and even caught the attention of concerned shareholders who called on the company to improve its governance structure. In a positive step in the right direction, the Dutch government took measures to exclude Dutch mailbox companies from the investor protection regime in its new model bilateral investment treaty. The change is a direct result of long-term efforts by SOMO and our allies.

Our work on sustainability certification initiatives exemplifies how we put, and keep, important issues on the public and political agenda. *Looking Good on Paper* reassessed our previous analysis, from 2015, by examining recent farm-level research. The report concluded that labour rights violations on certified farms continue to be a systemic problem that calls for increased collaboration and coordination with multiple stakeholders, including retail and food companies. The power of the report can be seen in the constructive response of several of the initiatives, as well as reference to SOMO's findings by Dutch Minister of Trade and International Cooperation Sigrid Kaag.

We were also pleased to launch a new SOMO-wide project this year focused specifically on exposing corporate strategies for avoiding responsibility or being held accountable for human rights violations.

From this perspective, the external 'risks' that are inherent in SOMO's work, such as the threat of legal proceedings by a corporation we have criticised, can instead be seen as one of many deliberate strategies corporations use to ensure they can continue to operate with impunity. The overall aim of the project is to increase respect for human rights and effective access to justice and remedy for individuals and communities whose lives and livelihoods are affected by multinational corporations. It is a unique collaboration involving partners in conflict-affected countries, emerging economies and in Europe.

Two SOMO researchers experienced this year what many of our partners face on a daily basis – the shrinking of civic space. The researchers were denied entry into Israel and the Palestinian territory, which appears to fit within a broader trend by the Israeli authorities to obstruct the work of human rights organisations. While the exact reason behind the refusal is still unclear, it most certainly presents a new hurdle in SOMO's effort to investigate the companies that may be benefiting from illegal Israeli settlements.

SOMO excels at connecting the dots to reveal the big picture.

The incident underscores just how difficult – and how essential – it is to advance and defend human rights in conflict-affected contexts.

SOMO engaged in an intense organisational development process this year that was initiated to address a variety of concerns among staff. Among other things, SOMO has grappled with significant growth and the long-term absence of several staff members due to health reasons.

Following extensive staff discussion, it was agreed that SOMO would adopt a new, professionalised management structure and profile; experiment with new forms of decision-making; continue an organisational development process aimed at creating a challenging learning environment and leaner planning, monitoring and evaluation processes; and improve our facilities (see page 59).

We also launched the exciting process to develop a new post-2020 strategic plan. We look forward to engaging with our partners and stakeholders to help plot our future course toward a global economic system that is equitable, democratic, transparent, and environmentally sustainable. In the meantime, I am pleased to share with you highlights of our work and our impact in 2018.

Ronald Gijsbertsen
Managing Director

Highlights

Related to SOMO's goals

Critical awareness raised

- Together with allies in the Fair, Green and Global Alliance, SOMO shed light on the leading role of the Netherlands in creating and promoting the investor state dispute settlement (ISDS) framework in the report *50 jaar ISDS: Een mondiale machtsmiddel voor multinationals gecreëerd en groot gemaakt door Nederland* (Dutch only). Outreach and public awareness-raising, including a video and a public event in Amsterdam, helped inspire more than 11,000 people, including nearly 300 international supporters, to petition the Dutch government to put an end to ISDS.
- In a series of blogs published throughout 2018, SOMO continued to disprove the unsubstantiated claims made by the Dutch government to justify repeal of the dividend tax. In a report co-authored with TNI and FNV, SOMO tackled the arguments one by one and showed how the government's 'race to the bottom' on tax policy has translated into a decline in the share of wages in the economy and an increase in profits without additional investments. SOMO's research featured prominently in the Dutch media, including a front-page article in Trouw.
- In cooperation with Change Finance coalition members and other organisations and networks across Europe and in the Netherlands, SOMO co-organised awareness-raising activities and public outreach marking the tenth anniversary of the recent global financial crisis.
- Inspired by SOMO's work on the topic, in 2018 the Access to Medicine Foundation included in its annual Access to Medicines Index an assessment of pharmaceutical companies' commitments to post-trial access to treatment. The Index is an influential independent ranking of pharmaceutical companies' efforts to improve access to medicine in developing countries. The Index echoed SOMO's call for all pharmaceutical companies to improve post-trial access policies and their implementation.

Agenda setting

- SOMO worked closely with Dutch members of the global Treaty Alliance, as well as other allies, to press the Dutch government to support the process for a United Nations binding treaty on business and human rights. SOMO's efforts have helped to put the issue on the Dutch political agenda and inspired the government to play a constructive role on the treaty within the EU.
- In response to a new report, *Looking good on paper: Review of recent research on the impact of sustainability certification on working conditions on large farms*, several certification initiatives acknowledged the value of the research and SOMO's recommendations, which included the importance of adopting a worker-centred approach.
- A new report, co-authored by Mongolian organisation Oyu Tolgoi Watch, revealed how Australian-British mining giant Rio Tinto and its Canadian subsidiary avoided nearly \$470 million in Canadian taxes. The report generated significant attention from politicians and media alike, including Reuters, Bloomberg, the Toronto Star and the Globe and Mail. Just days after its release, a large institutional investor called for improved governance of the company. Several Dutch MPs posed parliamentary questions about the case and called on the government to consider the report's recommendations.

Strengthened CSOs

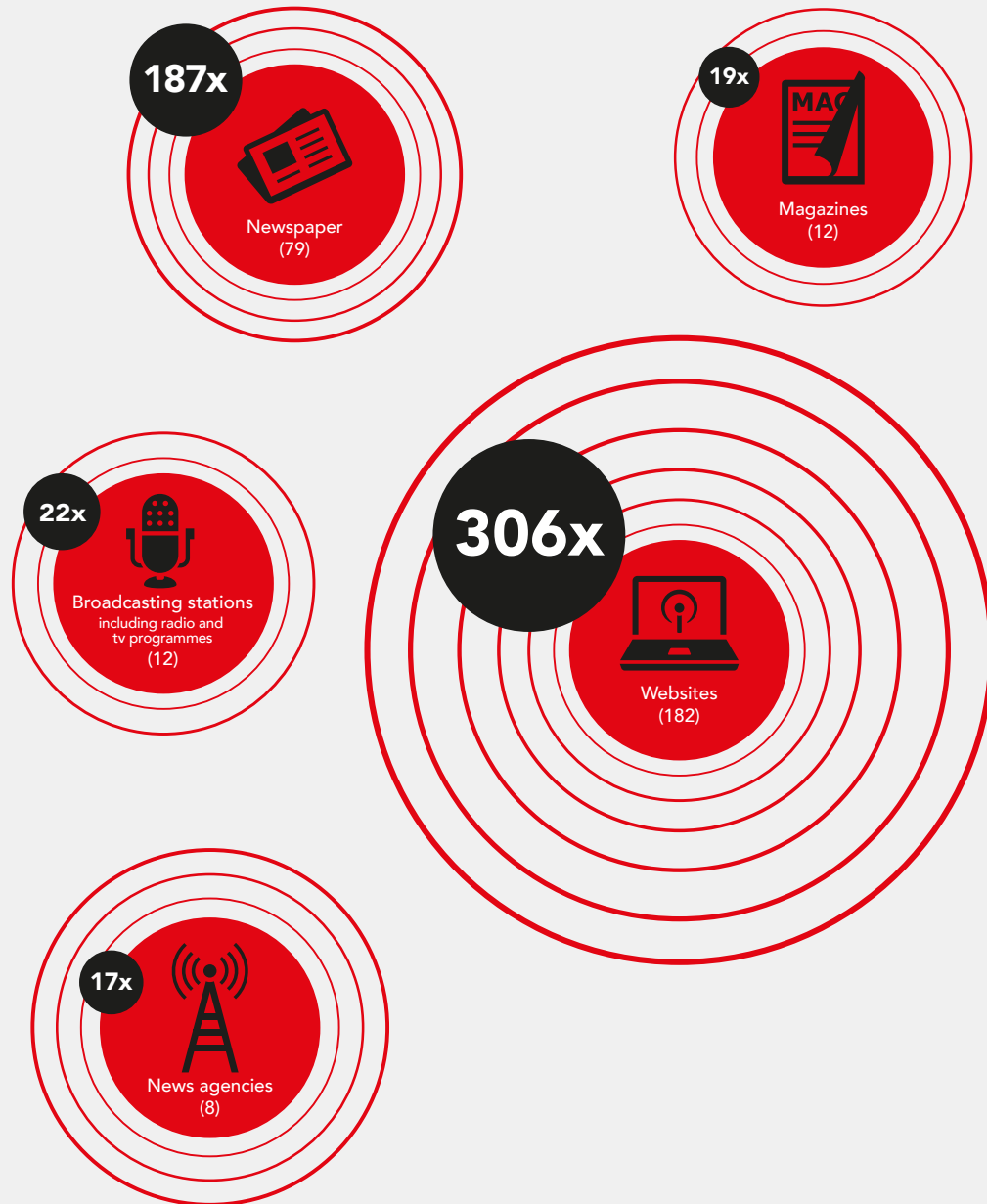
- The workshop 'Addressing human rights impacts of business in Eastern and Southern Africa' in Dar es Salaam, Tanzania brought together 56 participants from Kenya, Mozambique, South Africa, Tanzania, Uganda and Zambia, representing a variety of institutions, including CSOs, national human rights institutions, governments, academia and embassies. Participants learned about the potential of different instruments and tools in preventing and improving access to remedy for adverse human rights impacts, as well as important developments involving business and human rights frameworks.
- SOMO supported the organisation and facilitation of a full-day workshop at the Public Forum on Infrastructure in Bali, held parallel to the annual meetings of the International Monetary Fund and the World Bank Group, to share knowledge and experience with other CSOs about the impact of megaprojects, and the corporate and financial actors involved, as well as preliminary findings related to Indonesia's Kuala Tanjung seaport-industrial complex.
- SOMO strengthened knowledge about the need for financial sector reform – to tackle harmful impacts of quantitative easing and volatile cross-border capital flows, among other things – at workshops at the 'People 20' conference in Argentina, and at the Civil Society Policy Forum and Indonesian People's Summit on Alternative Development in Indonesia, which took place alongside the 2018 annual meetings of the IMF and World Bank in Bali.

Stronger and wider alliances

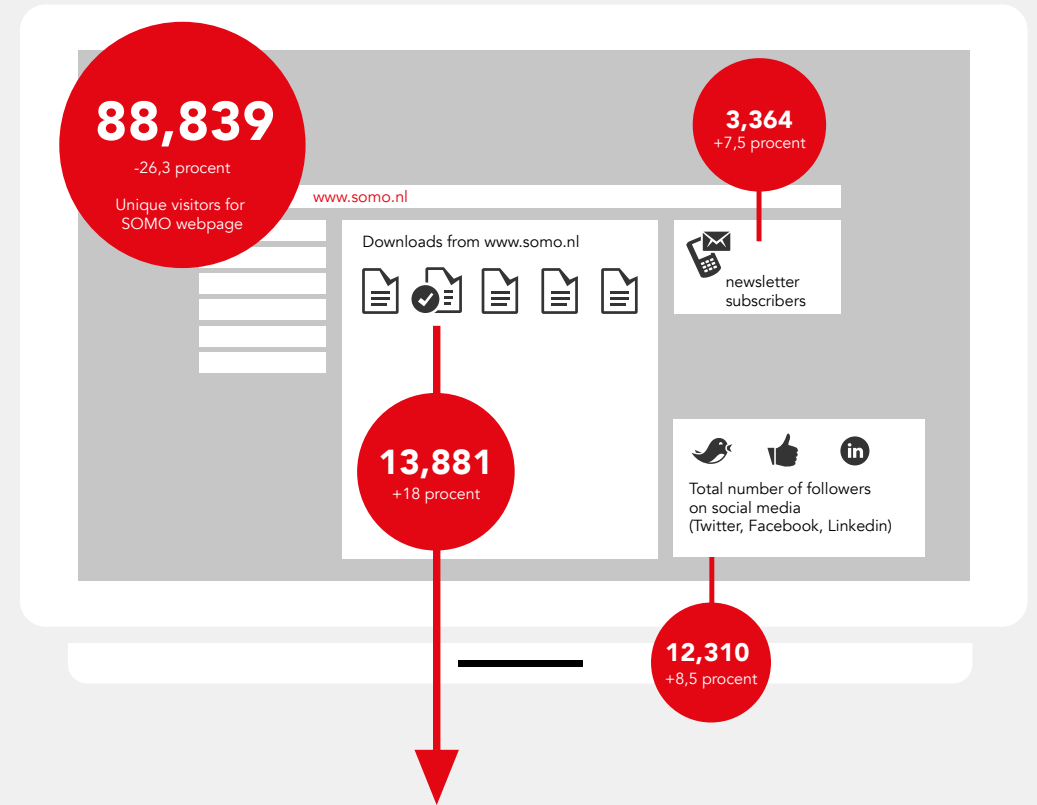
- SOMO co-hosted the third annual retreat of the International Advocates Working Group (IAWG), along with Both ENDS and Bank Information Center Europe. IAWG is a global network of civil society organisations working to ensure that such grievance mechanisms provide remedy. Thirty-nine participants from across the globe convened in the Netherlands to exchange knowledge, and develop collective proposals and strategies.
- SOMO organised a meeting in Geneva with a diverse group of academics, funders, CSOs and other stakeholders to elaborate the analytical framework of a new four-year project launched in 2018. Dubbed 'Mind the Gap', the project aims to strengthen civil society to effectively counter corporate strategies aimed at creating, maintaining and exploiting so-called governance gaps and consolidating legal and economic power, privilege and protection so as to avoid accountability for human rights abuses.
- In 2018, SOMO became the new host organisation for Tax Justice NL. The organisation consists of eight member organisations in the Netherlands and is part of the international Tax Justice network.
- SOMO hosted a meeting of its peers in the European Network of Corporate Observatories in Amsterdam. The meeting served as a valuable forum for the exchange of ideas and helped strengthen cooperation.

Improved policies of governments and companies

- SOMO contributed to positive steps taken – and harmful steps averted – by several independent accountability mechanisms of development finance institutions, including the World Bank's Inspection Panel and the Complaints Mechanism of the European Investment Bank. SOMO's input effectively influenced the development of new and vitally important grievance mechanisms by both the Asian Infrastructure Investment Bank (AIIB) and Atradius Dutch State Business. Significantly, the latter is the first grievance mechanism of an export credit agency, one of the key sources of public finance for private sector activities in the global South.
- In response to the report and recommendations laid out in *Private Sector Development policies and instruments through a conflict lens*, the Dutch Ministry of Foreign Affairs agreed to develop and implement a Guideline for Conflict Sensitive Private Sector Development in Fragile and Conflict-Affected Settings. In addition, the Netherlands Enterprise Agency announced that it would add conflict-sensitivity as a criterion in assessing applications for the Dutch Good Growth Fund and the Dutch Trade and Investment Fund.
- SOMO and its allies celebrated a significant victory this year when the EU reached agreement on a new directive to combat unfair trading practices in the food supply chain and ensure stronger protection for farmers against abuses by powerful buyers. The directive bans several specific practices and requires a mechanism for farmers and civil society organisations to lodge complaints with a national enforcement authority. SOMO also welcomed a significant change in Dutch government policy on the matter. Even before the EU announcement, the new Minister of Agriculture announced implementation of several policies to curb unfair trading practices, including creation of a dedicated oversight body in line with the requirements of the new directive.
- SOMO's intensive collaboration with labour rights organisations in Myanmar continued to bear significant fruit: the Secretariat of the Dutch Agreement announced that it would assess members' human rights due diligence plans in Myanmar; the Dutch brand Suitsupply presented its roadmap towards freedom of association in Myanmar, including engagement in a process to set up an independent and democratic trade union at one of its supplier factories; the multi-stakeholder Fair Wear Foundation published an amended Enhanced Monitoring programme that includes concrete requirements for member companies with regard to transparency, due diligence and the promotion of freedom of association, as well as the explicit requirement that members refrain from doing business with factories linked to the military. Fair Wear Foundation also published an amended list of Myanmar factories with new and vital information for workers' rights groups.
- Several Dutch supermarkets took positive steps toward greater transparency thanks to a 2017 SOMO report documenting human rights violations in the Brazilian orange juice supply chain.
- In cooperation with other members of the Handel Anders! coalition, SOMO gave input into the Dutch government's process to formulate a new model bilateral investment treaty (BIT). The final draft of the new model BIT, made public in October, still includes ISDS. But it excludes Dutch mailbox (shell) companies from access to ISDS – an important measure which SOMO had been advocating for years. The new model BIT also includes more transparency and procedural improvements to the ISDS system, and some aspirational language on human rights, corporate accountability and sustainable development.



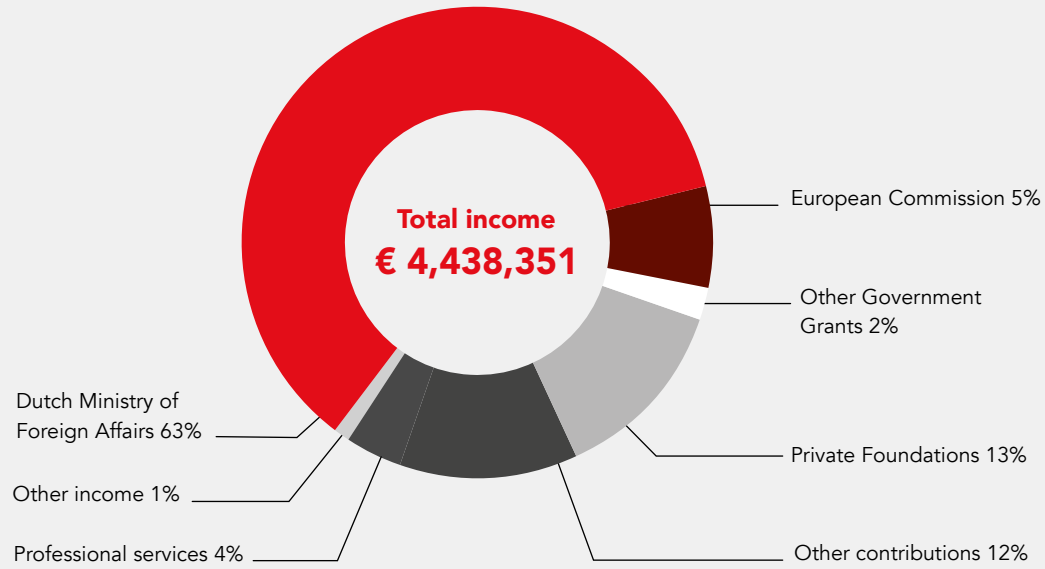
The small number in brackets indicates the number of different titles regarding the media outlet. The number in black indicates the amount of mentions SOMO got. The numbers are based on our own searches and can only give a rough indication of the way our publications and other outputs were picked up by the media.



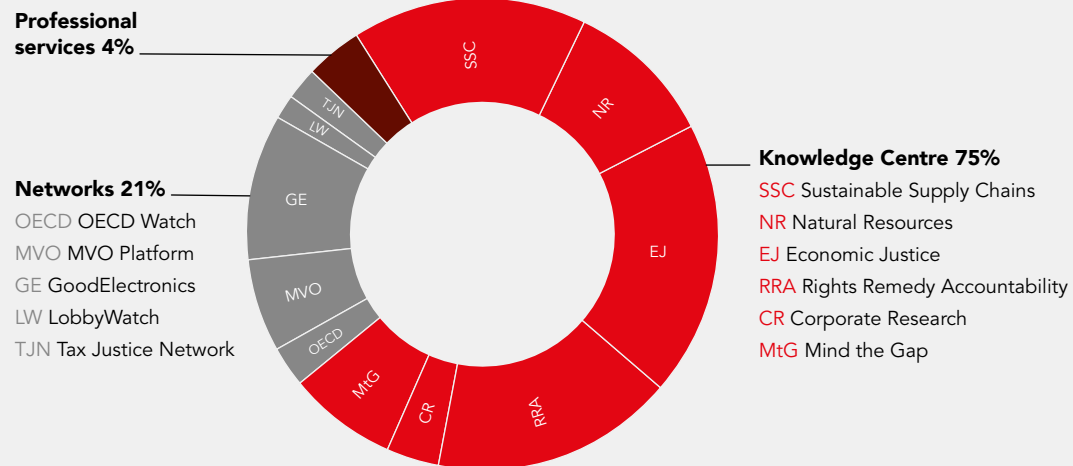
TOP 10 DOWNLOADS

1	<i>Looking good on paper</i>	6	<i>Cobalt blues</i>
2	<i>Global Mica Mining</i>	7	<i>Flawed fabrics</i>
3	<i>Myanmar dilemma</i>	8	<i>Garment & Textiles archive</i>
4	<i>Beauty and a beast</i>	9	<i>The politics of quantitative easing</i>
5	<i>Examples of unethical trials</i>	10	<i>Flawed fabrics</i>

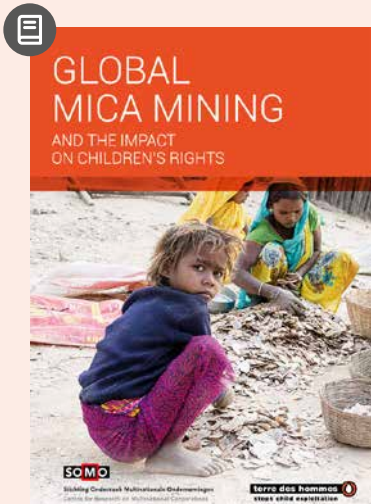
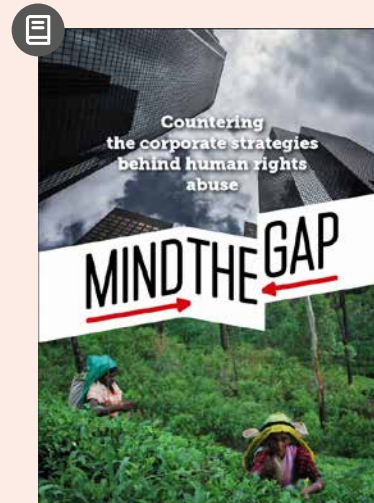
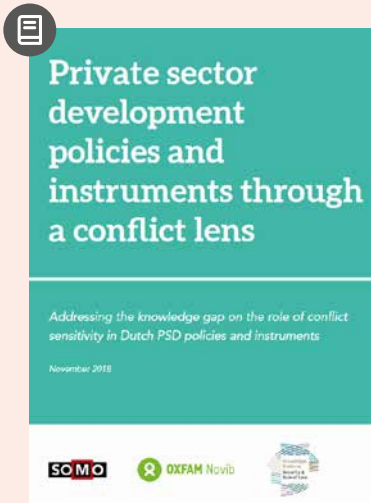
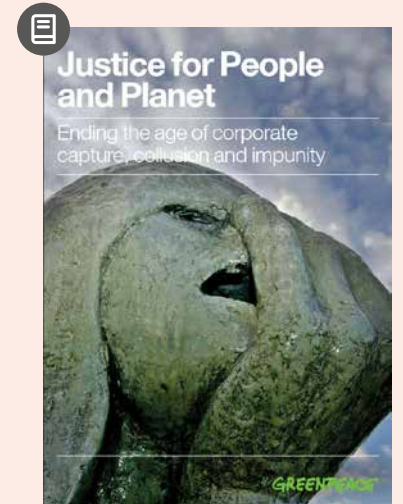
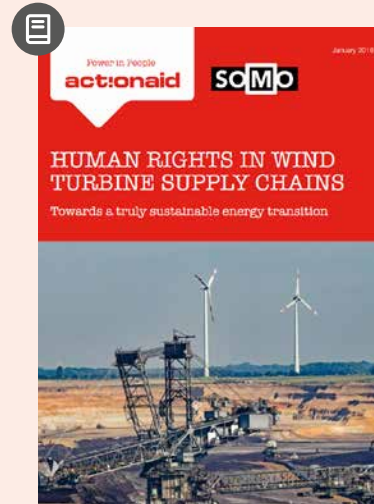
INCOME BY FUNDING SOURCE



DIVIDED OVER SOMO'S 3 TYPES OF WORK



Palestinian territory. Farmers working in their olive orchard. By SOMO





SOMO hosted a workshop on addressing human rights impacts of business. By 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. The four programme teams are Sustainable Supply Chains, Economic Justice, Rights Remedy and Accountability and Democratic Control over Natural Resources.

Sustainable Supply Chains

Together with trade unions and civil society organisations, SOMO advocates for the rights of workers, individuals and communities, and environmental sustainability in all stages of supply chains. We focus on key sectors – garments and textiles, electronics, food and agriculture, and pharmaceuticals. We also tackle 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.

SOMO calls 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.

GARMENTS AND TEXTILES

SOMO's intensive collaboration with labour rights organisations in Myanmar continued to bear fruit in 2018. In February SOMO organised a week-long visit to Europe by representatives of Action Labor Rights (ALR) and Solidarity for Trade Union (STUM). The groups met directly with European brands, multi-stakeholder initiatives, government officials and CSOs to follow up on research and recommendations put forth in the 2017 *Myanmar Dilemma* report on the garment sector. Their visit included an event co-organised by SOMO with the Dutch business associations Modint, Inretail and VGT and the Secretariat of the multi-stakeholder Dutch Agreement on Sustainable Garments and Textile. During the event, which drew some 40 participants, the Secretariat of the Dutch Agreement announced that it would assess members' human rights due diligence plans in Myanmar. For its part, the Dutch brand Suitsupply presented its roadmap towards freedom of association in Myanmar.

The company acknowledged the role of SOMO and local partners in bringing to its attention problems in the Myanmar garment sector, and a specific case at one of its suppliers, where ALR is active. Suit-supply spoke positively about its cooperation with ALR and committed to working with the group in a process to set up an independent and democratic trade union at the factory.

In April the multi-stakeholder Fair Wear Foundation, which involves more than 80 European companies, published an amended Enhanced Monitoring programme policy for Myanmar based on recommendations and input provided by SOMO and the Clean Clothes Campaign, in consultation with the local partners. The new Enhanced Monitoring Programme now includes concrete requirements for member companies with regard to transparency, due diligence and the promotion of freedom of association. Members are also explicitly required to refrain from doing business with factories linked to the military.

Fair Wear Foundation (FWF) put a positive new policy into practice in December when it published an amended list of Myanmar factories that supply its members. In line with the recommendations put forward by SOMO, CCC and Myanmar partners, the list now includes additional information about the factory, including its ownership and whether or not a democratically elected trade union is active. In addition, the list includes information about former supplier factories and the reasons why the FWF member stopped sourcing there. This additional information enables local and international stakeholders to better monitor the activities of Fair Wear Foundation and its members in Myanmar. It represents a noteworthy step toward greater transparency which will hopefully stimulate other multi-stakeholder initiatives and companies to follow suit.

ELECTRONICS

In close collaboration with the global GoodElectronics Network (see page 38), we urge the electronics sector to improve its record on human and labour rights, and environmental sustainability along the supply chain.

In recent years we have focused attention on the need for more responsible sourcing of minerals and safer chemical management by electronics companies – the latter being one of the top priorities of the GoodElectronics Network. Our long-term support of and collaboration with GoodElectronics members on campaigns targeting specific cases of labour rights abuses bore fruit this year: Apple took steps to curb abuses related to the use of student labour in supplier factories and, after years of pressure, Samsung finally publicly apologised and agreed to compensate victims of occupational disease.

Samsung finally publicly apologised and agreed to compensate victims of occupational disease

SOMO is also a founding member of Electronics Watch, an independent monitoring organisation that helps public sector organisations collaborate with each other and with civil society monitors in production regions to protect the rights of workers in their electronics supply chains. Two SOMO researchers share a seat on the Electronics Watch Board of Trustees and contribute in that capacity to its strategic and organisational development. In 2018 SOMO shared its knowledge about mineral sourcing in electronics supply chains during an Electronics Watch webinar attended by nearly 40 public procurers of ICT hardware. SOMO was pleased to support and attend Electronics Watch's 2018 annual conference, which brought together 90 participants from 18 countries,

including 41 public buyers, leading practitioners of socially responsible public procurement, and labour rights monitoring partners from electronics production countries. Among the co-organisers of the event was the Amsterdam city government, the most recent Dutch institution to affiliate with Electronics Watch. The membership and influence of Electronics Watch continues to grow, and its work is generating visible results in a number of areas, including increased awareness and demand among public buyers for decent working conditions; a stronger voice for workers and improvements at the factory level; and increased supply chain transparency and systemic improvements in the sector.

FOOD AND AGRICULTURE

For over a decade, SOMO has worked to expose the unfair trading practices and labour rights abuses of 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 – calling on the EU to address increasing market concentration and abuse of power by big supermarkets and food companies. SOMO and its allies celebrated a significant victory this year when the EU reached agreement on a new directive to combat unfair trading practices in the food supply chain and ensure stronger protection for farmers against abuses by powerful buyers. The directive bans several specific practices and requires a mechanism for farmers and civil society organisations to lodge complaints with a national enforcement authority. SOMO also welcomed a significant change in Dutch government policy on the matter. Even before the EU announcement, the new Minister of Agriculture announced implementation of several policies to curb unfair trading practices, including creation of a dedicated oversight body in line with the requirements of the new directive.

Several Dutch supermarkets took positive steps toward greater transparency thanks to a 2017 SOMO report documenting human rights violations in the Brazilian orange juice supply chain.

A stronger voice for workers and improvements at the factory level

In response, Albert Heijn announced the adoption of Rainforest Alliance sustainability certification for its own orange juice brand and introduced a QR code enabling customers to track the juice to its source. Of course, neither transparency nor certification is enough to guarantee decent labour conditions. As SOMO showed in a new report, [*Looking good on paper: Review of recent research on the impact of sustainability certification on working conditions on large farms*](#), all stakeholders, especially companies, must step up their engagement to address both the structural factors behind persistent labour rights abuses, as well as problems on specific farms. In response to the report, several certification initiatives acknowledged the value of the research and SOMO's recommendations, which included the importance of adopting a worker-centred approach.

PHARMACEUTICALS

Alongside our work on the garment, electronics and food sectors, we scrutinise the practices of pharmaceutical companies. In a process akin to the outsourcing of production in low-income countries, pharmaceutical companies often hire contractors to test new drugs in countries where patients lack health care and may be vulnerable to abuse.

In recent years SOMO's research has contributed to increased awareness among businesses and civil society organisations alike of the need for corporate accountability in relation to clinical trials, especially trial participants' post-trial access to treatment. Inspired by SOMO's work on the topic, in 2018 the Access to Medicine Foundation included in its annual Access to Medicines Index an assessment of pharmaceutical companies' commitments to post-trial access to treatment.

(The Index is an influential independent ranking of pharmaceutical companies' efforts to improve access to medicine in developing countries.) The Index showed that SOMO's research and awareness-raising has had an impact: following the 2016 publication, by SOMO and allies, of *Industry-sponsored clinical drug trials in Egypt: Ethical questions in a challenging context*, two companies featured in the report, Roche and Novartis, both improved their policies on post-trial access to treatment. They now lead the industry on the issue. The Index echoed SOMO's call for all pharmaceutical companies to improve post-trial access policies and their implementation.

Economic Justice

SOMO's economic justice programme works to reveal how the global economic architecture perpetuates inequality – facilitating private gain that benefits a few, while generating public loss that harms the many. We expose how current systems of tax, investment, finance and trade often deprive low-income countries from vitally needed revenues and inhibit socially and economically sound policy choices.

SOMO strives to reshape the current economic system so it serves the public interest and facilitates equitable distribution of resources. Together with the growing global movement for economic justice, we aim to ensure people's control over their economic lives through democratic and transparent decision-making processes.

TRADE AND INVESTMENT

In 2018 we persevered in our long-term effort to improve the global trade and investment regime, including by ridding it of investor protection mechanisms that give corporations the power to sue governments for sound social policy. Work on trade and investment is done in close cooperation with allies in the Netherlands, Europe and worldwide.

Together with allies in the Fair, Green and Global Alliance, SOMO shed light on the leading role of the Netherlands in creating and promoting the investor state dispute settlement (ISDS) framework in the report *50 jaar ISDS: Een mondiaal machtsmiddel voor multinationals gecreëerd en groot gemaakt door Nederland* (Dutch only). The groups urged the Dutch government to scrap investor protection in Dutch treaties and to encourage other countries to do the same. Outreach and public awareness-raising, including a video and a public event in Amsterdam, helped inspire more than 11,000 people, including nearly 300 international supporters, to petition the Dutch government to put an end to ISDS.

The 50th anniversary of ISDS coincided with the Dutch government's formulation of a new model bilateral investment treaty (BIT). In cooperation with other members of the Handel Anders! coalition, SOMO submitted a written contribution to the consultation process around the new model BIT. The final draft of the new model BIT, made public in October, still includes ISDS. But it excludes Dutch mailbox (shell) companies from access to ISDS – an important measure which SOMO had been advocating for years. The new model BIT also includes more transparency and procedural improvements to the ISDS system, and some aspirational language on human rights, corporate accountability and sustainable development.

Throughout the year, SOMO directly engaged with the Dutch government on trade and investment policies via membership in the Trade Policy Advisory Group to the Dutch Ministry of Foreign Affairs, as well as meetings with members of parliament. SOMO also contributed to awareness raising in the Netherlands about the impact of the EU-Canada trade agreement with the publication, in Dutch, of *CETA: Feiten en labels*. SOMO, Transnational Institute (TNI) and Indonesia for Global Justice (IGJ) continued to collaborate in research and advocacy around negotiation of an Indonesia-European Union comprehensive economic partnership agreement (CEPA).

A joint research paper, *The EU-Indonesia CEPA negotiations – Responding to calls for an investment policy reset: are the EU and Indonesia on the same page?* examines alternative investment protection frameworks proposed by Indonesia and other countries aimed at promoting more equitable and sustainable development. During CEPA negotiations in Brussels in July, we made our voices heard: SOMO and IGJ co-organised a workshop on CEPA and human rights and submitted joint position papers on the negotiations. The value of the research and analysis was confirmed when we were formally invited to give input into the Sustainability Impact Assessment of CEPA, a report prepared for the European Commission as part of its negotiation process.

In 2018, SOMO became one of just a handful of accredited civil society observers to Working Group III of the United Nations Commission on International Trade Law (UNCITRAL), which is exploring reform of ISDS at the multilateral level. SOMO relayed information about the process to allies around the world and joined a civil society statement involving more than 300 organisations calling for an end to ISDS. SOMO participated in stakeholder forums and provided an oral statement during the Working Group's deliberations, the content of which was included in the report of the session.

FINANCIAL SECTOR REFORM

SOMO provides civil society organisations, policymakers and other stakeholders vital information and insight on the financial sector. SOMO contributes to several alliances and networks calling for urgent reform of the international financial system and strict EU regulation. The tenth anniversary of the recent global financial crisis provided an important opportunity to re-focus public attention on the underlying structural problems in the sector.

In cooperation with Change Finance coalition members and other organisations and networks across Europe and in the Netherlands, SOMO co-organised awareness-raising activities and public outreach.

We took part in the Alternative Finance Festival, where we joined TNI in a workshop exploring financialisation and inequality, conflicts of interest behind the EU bail out packages, and solutions and alternatives within the financial sector.

The value of the research and analysis was confirmed

SOMO helps build capacity of allied organisations, particularly partners in the global South, to monitor international decision-making on the financial sector. A new report looked at the unintended consequences of recent monetary policies, specifically quantitative easing (QE) programmes that have created exorbitant amounts of new money and debt. *The politics of quantitative easing: A critical assessment of the harmful impact of European monetary policy on developing countries* describes how quantitative easing is contributing to rising wealth inequality, an increase in systemic financial risks and the perpetuation of an unsustainable debt-led economic model. The report was presented at the 'People 20', a conference organised in Argentina in July in anticipation of the G-20 summit held in the country later in the year. Co-organised by SOMO along with several universities, the Argentine trade union federation and other civil society organisations, the conference involved a range of experts in finance, investment, trade and sustainability. SOMO benefited from valuable discussions with academic researchers and former members of the Argentinian government. A joint declaration from the conference included SOMO's recommendations for improved decision-making and accountability around monetary policy. In collaboration with Indian partner Madhyam, we also raised awareness about the specific problem of volatile cross-border capital flows at the Civil Society Policy Forum and the Indonesian People's Summit on Alternative Development.

Both events took place alongside the 2018 annual meetings of the IMF and World Bank in Bali. Proposals for and examples of capital control measures were presented by SOMO and Madhyam during a panel at the Forum, where the groups shared the podium with a representative of the IMF. The panel was attended by Central Bankers, among other important decision-makers.

SUSTAINABLE FINANCE

A High-Level Expert Group on Sustainable Finance, including a SOMO researcher, finalised its report to the European Commission in February. The Commission took up some of the group's recommendations in its Action Plan and legislative proposals announced in May. The proposals include some positive measures, including increased transparency around assessment of environmental, social and governance (ESG) risks. SOMO quickly followed up on the announcement with a new paper, *Supervising the Environmental, Social and Governance (ESG) impact of finance*. The publication explored how to reinforce the role of European and national supervisory authorities (often Central Banks) to monitor and enforce laws and standards to ensure that banks, insurers, asset and fund managers, and other actors in the financial sector integrate ESG considerations.

Proposed EU legislation reflects more political will to regulate

While much work remains to be done, the proposed EU legislation reflects more political will to regulate in support of a financial sector that contributes to sustainability and mitigates climate change. In research commissioned by Milieudefensie (see SOMO Services, page 50), SOMO showed that Dutch banks are selling investment funds that include shares in industrial palm oil companies.

SOMO and others have previously documented rampant social and environmental abuses in industrial palm oil production. We joined Milieudefensie and other Dutch organisations in bringing the issue to the attention of the Ministry of Finance, urging the Dutch government to play a leadership role at the European level and call for legislation to address the problem.

CORPORATE TAX AVOIDANCE

SOMO focuses attention on the role of the Netherlands in facilitating corporate tax avoidance. In 2018 we continued to expose the true consequences of the Dutch government's plan to repeal the dividend tax, resulting in an estimated loss of € 1.4 billion in revenue. When the government announced the plan in 2017, SOMO showed how most of the lost revenue would simply be re-directed to foreign tax authorities, while the rest would go to large institutional investors in well-known tax havens. SOMO's work helped inspire coordinated action on corporate tax avoidance among new stakeholders, including academics, journalists, political parties and the Dutch trade union federation FNV.

In a series of blogs published on Follow The Money throughout 2018, we continued to disprove the unsubstantiated claims made by the government to justify the measure. In a report co-authored with TNI and FNV, we tackled the arguments one by one and showed how the government's 'race to the bottom' on tax policy has translated into a decline in the share of wages in the economy and an increase in profits without additional investments. SOMO's research featured prominently in the Dutch media, including a front-page article in Trouw that reported on SOMO's investigation into secret, and potentially unlawful, tax agreements between the Dutch government and Shell.

SOMO's work helped make it politically impossible for the Dutch government to move forward with repeal of the dividend tax after Unilever, one of the main corporations (along with Shell) that lobbied for repeal, reversed its plan to move to the Netherlands.

Rights, remedy and accountability

SOMO strives for robust and rigorously enforced regulations, laws and policies to ensure that corporations respect human rights wherever they are active, and – equally important – provide remedy when they do not. We directly support adversely affected communities and workers to pursue remedy through the use of grievance mechanisms, while advocating for policies and practices that improve access to remedy and corporate conduct in general.

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 finance institutions.

ACCESS TO REMEDY IN EAST AFRICA

2018 marked the final year of a successful project aimed at strengthening civil society's capacity to influence business and human rights in East Africa. The project was a collaboration involving SOMO, the Kenya National Commission on Human Rights, the Kenya Human Rights Commission, the Commission on Human Rights and Good Governance of Tanzania, Business and Human Rights Tanzania, and the Danish Institute for Human Rights. As part of this project, SOMO co-organised the workshop 'Addressing human rights impacts of business in Eastern and Southern Africa' in April in Dar es Salaam, Tanzania. The workshop brought together 56 participants from Kenya, Mozambique, South Africa, Tanzania, Uganda and Zambia, representing a variety of institutions, including CSOs, national human rights institutions, governments, academia and embassies. Participants discussed the potential of different instruments and tools in preventing and improving access to remedy for adverse human rights impacts, as well as important developments involving business and human rights frameworks. SOMO also continued to support partners pursuing remedy in two cases of business-related human

rights abuses. One case involves communities in Kenya that have been severely harmed by agribusiness operations; the other involves communities in Tanzania adversely affected by a mining project. The April workshop helped bring the Kenya case to the attention of an influential participant – a member of the UN Working Group (UNWG) on the issue of human rights and transnational corporations. The UNWG subsequently met with the affected communities during a country visit to Kenya and has promised further follow-up. Meanwhile, in Tanzania, SOMO co-organised a training with affected communities to assist them in preparing an OECD Guidelines complaint against the owner of the mine.

We directly support adversely affected communities and workers

ACCOUNTABILITY IN DEVELOPMENT FINANCE

SOMO supports local communities in what is often a long-term process to pursue remedy for human rights abuses involving development finance institutions. A complaint filed three years ago by the Asociacion Montelimar Bendicion de Dios (AMBED) – a grassroots organisation in Nicaragua whose members suffer from chronic kidney disease – regarding the International Finance Corporation's (IFC) investment in a sugar company continues to produce tangible results. SOMO has supported the Nicaraguan partners throughout the complaint process. An agreement reached on the case in 2017 under the auspices of the IFC's Compliance Advisor Ombudsman, which included provision of livelihood support, enabled 169 community members to establish a textile cooperative, which opened in November. Alongside of supporting communities in pursuing remedy in specific cases, SOMO advocates to improve the independent accountability mechanisms of development finance institutions.

We collaborate with members of the International Advocates Working Group (IAWG), a global network of civil society organisations working to ensure that such grievance mechanisms provide remedy. In April, together with Both ENDS and Bank Information Center Europe, we hosted the IAWG's third annual retreat. Thirty-nine participants from across the globe convened in the Netherlands to exchange knowledge, and develop collective proposals and strategies.

SOMO supports local communities in what is often a long-term process

In 2018 our work contributed to positive steps taken – and harmful steps averted – by several IAMs, including the World Bank's Inspection Panel and the Complaints Mechanism of the European Investment Bank. SOMO's input effectively influenced the development of new and vitally important grievance mechanisms by both the Asian Infrastructure Investment Bank (AIIB) and Atradius Dutch State Business. Significantly, the latter is the first grievance mechanism of an export credit agency, one of the key sources of public finance for private sector activities in the global South.

A joint report with the Bank Information Center Europe about the lending practices of the World Bank's private sector arm, the International Finance Corporation (IFC), confirmed promising shifts in the IFC's investment portfolio with respect to the IFC's funding of financial intermediaries. The report, *Coming out of the dark: Is the IFC investing in a fossil free future?*, also revealed worrisome loopholes and risks.

After receiving a draft of the report, IFC announced a new approach to help its financial intermediary clients reduce and exit coal, and stated that it would ask new clients to publicly disclose their exposure to coal investment. The report also prompted action in relation to a specific case described in the report, which linked IFC, as well as AIIB and several other development banks, to expansion of a cement plant and coal mine in Myanmar. Following the report, IFC and AIIB met with affected communities and stated their intention to monitor the projects.

BUSINESS AND HUMAN RIGHTS AT THE UNITED NATIONS

SOMO is collaborating with allies in Europe and worldwide to build support for a United Nations binding treaty on business and human rights. SOMO calls for a strong treaty that prevents and regulates against human rights abuses by corporations, and provides effective access to remedy to people who experience harm. In 2018 SOMO worked closely with Dutch members of the global Treaty Alliance, as well as other allies, to press the Dutch government to support the Treaty process and push for the EU's active participation in the United Nations Intergovernmental Working Group (IGWG) that has prepared a Zero Draft of the treaty. SOMO's efforts have helped to put the issue on the Dutch political agenda and inspired the government to play a constructive role on the treaty within the EU.

SOMO staff were in Geneva in October to observe the IGWG's fourth session. SOMO contributed to oral statements on several key issues, including legal liability, trade and investment, and human rights defenders. Although the EU failed to develop a common position on the treaty or to express support for the session's conclusions and recommendations, it did allow the treaty process to continue – an important result of concerted effort by SOMO and many others.

SOMO used another visit to Geneva, this time for the UN Forum on Business and Human Rights, to further elaborate the analytical framework of a new four-year project launched in 2018.

Dubbed *Mind the Gap*, the project aims to strengthen civil society to effectively counter corporate strategies aimed at creating, maintaining and exploiting so-called governance gaps and consolidating legal and economic power, privilege and protection so as to avoid accountability for human rights abuses. The Geneva meeting, which involved 60 participants including academics, funders, CSOs and other stakeholders, followed up on a project kick-off meeting in May with project partners from Brazil, the Democratic Republic of Congo, Indonesia, the occupied Palestinian territories, India, China, Mexico and the Brussels-based European Coalition for Corporate Justice. Research for the project, which involves all SOMO programmes, is now underway.

Democratic control over natural resources

SOMO strives for transparent, democratic control over natural resources that contributes to more sustainable and people-centred resource use. In close collaboration with local organisations and social movements, we conduct action-oriented research to strengthen communities in asserting their role in natural resource decision-making and claiming their rights, including to land, water, livelihoods and health.

SOMO investigates companies and financiers in key sectors – including energy, extractives, agribusiness and infrastructure – that are linked to severe human rights and environmental abuses, conflict and militarisation. We analyse the role and responsibilities of corporations operating in such contexts, and support local and global efforts to hold state and business actors accountable.

EXTRACTIVES IN MONGOLIA AND THE DEMOCRATIC REPUBLIC OF CONGO

In January SOMO launched a new report, co-authored by Mongolian organisation Oyu Tolgoi Watch, that revealed how Australian-British mining giant Rio Tinto and its Canadian subsidiary avoided nearly \$470 million in Canadian taxes. *Mining taxes: The case of Oyu Tolgoi and profitable tax avoidance* by Rio Tinto in Mongolia detailed a complicated tax avoidance scheme tied to Rio Tinto's Mongolian operations. The scheme included a complicated ownership construction and the use of mailbox companies in the Netherlands and Luxembourg, two well-known tax havens. The report also revealed major problems surrounding the Oyu Tolgoi Investment Agreement, which deprives the country of millions in tax revenue.

'What gets lost in that chain of logic, of course, is the greater public good. As corporations work all the tax angles, ordinary taxpayers in both rich and less-rich countries get stuck with a bigger bill from their governments, while the governments themselves scramble to find the revenue they need to pay for all kinds of services. It contributes mightily to the growing gulf between the wealthy few and the struggling many. And it feeds the paradox of private wealth amid public squalor.'

— *Toronto Star Editorial Board, in an editorial inspired by SOMO's Oyu Tolgoi report.*

The report generated significant attention from politicians and media alike, including Reuters, Bloomberg, the Toronto Star and the Globe and Mail. Just days after its release, a large institutional investor called for improved governance of the company. Several Dutch MPs posed parliamentary questions about the case and called on the government to consider the report's recommendations. Meanwhile, in Mongolia, several government officials were arrested on charges of corruption in relation to the government's agreement with Rio Tinto. Notably, as a result of the collaboration with SOMO, OT Watch has gained recognition for its newly acquired expertise on tax issues.

Mongolian economic authorities invited OT Watch staff to discuss the report's recommendations and a group of university researchers asked the group to join a roundtable meeting on tax research and sustainable economic development.

Take action now to avoid harmful impacts that may be caused by the energy transition

We continued our long-term collaboration with AfreWatch and Premicongo on mining issues in the Democratic Republic of Congo. In 2018 we supported the partners in publishing two reports on the local environmental impacts of cobalt extraction and efforts to improve the country's Mining Code. We also co-organised a training on grievance mechanisms for communities adversely affected by two Chinese-owned cobalt mines. Following the training, PremiCongo and SOMO supported the communities in filing a complaint with the Chinese Chamber of Commerce.

MEGAPROJECTS AND THEIR FINANCIERS

New work on infrastructure megaprojects picked up steam in 2018 with preliminary research into Indonesia's Kuala Tanjung seaport-industrial complex. In October SOMO co-organised a Public Forum on Infrastructure in Bali, held parallel to the annual meetings of the International Monetary Fund and the World Bank Group, key promoters of megaproject infrastructure development. SOMO supported the organisation and facilitation of a full-day workshop to share knowledge and experience with other CSOs about the impact of megaprojects, the corporate and financial actors involved, as well as preliminary findings related to Kuala Tanjung.

INFLUENCING DUTCH FOREIGN POLICY

A new publication by SOMO and Oxfam Novib examined the extent to which Dutch Private Sector Development (PSD) policies and instruments take into account the context of fragility and conflict. The report, *Private Sector Development policies and instruments through a conflict lens*, found a lack of consistency, and in some cases insufficient capacity, in relation to conflict sensitivity across Dutch PSD policies, instruments and support channels (both financial and non-financial). In the report and the dialogue surrounding it, we provided the Dutch Ministry of Foreign Affairs and implementing agencies practical recommendations to enhance their efforts. Among other positive results, the Ministry agreed to develop and implement a Guideline for Conflict Sensitive PSD in Fragile and Conflict-Affected Settings and the Netherlands Enterprise Agency announced that it would add conflict-sensitivity as a criterion in assessing applications for the Dutch Good Growth Fund and the Dutch Trade and Investment Fund.

In cooperation with ActionAid and Both Ends, SOMO reminded the Dutch government to consider the impacts on countries in the global South as it formulates its future climate policy. In a letter to Members of Parliament, we highlighted the fact that increased demand for wind turbines and solar panels will also increase demand for minerals, including conflict minerals. We called on policymakers to take action now to avoid harmful impacts that may be caused by the energy transition. Two MPs later echoed our concerns in parliament.

As part of the Colombia Platform, an alliance of several Dutch CSOs working in the country, SOMO provided input into a fact sheet and letter to Prime Minister Mark Rutte that drew attention to the human rights risks involved in doing business in Colombia and urging him to meet with social leaders during a scheduled Dutch trade mission. The Platform's lobbying and advocacy paid off: the Minister of Agriculture met with human rights defenders (on the Prime Minister's behalf) and Rutte himself publicly expressed concern for the human rights situation in the country during a press conference with Colombian President Iván Duque.



Indonesia. Working with small-scale fishermen's union KNTI on the impact of port development on Sumatra.

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.

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.

In 2018, SOMO hosted the networks GoodElectronics, LobbyWatch NL, MVO Platform, OECD Watch and Tax Justice NL.

GoodElectronics network

GoodElectronics is an international network of more than 100 organisations, trade unions, activists, researchers and academics committed to improving protection of and respect for human rights and the environment in the global electronics supply chain. To achieve this, GoodElectronics contributes expertise and resources to support its members' activities, while broadcasting their work and demands through its global communication channels. GoodElectronics also provides a platform for connecting member organisations with each other and engaging with electronics companies and other important stakeholders to advance workers' rights and sustainability.

Allies organised an electronics training and strategy meeting focused on Southeast Asia

In doing so, GoodElectronics communicates sustainable practices, while urging companies and governments to act to improve sustainability and respect human rights throughout the entire electronics production cycle – from mining the minerals used in electronic goods, through the manufacturing process, to recycling and disposing of electronics waste. SOMO hosts the GoodElectronics Network and serves on its Steering Committee. Chemical hazards in electronics supply chains The protection of workers and their involvement in decisionmaking on the management of chemicals remained a core component of the GoodElectronics Network's activities in 2018.

In December, GoodElectronics published the report *Exploitation by deception in the electronics industry*, focusing on the lack of information that employers provide on toxic and hazardous substances in the workplace. As a result, workers remain unaware of the substances which they are (or potentially could be) exposed to, constituting exploitation by deception. Furthermore, exploitation by deception regarding toxic exposure could and should be an actionable offence under various laws, such as the UK 2015 Modern Slavery Act and international human rights and labour law.

In 2018, investigating and exposing negative labour practices was also a vital activity for the Network. In September, GoodElectronics and allies organised an electronics training and strategy meeting focused on Southeast Asia. Participants discussed and received training on how to identify workers affected by workplace toxins: on how to prove a case and on the role of biomonitoring in organising victims to prove exposure. In this regard, 2018 saw an important victory for the network when *Samsung apologised to employees and families affected by work-related illness and deaths*. In taking responsibility for these workers, Samsung also agreed to compensate those affected by health issues at its South Korean semiconductor and LCD plants since 1984. The actions of a GoodElectronics member, Supporters for Health and Rights of People in Semiconductor Industry (SHARPS), played a pivotal role in documenting Samsung's abuses and representing workers exposed to hazardous chemicals in this case.

In February, GoodElectronics and its members showed support for the social media campaign "Stop: #Poisonous Industry" hosted by SETEM Catalunya. As part of the Mobile World Congress in 2018, the campaign protested the use of toxic chemicals and hazardous substances which pose a risk to workers in the electronics industry. Also in 2018, Network members endorsed the *Global Day of Action against Samsung* on 1 May. In solidarity with Samsung factory workers throughout the world, the day of action aimed to protest the company's health, labour and human rights violations.

The actions included delivery of several public petitions, with over 200,000 signatures calling on Samsung to protect electronics factory workers around the world. To further expose Samsung's record of human and labour rights abuses, the *International Trade Union Confederation (ITUC) sent an open letter to the South Korean President*. The letter, supported by GoodElectronics, urged that actions be taken to address grievances and ensure that Samsung management conduct human rights due diligence with respect to its subsidiaries and suppliers.

RESPONSIBLE SOURCING AND TRANSPARENCY

In 2018, GoodElectronics and its members again put the issue of responsible sourcing of minerals firmly on the agenda of companies and policy-makers alike. Among other things, the Network researched human rights abuses and environmental damage caused by mining in the Democratic Republic of Congo. A *report* authored by AFREWATCH and supported by GoodElectronics documents the poor management of mining waste and how resultant pollution, as well as ineffective responses from government and business, impacts local communities and ecosystems in the DRC.

WORKER-DRIVEN MONITORING

GoodElectronics and its members aim to ensure that workers play the leading role in initiatives to monitor and improve factory conditions. In September, GoodElectronics members published a report on worker-driven monitoring in the electronics industry. In this report, the International Labor Rights Forum (ILRF) and the Business, Human Rights and the Environment Research Group (BHRE) identify key components for how monitoring of working conditions in China's electronics industry could be designed to be more responsive to labour rights groups' visions for change. The report stresses that meaningful worker involvement, transparency, contractual commitment by brands, and changes to brands' purchasing practices are needed for effective monitoring.

STRATEGIC PLAN

In 2018, GoodElectronics worked with members to discuss future planning and strategy options for ensuring the sustainability of the Network and its activities as a whole. Following on from the GoodElectronics Annual Strategic Meeting in 2017 and the strategic plan, which emerged from it, Network members met in working groups throughout 2018 to discuss the prioritised demands and strategies chosen by Network members. For instance, the demand focusing on Transparency, Accountability and Disclosure within Supply Chains has progressed significantly. Throughout 2018, various meetings were organised with stakeholders and experts to provide feedback and support the development of a position paper on transparency in the electronics industry.

Transparency, contractual commitment by brands, and changes to brands' purchasing practices

This echoes one of the Network's main strategic objectives: to create a powerful gold standard for transparency and accountability in the electronics industry that governments and leading electronics companies will adopt.

Lobbywatch NL

Lobbywatch NL is a coalition of organisations advocating for greater transparency and better regulation of lobbying in the Netherlands, and tackling corporate capture of policy development in the Netherlands. The aim is to guarantee that Dutch policymaking is based on the public interest. Hosted by SOMO, the coalition includes Transparency International Nederland, Milieudefensie, Transnational Institute and Foodwatch. Lobbywatch was very pleased to welcome the global public health advocacy organisation Wemos to the network in August. In light of the relocation of the European Medicines Agency to the Netherlands and worrisome shifts in Dutch policy, Wemos's participation in the network comes at an opportune time.

In 2018 Lobbywatch focused on exposing the corporate capture that led to the Dutch government's plan to repeal the dividend tax. In June Lobbywatch published a research article which looked at the meeting agendas of members of the new government to see which lobbyists they met with most. Lobbywatch showed that corporate lobbyists have strong privileged access to the Dutch government. The investigation revealed that the Minister of Economic Affairs and Climate met more than 20 times with corporate lobbyists and companies, and just twice with environmental groups. The article was published on Follow the Money, a well-known online platform for investigative journalism. It was the first to make use of Ministers' public agendas, which have been posted online since 2017, to investigate corporate influence.

In another article published on Follow the Money, Lobbywatch used documents obtained through a Freedom of Information request to shine a light on the corporate capture of Dutch tax policy. The article detailed years of corporate lobbying at the Ministry of Finance, which culminated in the government's reduction of the corporate tax rate and its plan to abolish the dividend tax.

Another Freedom of Information request, written with SOMO, added to the evidence, documenting ten years of corporate lobbying for repeal of the dividend tax. The Dutch news organisations NOS, NU.nl and RTL Z all reported on the documents, which led to heavy criticism by the Dutch Parliament. Following the reports, the Prime Minister was called to Parliament to explain the documents.

Lobbywatch also contributed to a new report by the European-level Alliance for Lobbying Transparency and Ethics Regulation (ALTER-EU). Lobbywatch participated in the Brussels launch of the report, Corporate capture in Europe, and held a workshop on Freedom of Information requests and corporate capture in the Dutch Ministry of Finance at an associated CSO conference.

MVO Platform

Hosted by SOMO, MVO Platform is a coalition of diverse Dutch organisations working to ensure that companies are accountable for the social, ecological and economic consequences of their activities across their supply chains and the Dutch government takes a proactive role in fulfilling its responsibility to protect citizens for possible negative impact of companies. MVO Platform members include Dutch labour unions, human rights groups, environmental and consumer organisations, among others. MVO Platform tries to influence policies of the Dutch government and stimulates, facilitates and coordinates activities involving its members. In the beginning of the year MVO Platform dedicated significant energy to bringing the new Dutch government up to speed on corporate accountability issues in general and MVO Platform priorities in particular. When the new Minister of Foreign Trade and Development Cooperation, Sigrid Kaag, released her policy document in May, the network called on her to step up attention to corporate accountability – with success.

The Minister responded positively by setting a concrete target, backed up by a budget line, for the number of large companies that endorse the OECD Guidelines on Multinational Enterprises.

The network also succeeded in drawing the Minister's attention to the role and responsibility of Dutch embassies to adhere to the government's corporate social responsibility guidelines and to enforce conditions for companies receiving Dutch government support. The Minister acknowledged the problem on both counts, and committed to addressing them.

MVO Platform also sought to influence important review processes that will influence the future of the Ministry's policy, including evaluation of the current policy by the Dutch Policy and Operations Evaluation Department, as well as a 2018 progress report and 2019 planned evaluation of the government's Responsible Business Conduct agreements (IMVO convenanten). For the latter, the network stressed the importance of involving civil society organisations in the evaluation and taking into account not only the specific (sub)sectors covered in the agreements, but the broader 13 risk sectors originally identified as priorities by the Ministry.

MVO Platform members re-grouped following postponement of the acceptance of the Child Labour Due Diligence bill, which would have required companies to determine whether children are working in their supply chains and, if so, respond accordingly. Although limited in its scope, the bill would have been the first to oblige companies to conduct supply chain due diligence – an important step toward improved accountability. Building on lessons learned in the Netherlands and elsewhere in Europe, MVO Platform developed a new strategy and detailed workplan aimed at generating broad support for human rights due diligence legislation in the Netherlands over the next three years. Although the current political climate isn't in favour of legislation, the MVO Platform managed to start/ to develop a (beginning of) a network of actors (within and outside the platform and also within academic and political world) that is supportive and/ or willing to work together on due diligence legislation.

Tax Justice

In 2018, SOMO became the new host organisation for Tax Justice NL. The organisation consists of eight member organisations in the Netherlands and is part of the international Tax Justice network. Activities in 2018 mainly focused on two issues. The first was the debate on new measures in the Netherlands to fight tax avoidance. International scandals such as the Panama Papers (2016) and the Paradise Papers (2017) had shown the need for placing tax avoidance on the agenda. Under heavy pressure, the Netherlands announced it would take measures, as it is one of world's biggest conduit tax havens. Tax Justice NL investigated these measures to find out whether they are actually effective or just window dressing. At present, countries around the world are still losing many billions in tax revenue because of multinationals using conduit structures through the Netherlands.

Fight against repealing the dividend tax

Because the Dutch government's proposed measures are too weak, Tax Justice NL has presented alternative measures that would be much more effective in fighting tax avoidance and regularly contacts the Ministry of Finance and political parties about this issue. The issues include withholding taxes, CFC regulation, interest deductions, tax rulings and better monitoring of the effectiveness of policy against tax avoidance. A motion to monitor the policy against tax avoidance has now been adopted in Parliament.

The second issue of focus was the dividend tax in the Netherlands. In 2018, Tax Justice NL was an important player in the fight against repealing the dividend tax.

Initially, the government tried to make it very clear that the decision was already final and there was no way back. But in fact it was still just a resolution in the coalition agreement and had not yet been made into a law proposal. Tax Justice then started raising awareness of the fact that the decision was not yet final, and it was still possible to stop the repeal.

The petition was supported by more than 50,000 people

An important reason for Tax Justice NL to focus on the repeal of the dividend tax was that this represents a broader issue: the race to the bottom, to continue to cut taxes to benefit capital growth and the profits of multinational corporations. The process of how the government came to the decision to put its proposal to repeal the tax into the coalition agreement also illustrates the influence of multinational corporations. SOMO researched how lobbying took place behind the scenes. Its publications created a great deal of media attention and were used in political debates. Tax Justice NL met regularly with all the involved parties (scientists, journalists, politicians, etc.) to share information on the campaign and on new research. To raise more awareness, the Tax Justice Network also launched a petition against the repeal of the dividend tax. Well-known Dutch people were asked to support the petition and quotes appeared on the special petition website.

The petition was supported by more than 50,000 people, which is a high number, considering people normally tend to vote against taxes instead of in their favour. People who signed the petition could also sign up for a newsletter to stay informed.

Part of the campaign consisted of debunking false arguments in favour of abolishing the dividend tax. A brochure was issued with arguments and counterarguments. A video was also produced for the general public listing all the reasons why the dividend tax should not be abolished.

As part of the campaign, a poll was taken on the dividend tax. An overwhelming majority of Dutch people said they want to keep the dividend tax. In September, before the government had presented its plans, Tax Justice NL organised a large conference on the dividend tax in Amsterdam, in close cooperation with the trade union. The first part consisted of several parallel sessions, with room for an in-depth discussion on the tax and related issues. The parallel sessions covered "Taxation on capital versus taxation on labour", "The real story behind the repeal of the dividend tax", "The lobby behind the dividend tax" and "International tax competition". The second part was a large plenary session. Politicians and well-known critics shared their views on the dividend tax and how to continue the campaign.

All these combined activities had an important impact on the public debate and the dividend tax became the most discussed political issue of 2018. Even after tax scandals were revealed and all arguments in favour of abolishing the tax had effectively been debunked, the prime minister persisted in defending the tax, reasoning that it was a necessary step for Unilever to move its headquarters to the Netherlands. However, after Unilever dropped its plans to relocate, the Dutch government was left with no further excuse to defend repeal of the dividend tax and finally dropped its plans to do so.

OECD Watch

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

STRENGTHENING NATIONAL CONTACT POINTS

In 2018 OECD Watch advanced its flagship campaign, 'Remedy is the Reason for Effective NCPs'. The campaign aims to ensure that all governments adhering to the Guidelines honour their binding commitment to have an effective NCP. Alongside work at the international level, the campaign features direct advocacy by the network and its members toward over twenty NCPs. OECD Watch urges policymakers to take measures to ensure NCPs meet the obligations laid out in the Guidelines' Procedural Guidance.

OECD Watch launched the Remedy campaign in 2017 with a groundbreaking appeal (known as a 'substantiated submission') to the OECD's Investment Committee challenging the performance of the Australian NCP. Over the course of 2018 OECD Watch engaged in a review process undertaken by the Investment Committee and its Working Party on Responsible Business Conduct. The review concluded in a critique of the Australian NCP for serious breaches of its own procedural rules and the Procedural Guidance regarding predictability and transparency. The OECD also made several important recommendations for improvement.

The appeal ultimately led the Australian NCP to strengthen its rules of procedure, while also stimulating the OECD Investment Committee to strengthen the appeal process going forward. Meanwhile, OECD Watch continued to advocate for improvements to the NCP peer review process. Together with International Corporate Accountability Roundtable (ICAR) and Accountability Counsel, OECD Watch released a report in June identifying gaps and flaws in six recent peer reviews, and recommending 18 tangible reforms to the process and assessment template. The OECD subsequently issued a proposal to reform the peer review process and revise the template, referencing OECD Watch's report and adopting several OECD Watch recommendations.

DUE DILIGENCE GUIDANCE

In May 2018 the OECD published its new Due Diligence Guidance for Responsible Business Conduct. Over the past two years, OECD Watch has engaged intensively with the OECD as it developed the Guidance, which sets a new and high international standard for corporate human rights due diligence. In parallel to the launch of the Due Diligence Guidance, OECD Watch, together with Amnesty International, published a 'guide to the Guidance' to help civil society organisations understand what is in the Guidance and how they can use it to support victims of corporate misconduct. The guide focuses on 14 principles in the Guidance that are especially useful for civil society. Alongside of work on the OECD's general Due Diligence Guidance, OECD Watch continued to participate in development of due diligence guidance specific to the financial sector.

SUPPORT FOR COMMUNITIES AND WORKERS

OECD Watch continued to assist organisations and individuals in filing complaints to NCPs regarding business-related abuses. Highlights included assisting in the filing of the first-ever Quechua-language complaint to the Peruvian NCP concerning destruction of Incan sacred sites, and supporting international unions in a complaint to the Dutch NCP involving Chevron. The complaint highlights Chevron's use of Dutch shell ('mailbox') companies to avoid paying taxes in Nigeria, Argentina and Venezuela.

SOMO as a Member of Consortia

In 2015, SOMO was 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.

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 the 2016-2020 period.



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.

To realise this ambition Oxfam Novib and SOMO 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 do this by strengthening a diverse civil society, as a collective space where people organise themselves and further common interests.

building an equitable world where they can realise their basic rights

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 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 focus on groups that face the most risk of violence, discrimination and marginalisation. This means that we 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 covers 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. This work is part of the Sustainable Supply Chains teams, as described on page 27.
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. This work is part of the Economic Justice team, as described on page 29.
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. This work is part of the Natural Resources team, as described on page 36.

Fair Green Global Alliance

The FGG alliance aims for a 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.

Aim for a socially just and inclusive society

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. The Fair, Green and Global Alliance, has expertise and strategies to help close these governance gaps. The FGG believes that the solution lies in democratic, transparent, equitable and gender sensitive 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.

The key to achieving transformative change is to inform and mobilise people to engage with relevant decision makers in these three areas in a process of mutual capacity building. We know that the grassroots social movements FGG is part of have the power to effect change.

The 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.

- **Theory of Change 1:** Improved Corporate Conduct
- **Theory of Change 2:** Improved Trade and Investment
- **Theory of Change 3:** Improved Financial and Tax Systems

Part III: SOMO Services

SOMO Services

SOMO Services provides research, training and advice to public interest groups and institutions, giving them the facts, skills and strategic information needed to achieve their goals. SOMO designs new corporate research methodologies and makes use of diverse sources to shed light on corporate structures and strategies, global supply chains, financial flows, markets and much more.

In 2018 we provided custom-made services on commission to 16 clients. We saw a rise in requests for annual corporate service agreements, which are popular with human rights and legal civil society organisations that need on-going corporate research support. Next to these assignments, SOMO's corporate research specialists provided research support to partners and colleagues, assisting them in answering questions, and mining and analysing data through financial terminals Reuters' Eikon, Orbis and LexisNexis.

SOMO staff also contributed to developing a new generation of skilled researchers through guest lectures at Wageningen University, Utrecht University, Radboud University, Studium Generale in Enschede, and the IHE Delft, amongst others.

HIGHLIGHTS OF COMMISSIONED RESEARCH

As part of its campaign to stop the drivers behind deforestation, Milieudefensie (Friends of the Earth Netherlands) set SOMO to work on the subject of financing of palm oil. *Investment Funds: The untold story about the link between Dutch banks and industrial palm oil companies* revealed that Dutch banks are offering customers investments that include shares in palm oil companies without informing of them of the fact. Milieudefensie used the report to valuable effect, drawing significant media attention to the issue. Similarly, research conducted for ActionAid Netherlands on the wind turbine supply chain supported the group's efforts to raise awareness about the human rights and environmental impacts of wind turbine production.

In another report, SOMO followed up on previous work commissioned by Terre des Hommes on labour issues in the mica supply chain. SOMO conducted a comprehensive mapping of mica production globally, examining both supply and demand, key industries, labour conditions and the status of due diligence processes in the mica sector. The mapping helped inform Terres des Hommes in its campaign to eliminate child labour in mica mining – a powerful example of how to translate knowledge into effective outreach and results. The 2018 United Nations Forum on Business and Human Rights singled out Terre des Hommes and the multi-stakeholder Responsible Mica Initiative for having developed 'the most innovative and inspiring solutions to take the UN Guiding Principles on Business and Human Rights (UNGP) from paper to practice'. Further work on mica is underway.

TRAINING AND CUSTOMISED SUPPORT

At the request of ActionAid, SOMO's corporate researchers took part in a three-day training in Cambodia involving local civil society organisations. SOMO provided hands-on training in corporate research techniques, helping participants identify new leverage points for their efforts to address corporate human rights abuses.

SOMO also assisted Dutch trade union federation FNV and several other unions in preparing a complaint to the Dutch National Contact Point (the grievance mechanism of the OECD Guidelines for Multinational Enterprises). The complaint highlighted Chevron's use of Dutch mailbox companies to avoid paying taxes owed in Nigeria, Argentina and Venezuela. The case draws on SOMO's unique expertise on the link between tax avoidance and mailbox companies, and is the first OECD complaint to address the problem. SOMO was also pleased to host a meeting of its peers in the European Network of Corporate Observatories in Amsterdam. The meeting served as a valuable forum for the exchange of ideas and helped strengthen cooperation on corporate research at the European level.

SOMO welcomed the findings of an evaluation of its services based on the feedback from a majority of clients over the last four years. The evaluation confirmed clients' satisfaction with the quality of SOMO's work in relation to the price, yet for some organisations the price is nevertheless a barrier. A review of the SOMO Services payment model will take place in 2019.



A total of 57 organisations have become SOMO clients over the past five years:

Development organisations

ActionAid Australia
ActionAid Cambodia
ActionAid Nederland
CARE Nederland
Hivos
ICCO
Oxfam America
Oxfam France
Oxfam Novib
SNV
Südwind
Terre des Hommes
UNICEF Nederland
Wilde Ganzen

Campaign and lobby organisations

Al Haq
Amnesty International
Amnesty International, Danish Section
Changing Markets Foundation
Children's Investment Fund Foundation (CIFF)
Eurodad
Forschungs- und Dokumentationszentrum
Chile-Lateinamerika e.V (FDCL e.V.)
Finance Watch
ForUM
Front Line Defenders
India Committee of the Netherlands (ICN)
MODINT
Safer Chemicals
WEMOS

International organisations

OECD

Labour Unions

3F International (United Federation of Danish Workers)
ABVAKABO
CNV Int
European Trade Union Confederation (ETUC)
FNV
FNV Bouw
FNV Centraal Vakbondshuis
UNI Global Union

Governmental (related) organisations

Danish business Authority/ Danisch NCP
Europees Parlement
Ministerie van Binnenlandse Zaken
National Tax Service
SER
The Greens

Environmental organisations

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

Research and media

LEI
SwedWatch
The Hague Academy for Local Governance
Trouw
VPRO







Switzerland. The ceiling of the main hall in the United Nations building in Geneva. By Ayrcan.

Organisational development

INTRODUCTION ORGANISATION

2018 was the third year of SOMO's current five-year strategic period. SOMO participated in midterm evaluations to learn from the implementation of its multi-annually funded programmes. The lessons learned from these evaluations will be used for new plans and will also become input for a new strategy process which SOMO has started to prepare for the post-2020 period.

- **Strategy development.** The strategy development process is organised within SOMO by a working group. This group organised two plenary strategy days in 2018 and several sessions (hotpots) to discuss trends and challenges in more detail. Dynamics in the concentration of corporate power was a key focus in the strategy analysis. This concentration was analysed in relation to a number of themes: climate change, a just energy transition and human rights in the supply chains needed for renewable energy; migration and migrant labour; new (digital) technology and big data; the financialisation of the global economy; tax avoidance by corporations and accountability; and shrinking civic space. Based on this analysis, we worked to identify the possibilities for SOMO to contribute to checks and balances, and create leverage with civil society organisations, social movements and networks to counter the structures of corporate power and the negative consequences for respect for human rights.
- **Organisational development.** In addition to strategy development, we also felt an urgent need to work on organisational development. Especially the challenges related to Human Resource Management (HRM) (coaching and steering, learning organisation, work pressure and long term absence) and horizontal organisation (decision-making, role responsibilities, team development) were evaluated in staff meetings in 2018. In July 2018, we agreed on an action plan for changes. In December 2018, we agreed to adjust the management structure and decided to focus the mandate of the management team on HRM, coaching and steering of teams and team members.

Strategy development will become more the responsibility of the programme teams and will be done in a staff-organised process. The new management team will consist of three members, instead of four. Team managers will no longer be part-time researchers, so both team managers and researchers can focus more on their responsibilities.

- **Staff meetings.** Both strategy process and organisational development were important issues in 2018 during the monthly staff meetings. But we also discussed other topics to exchange knowledge, improve quality and integrity, and inspire each other. In 2018, we discussed the following topics: ICT security, prevention of integrity problems with staff and partner organisations (following scandals in the aid sector), diversification in fundraising, training in defining outcomes, innovation in research methods, improvements in SOMO's quality system and new procedures to guarantee correct referencing in reports.

S TEAM

The head of Finance, the Planning, Monitoring & Evaluation (PME) officer, the HRM officer and the fundraising coordinator teamed up to form the Support team.

The S team is responsible for implementing an efficient and integrated annual cycle by stimulating reflection and learning through supporting processes instead of individual issues. They also support the management team by providing key performance indicators every quarter. Trends, opportunities and bottlenecks are identified at an early stage. This resulted in 2018 in better and more intense cooperation between Fundraising, Finance and HRM. With a new PME officer on board, we aim to realise a similar result in connection to PME work in 2019. Moreover, the S team contributed to a strong framework letter that increased the quality, relevance and focus of the annual plans of the programme teams. The MT dashboard was also further developed, with key performance indicators including annual targets for all variables.

HUMAN RESOURCE MANAGEMENT

In 2018, the capacities of human resource management, both of the HR officer and MT members, were put to use for urgent matters and for structural development. The most urgent matters related to long-term absence. A priority for HR was to guide the process of reintegration of four colleagues.

In addition to these reintegration processes, HRM worked on a plan to prevent long-term absence, to lower work pressure and improve workers' satisfaction. The following actions were taken to improve guidance and create a better learning environment:

- **Leadership and personal effectiveness:** HRM developed a tailor-made training on leadership and personal effectiveness in cooperation and organising for young professionals at SOMO (and Dutch partner organisations).
- **SOMO Academy:** HRM started a more structured approach towards study and personal development with the implementation of SOMO Academy, offering a menu of study, training and coaching geared towards the needs of individual colleagues, as well as groups of colleagues with similar needs.
- **Introduction programme:** the HR officer redesigned the introduction programme for new colleagues to prevent lack of guidance.
- **Confidential counsellor:** in April 2018, SOMO changed its procedures regarding its external confidential counsellor. The new confidential counsellor was introduced to the staff in a plenary meeting with an explanation of the role, as well as the added value of a confidential counsellor and the new procedures.
- **Relevant Personnel Statistics for SOMO in 2018**
 - At the end of 2018, SOMO employed 42 people (2017: 41) at 32.3 FTE (2017: 31.9 FTE).
 - 36 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 were working for SOMO at the end of 2018.
- The caretaker (0.40 FTE) was hired via a (Dienst Werk en Inkomen of) the Municipality of Amsterdam.
- SOMO trained 7 interns in 2018.
- The costs for study and personnel development were € 15,031.
- Absence caused by illness was 5,7% in 2018 (2017: 4.9%).
- The costs for fundraising consist of personnel costs and costs for consultancy. In 2018, 4.0% of the time available was spent on fundraising (2017: 5.5 %). The total costs for fundraising were 4.6% of SOMO's total income in 2018 (2017: 5.4%).

The salary of the Managing Director was € 77,166 in 2018. Goede Doelen Nederland (interest association for the charities sector) has developed a formula to calculate the salary of the Managing Director in relation to the size of the organisation, the complexity of the organisation, the organisational context and the applied management model. According to this model, SOMO's salary for the Managing Director should maximally be € 102,470,

PLANNING MONITORING & EVALUATION

In 2018, SOMO hired a new PME Officer to further maintain, strengthen and develop its planning, monitoring and evaluation capacity.

A mid-term review was performed in the context of SOMO's strategic partnership with Oxfam and a mid-term evaluation was made within the context of the FGG Alliance. Both evaluations resulted in a number of valuable recommendations and lessons learned. Strengthening collaboration with partner organisations to identify opportunities to open civic space can be seen as a core lesson.

The management dashboard that was developed in 2017, featuring key performance indicators on finance, fundraising, professional services, partner contracts, communication, PME and HRM, was implemented and reviewed in 2018, and will be improved in 2019.

To improve the quality of outcome measurement, SOMO implemented new software that facilitates outcome harvesting. In a number of sessions, the teams reflected on developments in 2018 and, where applicable, related them to SOMO's activities and outputs. With the new software, SOMO was able to register this information efficiently and relate it to its project administration.

QUALITY SYSTEM

SOMO's quality management system has had ISO 9001 certification since 2011. This audit was repeated and updated in 2013 and SOMO was recertified in 2014. In 2017, SOMO again needed to be recertified. SOMO also implemented the necessary adjustments to meet the latest (2015) ISO 9001 standard. SOMO received a new certificate in November 2017. In 2018, we were able to update all procedures and also to reduce redundancy in the procedure, as well as to simplify both the procedures (50% reduction of documents) and the process (better aligned process of process editors and internal audits). The external BSI audit in 2018 was positive.

FUNDRAISING

In 2018, SOMO continued its focus on building relationships with new donors and funds. Investments in building relationships with private funders in the USA, especially in the area of Rights, Remedy and Accountability, have begun to pay off. We are especially proud of the funding of three new projects by the Open Society Foundation:

1. Public investment, financialisation and lobbying practices in the pharmaceutical industry;
2. Counter the race to the bottom: tax justice, economic equality and corporate capture;
3. Health for All in an Unequal World: Obligations of Global Bioethics.

We are also grateful for our cooperation with three new private foundations: Wellspring Philanthropic Fund; Freedom Fund and Democracy & Media Foundation.

SOMO's network and visibility among universities is growing. We observe an increasing number of invitations by universities to join projects and funding proposals (NWO, Horizon 2020). These investments should start to generate a new income stream in the coming years. Revenues from grants in 2018 came to a total of € 638,157 for the period 2018–2022, including a small share of funding for SOMO partners.

DONATIONS

In 2018 € 1,323 was donated by individuals via the donation button on the website.

ICT

In 2018, SOMO made several important decisions to improve ICT support, related both to system support and to software development and application management. In September 2018, we decided to outsource the helpdesk and first line system support to a specialised service provider. After a selection process, SOMO selected Constant IT for these tasks.

With the decision to outsource ICT support, we also made the decision to improve internal ICT expert capacity via application support for researchers, both to develop research tools and to improve awareness and policies regarding data security.

SOMO has invested in advice, facilities and training to stress the importance of data security and safety of researchers, respondents and partner organisations.

In 2018, SOMO continued the implementation of Project Connect. This online tool for project management and management information is being developed in close cooperation with Matthat and a user platform, with other organisations in the development aid sector. This joint development lowers developmental costs. Project Connect allows SOMO to report directly to IATI.

To stimulate innovation, Matthat offers financial

rebates if one or more organisations choose to invest in new modules which in a later phase are used by other NGOs that did not participate in the initial investment for development. SOMO has used this option and already has received a rebate that lowered the total costs for software development.

Unfortunately, SOMO had to stop with the development and implementation of a Digital Work Space. After a two-year development period, SOMO concluded that the proposed solution did not pass our acceptance tests. Although this was a tough decision to make, we were able to agree on an exit strategy with the service provider that enables us to find another solution.

Won applications 2018

Funder/donor	Project	Role SOMO	Period
US Department of State - DRL	Business and human rights	Co-applicant	2018-2020
SIDA	Fair Finance Asia	Co-applicant	2018-2022
European Commission - DG DEVCO	MakeITFair	subcontractor	2018-2020
European Commission - DG DEVCO	Eurodad network	affiliate	2018-2022
European Commission - DG Migration and Home Affairs	Flows of illicit funds and victims of labour trafficking; uncovering the complexities	Co-applicant	2019-2020
Norwegian NCP for the OECD	Strengthening Nordic Civil Society's Ability to Use the OECD Guidelines and the National Contact Point System Effectively	lead	2018
Open Society Foundation	Public investment, financialisation and lobby practices in the pharmaceutical industry	lead	2019-2020
Open Society Initiative for Europe	Counter the race to the bottom: tax justice, economic equality and corporate capture	lead	2018-2019
Open Society Foundation	Health for All in an Unequal World: Obligations of Global Bioethics	lead	2018-2019
Wellspring Philanthropic Fund	Community Responses to International Investments: Planning and Coordination	lead	2018-2019
Freedom Fund	Advocacy on a child labor / forced labor / due diligence law in the Netherlands	lead	2019
Bread for the World	International CSO Finance Group	lead	2018
Democracy & Media Foundation	Paying the Price: Democratic control of Drug Development	lead	2019

SUSTAINABILITY AND ACCOUNTABILITY

SOMO strives to ensure that its suppliers and service providers 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 for a supplier is based on the best CSR score. We use our own solar panels to generate energy (3.28MWh in 2018). Additional energy needs are met by Groenpand.

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, people are strongly discouraged to fly within a 700-kilometre radius from Amsterdam. If travelling by plane is unavoidable, SOMO compensates the emissions using GreenSeats.

Research SOMO is also accountable for its research and network-related activities. As a watchdog organisation, we take responsibility to avoid causing undue harm in its work. Our Code of Conduct and Complaints Procedure are based on this principle.

SOMO continues to strive for the highest possible standards and procedures in research, including maintaining an open dialogue with companies, academics and lawyers and to carry out proper reviews of research and other activities. This is intended to ensure that SOMO's work and services are up-to-date and of the highest quality possible. In 2018, a pilot was started with new I-thenticate software to avoid the risk of plagiarism.

In 2018 SOMO received no complaints.

RISK MANAGEMENT

SOMO has a risk management policy. Possible risks are discussed with the supervisory board every quarterly meeting. These risks are related to long-term illness, diversification of funds, ICT development, integrity of employees, and partner organisations and financial bottlenecks in paying partner organisations and researchers in certain countries.

GOVERNANCE AND MANAGEMENT

Governance and organisational structure
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 structures have a high level of self-management.

SOMO did not fill a vacancy in the management team (MT) in 2018, deciding instead to first evaluate the management structure and mandate. After a process of evaluation (April – July) and designing alternatives (September – November) we agreed an adjusted structure in December. Based on this decision, we started recruitment of a new management team member/team manager in December 2018. The mandate of the new MT is more focused on HRM, coaching, steering, leading processes strategy development and creating focus. Managers are no longer involved in projects as part-time researchers. SOMO's new MT will consist of three management positions in 2019 instead of the previous four positions.

SOMO has a two-tiered governance structure, with a Supervisory Board and an Executive Board. The day-to-day management of the organisation is in the hands of the management team. This team is chaired by Ronald Gijsbertsen and includes Esther de Haan and Gerhard Schuil. Ronald Gijsbertsen serves as Managing Director (Executive Board). Ronald is also a member of the Supervisory Board of Free Press Unlimited, for which he receives no remuneration.

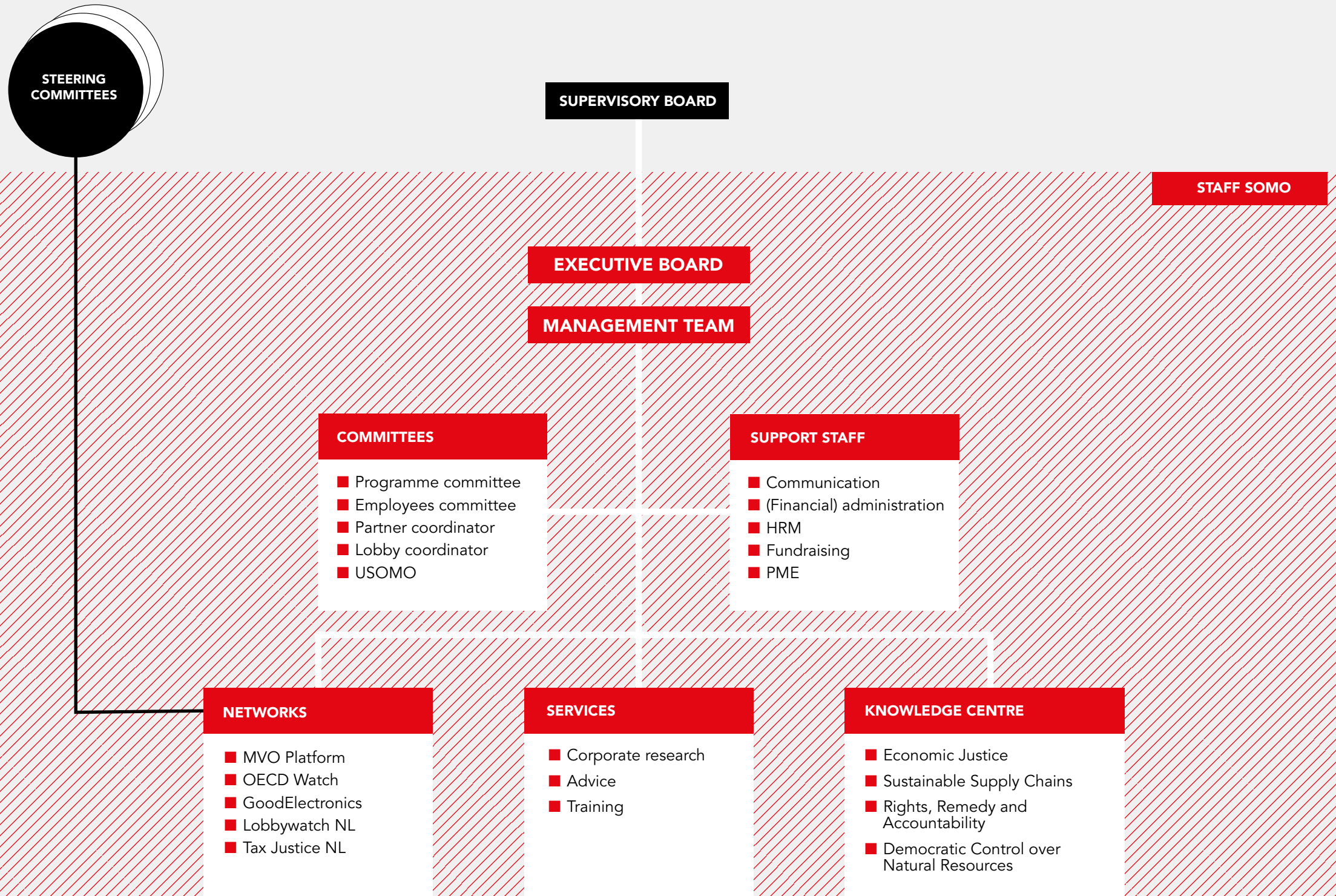
SOMO's Supervisory Board consists of five positions, each with a specific field of attention:

- **Ronald Messelink** (chair) is CEO of ICS, an NGO that works on the socio-economic development of rural areas in Africa and Asia. Finance is the field of attention of Ronald.
- **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. Legal affairs is the field of attention of Jasper.
- **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). Research quality and relationships with academics is the field of attention of Angela.
- **Niels ten Oever** (member) is an independent researcher. He previously worked for Article-19, a global non-profit organisation that defends freedom of expression and information. Innovation and digital security is the field of attention of Niels.

- **Nicky McIntyre** (member) formerly was director of Mama Cash in the Netherlands. In 2017, she moved to the United States to become CEO of Foundation for a Just Society. In December 2018, Nicky concluded her work as SOMO supervisory member. She will continue to be involved with SOMO as special advisor to the director, related to strategy development and fundraising.

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

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



Forecast 2019

		2019 Forecast	
Income		€	€
Government grants/contributions			
Dutch Ministry of Foreign Affairs		2,700,000	
European Commission		425,000	
Other Government grants		125,000	
Private foundations		650,000	
Other contributions		500,000	
Total government grants/contributions		4,400,000	
Professional services		350,000	
Other income		10,000	
Total income		4,760,000	
Expenditure		€	€
Direct project costs		1,125,000	
Direct project costs of professional services		25,000	
Personel costs		3,030,800	
General expenses		525,000	
Total expenditure		4,705,800	
Operating result before interest and taxation		54,200	

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 (now 66%). Fundraising in previous years resulted in a solid financial base for the 2016 – 2020 period. After 2020, our goal is that no more than half of our income should come from one single donor. Our primary focus will be on raising funds from other national 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 wider geographic area.

By 2020, revenues from professional services should account for at least 20% of our income. In 2018, however, no growth in service delivery was achieved. This was related to the limited internal capacity available (due to long-term absence leave). For 2019, we will intensify our efforts to increase income from professional services.

Thirdly, SOMO aims to build a higher general reserve. As stated in the financial report, the general reserve does not yet meet the set targets. Finally, given current low interest rates, SOMO aims to use part of the general reserve for sustainable investments, like solar panels, to both reduce our ecological footprint and provide a better return on investment than a savings account.

In 2017, SOMO was selected to receive new long-term funding from the Dutch Ministry of Foreign Affairs. Although this will not lead to diversification of sources, it will provide more financial stability extending past 2020. To some extent, SOMO has succeeded in finding more funding from private foundations and plans to intensify this fundraising based on this experience. More attention is needed for professional services delivery. In 2018, we started hosting a new network (Tax Justice NL), mainly funded by membership contributions.

SUPERVISORY BOARD REPORT

SOMO plays a critical role in advancing corporate accountability in the Netherlands, Europe and worldwide through action-oriented research, critical analysis and by strengthening cooperation among civil society organisations. SOMO's positive impact, as evidenced in the many results described in this report, continue to confirm the value of its strategies.

The Board met four times in 2018 to discuss organisational, financial and human resources issues. Board meetings included a regular review of risks using a comprehensive risk register. In March the Board discussed SOMO's integrity policy, which aims to protect against fraud and corruption. To mitigate against increased risks revealed by a few high-profile scandals involving other organisations, the policy was adjusted in 2018. The Board also discussed and supported SOMO in the challenging decision to discontinue its digital workspace project. In addition to regular Board meetings, the Board met with SOMO's independent auditor and approved the 2017 Annual Report and financial accounts. SOMO continues to enjoy solid financial health and management.

The Board accompanied SOMO through an organisational development process this year. This entailed discussions with the Managing Director and a meeting with SOMO's employee committee about human resource issues. We are pleased with the steps taken and optimistic about the new management profile (described on page XX) resulting from this process.

The Supervisory Board members included Jasper Teulings, General Counsel at Greenpeace International; Niels ten Oever, Head of Digital at ARTICLE 19; and Angela Wigger, Associate Professor of Global Political Economy at Radboud University. Nicky McIntyre, CEO Foundation for a Just Society, announced her resignation at the end of the year, due in part to the challenge of participating from abroad. The Board is grateful for Nicky's valuable contributions. SOMO will begin recruitment of a new Board member in 2019 with the aim of maintaining a suitable mix of expertise.

Ronald Messelink

Chair of the Supervisory Board

Report from the Super- visory Board



Indonesia. Truck with palm oil fruit. By SOMO



Financial Statements

Balance Sheet as of 31st of December, 2018 (after appropriation of result)

	31-12-18	31-12-17
Assets	€	€
Fixed assets		
Intangible fixed assets	113,314	125,230
Tangible fixed assets	34,636	46,314
Financial fixed assets	26,275	26,275
	174,225	197,819
Current assets		
Receivables, prepayments and accrued income		
Trade debtors	134,775	33,895
Subsidy receivable	146,921	335,577
Taxation and social securities	29,897	54,260
Prepayments and accrued income	171,435	182,948
	483,028	606,680
Cash and bank balances	1,837,117	1,725,824
Total assets	2,494,370	2,530,323
Liabilities	€	€
Equity		
General reserve	693,575	670,442
Appropriated reserves	66,581	66,581
	760,156	737,023
Current liabilities, accruals and deferred income		
Creditors	320,356	335,632
Advanced payments/ advances received on subsidies	818,349	953,076
Taxation and social securities	156,115	150,035
Accruals and deferred income	439,394	354,557
	1,734,214	1,793,300
Total liabilities	2,494,370	2,530,323

Statement of Income and Expenditure, 2018

	Realization 2018	Budget 2018	Realization 2017
Income	€	€	€
Government grants/contributions			
Dutch Ministry of Foreign Affairs	2,781,204	2,820,000	2,854,804
European Commission	259,744	520,000	334,058
Other Government grants	86,398	150,000	219,734
Private foundations	584,432	-	276,508
Other contributions	512,913	830,000	318,717
	4,224,691	4,320,000	4,003,821
Professional services	182,930	370,000	304,421
Other income	30,730	10,000	4,553
Total income	4,438,351	4,700,000	4,312,795
Expenditure	€	€	€
Direct project costs	1,126,986	1,230,000	1,100,120
Direct costs of professional services	13,025	-	24,275
Personnel costs	2,786,376	2,930,000	2,677,860
General expenses	480,904	495,000	507,342
Total expenditure	4,407,291	4,655,000	4,309,597
Operation result	31,060	45,000	3,198
Financial income and expenses			
Interest income	1,229	-	219
Financial expenses	-4,506	-	-1,925
	-3,277	-	-1,706
Result on ordinary activities before taxation	27,783	45,000	1,492
Taxation on ordinary activities	-4,650	-	2,241
Result after taxation	23,133	45,000	3,733

Accounting Principles for Financial Reporting

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

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

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

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

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

The following fixed percentages of cost are used for depreciation:

Intangible assets

- Software: 20% a year

Tangible fixed assets

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

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

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

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Government grants / contributions (allowances):

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

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

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

Notes to the balance sheet

Assets				
Fixed assets	2018		2017	
	Intangible fixed assets	Tangible fixed assets	Intangible fixed assets	Tangible fixed assets
Purchase value at historical cost	160,345	208,945	92,364	247,745
Accumulated depreciation	-35,115	-162,631	-7,101	-197,687
Balance as of 1 January	125,230	46,314	85,263	50,058
Investments	40,182	8,822	67,981	21,201
Desinvestments	-45,926	-	-	-
Depreciations	-26,554	-20,500	-28,014	-24,945
Depreciation desinvestments	20,382	-	-	-
Total movements bookyear	-11,916	-11,678	39,967	-3,744
Purchase value at historical cost	154,601	217,767	160,345	268,946
Accumulated depreciation	-41,287	-183,131	-35,115	-222,632
Balance as of 31 December	113,314	34,636	125,230	46,314

	31-12-2018	31-12-2017
Assets	€	€
Financial fixed assets		
Current account - bank guarantee	26,275	26,275
Total financial fixed assets	26,275	26,275
Trade debtors		
Trade debtors	134,775	33,895
Minus: allowance for doubtful receivables	-	-
Total trade debtors	134,775	33,895

FINANCIAL FIXED ASSETS

The bank guarantee is not available for expenditure by SOMO. This bank guarantee relates to the lease for the building of SOMO at Sarphatistraat 30 in Amsterdam.

	31-12-2018	31-12-2017
Assets	€	€
Subsidy receivable		
MoFA Human Rights Fund - Small activities 2015-2016	29,638	39,851
Netherlands Embassy Bogotá (Colombia)	11,000	-
Oxfam Novib (MoFA Reconstruction Fund)	3,974	3,974
Oxfam Novib (MoFA Knowledge Platform Security & Rule Law)	-	6,392
EuropeAid - DEAR (ECCJ)	1,710	1,710
Christliche Initiative Romero (EuropeAid - DEAR)	18,263	37,599
Transnational Institute (EuropeAid - NSAED)	1,071	-
TIE-Netherlands (EuropeAid - CSD-III/PC Turkey)	12,555	12,555
US Department of State - Bureau of Democracy, Human Rights and Labour	29,204	190,253
Open Society Institute - OSIFE - FOSI (Organizational Grant)	-	43,835
Open Society Institute - OSIFE (Counter the race to the bottom in tax in Europe)	25,497	-
Fastenopfer / Swiss Catholic Lenten Fund (Electronics Watch)	52	52
Norwegian Forum for Development and Environment (OECD Watch)	1,066	1,066
Oxfam Novib (Fair Finance Asia - SIDA)	14,601	-
Subtotal subsidy receivable	148,631	337,287
Minus: doubtful subsidy receivable (projects)	1,710-	-1,710
Total subsidy receivable	146,921	335,577
Taxation and social securities		
Taxation (corporate tax)	4,856	10,780
Value added tax (V.A.T)	25,041	43,480
Total taxation and social securities	29,897	54,260
Prepayments and accrued income		
Professional services to invoice	22,815	106,413
Rent	5,130	5,078
Interest	503	1,229
Pension contributions	29,849	26,190
Health insurance	30,728	10,248
Travel home-work	5,616	5,025
Matthat to receive return on investment	27,855	4,553
TrueLime to receive on settlement agreement	25,000	-
Payment for illness	2,578	-
Other prepayments and accrued income	21,361	24,212
Total prepayments and accrued income	171,435	182,948

	31-12-2018	31-12-2017
Assets	€	€
Cash and bank balances		
Current accounts	220,722	98,108
Interest accounts	1,615,402	1,619,235
Money in transit	33	7,400
Stocks	960	1,081
Total cash and bank balances	1,837,117	1,725,824

PREPAYMENTS AND ACCRUED INCOME

For the development of project management software SOMO joined the user platform of Matthat. Together with nine other organizations SOMO invests in the development of tailor made project management software. The user platform agreed with Matthat on a Return on Investment (ROI) in case Matthat is able to sell the software also to other clients. The total investment in 2018 related to this agreement is € 27,572 (2017: € 48,868). The ROI in 2018 was € 23,322 (2017: € 4,553) and presented under other income in the statement of income and expenditure.

CASH AND BANK BALANCES

All cash and bank balances are available for expenditure by SOMO.

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

Liabilities	€	€	€
	Begin financial year 2018	Movements 2018	End financial year 2018
Equity			
General reserve	670,442	23,133	693,575
Appropriated reserve housing	30,000	-	30,000
Appropriated reserve organisation development	36,581	-	36,581
Total equity	737,023	23,133	760,156

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 2018 is € 1,354,849 (2017: € 1,302,352). The actual general reserve for 2018 is € 693,575 (2017: € 670,442).

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.

Liabilities	31-12-2018	31-12-2017
	€	€
Creditors		
Creditors	141,664	173,493
Contract obligations project partners	178,692	162,139
Total creditors	320,356	335,632
Advanced payments/ advances received on subsidies		
MoFA Human Rights Fund Grant Policy Framework 2017-2020	432,156	458,260
BothENDS (MoFA Strategic Partnership Dialogue and Dissent)	84,531	33,134
Oxfam Novib (MoFA Strategic Partnership Dialogue and Dissent)	56,393	77,297
La Strada International (Human Rights Fund - Small Activities 2015-2016)	1,971	8,060
Netherlands Embassy Bogotá (Colombia)	-	663
EuropeAid - NSAED (Good Electronics Network)	98,577	113,279
Transnational Institute (EuropeAid - NSAED)	-	832
The Sigrid Rausing Trust (Organizational Grant)	2,438	21,495
Oxfam Novib (Facility support CSOs international CSR convenants)	1,770	1,703
Open Society Institute - OSIFE - FOSI (Organizational Grant)	3,276	-
Open Society Institute - OSIFE - OSI (Lobby Watch NL)	7,137	24,432
Open Society Institute - OSIFE - OSI (Tackling corporate lobby in the Netherlands)	8,202	80,384
Open Society Institute - OSIFE - FPOS (Public return on investment from the Dutch Government on R&D of new medicines)	3,709	-
MVO Platform advanced payments membership contributions	49,887	80,829
MVO Platform advanced payments other contributions	28,203	-
Brot für die Welt (Make finance work for people world wide)	11,000	19,401
MAVA Foundation pour la Nature	-	26,683
Peace Movement Pax Netherlands Foundation	3,838	6,624
Wellspring Philanthropic Fund	25,261	-
Total advanced payments	818,349	953,076
Taxation and social securities		
Social securities (payroll tax)	156,115	147,967
Social Securities Belgium	-	2,068
Total taxation and social securities	156,115	150,035

	31-12-2018	31-12-2017
Liabilities	€	€
Other accruals and deferred income		
Holiday pay	88,497	85,979
Holiday days	108,551	89,339
Prepayments professional services	69,215	28,838
Audit fee	27,000	27,700
Salaries	-	3,760
Thirteenth month	79,902	85,280
Transfer costs pension	9,000	9,000
Dividend to be paid to charity organisation	103	103
Fundraising costs to be paid	12,264	-
Freelancers to be paid finance, research, ICT	11,172	-
Project costs to be paid	24,496	-
Other	9,194	24,558
Total other accruals and deferred income	439,394	354,557

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 2018, 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 2018: € 61,245). 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

	2018	2017
Income	€	€
Dutch Ministry of Foreign Affairs		
MoFA Human Rights Fund - Small activities 2015-2016	33,380	59,353
MoFA Human Rights Fund Grant Policy Framework 2017-2020	276,096	-
BothENDS (MoFA Strategic Partnership Dialogue and Dissent)	1,648,689	1,899,977
Oxfam Novib (Strategic Partnership Dialogue and Dissent)	670,903	729,267
Netherlands Embassy Bogotá (Colombia)	61,475	64,540
Oxfam Novib (Facility support CSOs international CSR convenants)	48,066	79,329
Oxfam Novib (MoFA Knowledge Platform Security & Rule Law)	1,983	6,392
Oxfam Novib (Fair Finance Asia - SIDA)	14,601	-
University of Nottingham (NWO-WOTRO)	-	6,498
La Strada International (Human Rights Fund - Small Activities 2015-2016)	26,011	5,503
Other	-	3,945
Total Dutch Ministry of Foreign Affairs	2,781,204	2,854,804
European Commission		
EuropeAid - NSAED (Good Electronics Network)	259,744	250,540
Christliche Initiative Romero (EuropeAid - DEAR)	-	83,518
Total European Commission	259,744	334,058
Other Government grants		
US Department of State - Bureau of Democracy, Human Rights and Labour	86,398	219,734
Total other Government grants	86,398	219,734

	2018	2017
Income	€	€
Private foundations		
The Sigrid Rausing Trust (Organizational grant)	159,784	156,474
Open Society Institute - OSIFE - FOSI (Organizational Grant)	80,188	85,284
Open Society Institute - OSIFE - OSI (Lobby Watch NL)	75,635	4,667
Open Society Institute - OSIFE - OSI (Tackling corporate lobby in the Netherlands)	72,183	3,557
Open Society Institute - OSIFE (Counter the race to the bottom in tax in Europe)	60,077	-
Open Society Institute - OSIFE - FPOS (Public return on investment from the Dutch Government on R&D of new medicines)	29,549	-
Open Society Institute - OSIFE - FPOS (14th World Congress of Bioethics)	16,905	-
Brot für die Welt (Make finance work for people world wide)	24,401	599
Fastenopfer / Swiss Catholic Lenten Fund (Electronics Watch)	-	6,466
Wellspring Philanthropic Fund	39,023	-
MAVA Foundation pour la Nature	26,687	19,461
Total private foundations	584,432	276,508
Other contributions		
Contributions of partners EuropeAid - NSAED (Good Electronics Network)	27,712	24,020
Membership contributions OECD Watch	9,246	12,143
Membership, and other contributions MVO Platform	224,757	127,131
Membership contributions Tax Justice Network	82,000	-
FNV Contribution dividend campagne Tax Justice Network	14,958	-
WWF-International (OECD Watch)	80,000	120,000
Peace Movement Pax Netherlands	2,786	6,572
Bank Information Center Europe	16,067	4,933
Oxfam Novib contribution tax training Indonesia	-	10,000
Contributions 'The Added Value of a Future Treaty on Business and Human Rights'	-	6,190
Contributions workshop "Effective Use of the OECD Guidelines" National Contact Point (NCP) System"	12,441	-
FNV Contribution (Counter the race to the bottom in tax in Europe)	13,500	-
Cofinanciering "IAWG retreat"	19,778	-
Crowdfunding and gifts	1,323	666
Other contributions	8,345	7,062
Total other contributions	512,913	318,717

	2018	2017
Income	€	€
Professional services		
Corporate research	31,948	71,869
Sector research	38,479	110,653
Country and policy research	22,546	70,208
Quick Scans	-	10,803
Supply chain research	50,741	2,671
Trainings	5,116	855
Consultancy	12,325	24,157
Expert contribution	17,543	8,645
Other services	4,232	4,560
Total professional services	182,930	304,421

FUNDRAISING

The total of income received not from own fundraising of SOMO but as part of cofunding of project partners for 2018 is € 27,712 (2017: € 24,020).

EXPLANATION ONLINE FUNDRAISING AND DONATIONS

In 2018 SOMO received € 1,323 in donations (2017: € 666), no amount is received for crowdfunding in 2018 (2017: € 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.

	2018	2017
Expenditure	€	€
Direct project costs		
Travel costs	231,439	146,637
Office expenditure	147,864	168,388
Telephone and postage	1,321	1,598
Printed matter	36,106	49,649
Contracted work	675,509	693,230
Other direct project costs	34,747	40,618
Total direct project costs	1,126,986	1,100,120

	2018	2017
Expenditure	€	€
Direct costs of professional services		
Travel costs	3,805	928
Office expenditure	5,817	4,608
Printed matter	1,933	16,574
Contracted work	1,470	1,277
Other direct costs of professional services	-	888
Total direct costs of professional services	13,025	24,275
Personnel costs		
Salaries		
Gross wages	1,825,350	1,786,369
Social securities	344,193	316,238
Pension contributions	225,450	218,807
Change in debt holiday pay	19,212	6,218
Change in debt holiday days	2,518	13,676
Total salaries	2,416,723	2,341,308
Remaining personnel costs		
Study	15,031	33,482
Insurance	43,203	42,447
Travel costs	40,339	30,896
Thirteenth month	154,505	154,721
Freelance costs support staff	41,872	5,790
Freelance costs project staff	127,147	103,213
Recruiting costs	95	1,308
Other personnel costs	29,155	22,185
Total remaining personnel costs	451,347	394,042
Subtotal personnel costs	2,868,070	2,735,350
minus: received payments for illness	71,107-	57,487-
minus: charged for (project) personnel expenditure	10,587-	3-
Total personnel costs	2,786,376	2,677,860

2018				
Title	Managing Director	Programme Manager	Programme Manager	
Name	Ronald Gijsbertsen	Esther de Haan	Gerhard Schuil	
FTE	36 hours a week	36 hours a week	36 hours a week	
Months worked in 2018	12	12	12	
Gross salary including thirteenth month holiday allowance and holiday pay	€ 77,166	€ 70,316	€ 68,325	
Pension premium paid	€ 9,855	€ 8,852	€ 8,542	
Total WNT income 2018	€ 87,021	€ 79,168	€ 76,867	

2017					
Title	Managing Director	Programme Manager	Programme Manager	Programme Manager	
Name	Ronald Gijsbertsen	Esther de Haan	Gerhard Schuil	Roos van Os	
FTE	36 hours a week	36 hours a week	36 hours a week	36 hours a week	
Months worked in 2017	12	12	12	11	
Gross salary including thirteenth month holiday allowance and holiday pay	€ 76,142	€ 69,379	€ 65,583	€ 49,178	
Pension premium paid	€ 9,623	€ 8,645	€ 8,050	€ 5,489	
Total WNT income 2017	€ 85,765	€ 78,024	€ 73,633	€ 54,667	

PERSONNEL COSTS

At the end of 2018, SOMO was employing a total of 42 people (2017: 41) and 32,3 FTE (2017: 31.9 FTE). Concerning the Wet normering bezoldiging topfunctionarissen 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 2018 the maximum amount is € 189,000 including taxable allowances and employer pension contributions. Our board members are unpaid, they only receive an attendance of € 150 per year.

	2018	2017
Expenditure	€	€
General expenses		
Software and hardware		
Software and development	84,296	149,618
Software and hardware	57,790	34,452
Depreciation software and hardware	8,517	7,313
Depreciation development	26,552	28,014
Subtotal software and hardware	177,155	219,397
Housing expenses		
Rent and energy	76,949	75,218
Insurance and taxes	2,491	2,284
Maintenance and cleaning	32,369	21,012
Depreciation rebuilding	7,396	11,948
Other housing expenditure	3,122	1,556
Subtotal housing expenses	122,327	112,018
Office expenses		
Catering	8,445	8,044
Telephone	5,110	5,964
Postage and dispatch	320	476
Printed matter	2,852	4,053
Office supplies	4,114	5,794
Internet/ website	2,662	3,730
Contributions	8,291	8,102
Literature	857	781
Databank	9,087	12,916
Representation	1,940	4,285
Travel	5,536	3,416
PR and publicity expenditure	19,229	20,092
Translation/ interpreter expenditure	455	644
Depreciation equipment	4,588	5,684
Subtotal office expenses	73,486	83,981

	2018	2017
Expenditure	€	€
Organisation and administration expenses		
Advice	6,096	19,071
Audit fee	17,350	19,700
Administration costs	9,571	10,759
Insurances	10,003	8,126
Fundraising	80,020	64,612
Other general expenses	3,051	1,288
minus charged for		
Project costs organisational and administration expenses	18,155-	31,610-
Subtotal organisation and administration expenses	107,936	91,946
Total general expenses	480,904	507,342

TAXATION ON ORDINARY ACTIVITIES

Corporate tax 2018	€
Result on ordinary activities before taxation	27,783
Added: Partly tax-deductible costs	2,750
Added: Non-tax-deductible costs	-
Added: Desinvestment addition	6,438
Minus: investment deduction	-13,721
Fiscal result	23,250
Calculated corporate tax 20%	4,650

Explanation of differences between realization and budget 2018

RESULT

The total income was € 261,649 lower than expected. Because the total expenditures 2018 were only € 247,709 lower than budgeted, this has a direct effect on the actual result 2018. The positive result (before taxation) for 2018 is lower than expected. The budgeted result for 2018 was € 45,000 before taxation; the actual positive result is € 27,783 before taxation. The result after taxation (€ 23,133) was added to the general reserve. SOMO aims for a general reserve of a certain amount. Because it does not meet this norm yet, we aim for a small positive result every year.

INCOME

The income 2018 for government grants and contributions was € 95,309 lower than budgeted. The income on professional services was € 187,070 lower than budgeted.

The lower income on government grants was mainly due to small underspending on the partnership programmes. Also SOMO received more income from private foundations than expected. In 2018 we calculated a more income on the EU GoodElectronics programme. In 2018 there is realized less than expected and with approval of the European Commission the programme is extended up to 30th June 2019.

Due to longterm absence leave, SOMO was not able to deliver all services asked for.

The other income is € 20.730 higher than expected because the ROI on investments in the Matthat user platform was higher than expected.

EXPENDITURE

The direct project expenditures were lower than budgeted; in 2018 we spend less on direct project costs in projects. The personnel costs were higher than budgeted due to long term illnesses and maternity leave. SOMO had to hire freelancers to fill in the temporary vacancies. The general expenses were € 14.096 lower than budgeted because we received € 25.000 based on a settlement agreement with True Lime. In 2018 we invested more than budgeted in fundraising (actual proposals and future proposals).

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 2018

The result after taxation 2018 is € 23,133 positive (2017: € 3,733 positive). The board of SOMO has decided to add this result to the general reserve.

9 mei 2019

Image caption



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, The Netherlands

A. Report on the audit of the financial statements 2018 included in the annual report
Our opinion

We have audited the financial statements 2018 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 2018 and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Policy rules implementation of the Standards for Remuneration Act (WNT).

The financial statements comprise:

1. the balance sheet as at 31 December 2018;
2. the statement of income and expenditure over 2018; 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.

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Compliance with rule against overlapping pursuant to the WNT not audited

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

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

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

- the Board's report (part 1 -3);
- report from the Supervisory Board;
- other information;
- annex 1: financial overview MVO Platform 2018.

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 Standards for 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.

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.

2

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.

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.

3



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, 17 May 2019

Dubois & Co. Registeraccountants

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

4





