

Financial Statement 2017

Financial Statement

The International Chemical Secretariat (ChemSec)
802412-7717

The board of Directors of the International Chemical Secretariat (ChemSec) hereby presents its account of the association's development during the financial year 01-01-2017 - 12-31-2017.

Unless indicated otherwise all figures are reported as whole numbers in Swedish krona (SEK).

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Directors Note

OPERATIONS

OPERATIONS

The Board of the International Chemical Secretariat (ChemSec), 802412-7717, hereby submits its annual accounts for the financial year 2017.

PURPOSE AND ORGANISATION OF CHEMSEC

ChemSec was founded in 2002. ChemSec is a non-profit organisation without religious or political affiliations that advocates for greater protection from harmful chemicals for the environment and people's health.

The organisation's aim is to strengthen protection for the environment and health by:

- monitoring, influencing and informing about the development of chemicals policy in the EU and internationally, from the perspective of the environment and health,
- serving as a resource and providing support on chemical issues, primarily to the organisations that support ChemSec,
- encouraging and urging foreign and international trade organisations, companies, research bodies and civil society to give more attention to the effects of chemicals on the environment and health.

ChemSec's vision is a world free from harmful chemicals.

MANAGEMENT

The Annual General Meeting is ChemSec's highest decision-making body and is held annually. The right of members to participate in the management of ChemSec's affairs is exercised at the AGM. A new Board was elected at the AGM in May.

The Secretariat is located in Gothenburg and is headed by the executive director. Anne-Sofie Andersson was appointed executive director by the Board and has led the organisation since 2006.

The Board is made up of representatives of the Swedish Society for Nature Conservation, WWF Sweden, Nature & Youth Sweden and Friends of the Earth Sweden. The Board represents the organisation, monitors its interests and decides on behalf of the organisation in all matters where its statutes do not prescribe otherwise. The Board consists of eight members, of which the two seats held by Nature & Youth Sweden have been vacant since the annual meeting on 1 June. In 2017, the Board held five recorded meetings which were attended by an average of 4.4 Board members. The current members of the Board are as follows, and the numbers in brackets show their attendance at these meetings:

Stefan Larsson (chairman) (5) Friends of the Earth Sweden (ordinary member)

Sven-Erik Sjöstrand (5) Friends of the Earth Sweden (deputy member)

Helena Norin (vice chairman) (3) Swedish Society for Nature Conservation (ordinary member)

Cecilia Hedfors (3) Swedish Society for Nature Conservation (deputy member)

Lennart Henriksson (5) WWF (ordinary member)

Peter Westman (0) WWF (deputy member)

Haldor Lorimer-Olsson (1) (resigned at the annual meeting) Nature & Youth Sweden (ordinary member)

At the Annual General Meeting, Kristian Thore from Baker Tilly EMK AB was elected as chief auditor; Thomas Olofsson from Baker Tilly SEK AB was elected as deputy auditor; and Kåre Olsson from the Swedish Society for Nature Conservation was elected as representative auditor.

The member organisations serve as nomination committees in accordance with their own internal guidelines and are responsible for proposing a regular member of the Board and an alternate at the AGM.

KEY EVENTS

EU chemicals policy: REACH

- **The Candidate List / SIN list**

The EU Candidate List for particularly harmful chemicals is recognised as an important element of REACH that promotes the phasing out of problematic substances. ChemSec's SIN List is a progressive counterpart to the Candidate List and is based on exactly the same criteria as the Candidate List – but the SIN List contains many more substances.

In 2017, ChemSec carried out an analysis to compare substances on the SIN List and the Candidate List in order to highlight why the latter is populated extremely slowly. The analysis was published in the form of a report – Pick up the Pace – in which ChemSec describes the main problems with REACH; the snail's pace of the political process, the reasons for this and why it is important that the Candidate List continues to be updated.

ChemSec's analysis spurred the European Chemicals Agency (ECHA) to conduct its own analysis of the SIN List and show the current status of all SIN substances in the REACH process. Not surprisingly, ECHA did not come to the same conclusion as ChemSec, but their analysis nevertheless helped to bring more attention to the issue as well as giving valuable recognition to the SIN list.

- **Authorisation testing**

Authorisation testing is another cornerstone of REACH, since it regulates the use of the very worst chemicals. The idea behind authorisation testing is very good, but the process unfortunately has many shortcomings, which lead to the authorisation of harmful chemicals even when there are often safer alternatives on the market. During 2017 ChemSec worked hard to highlight these shortcomings, and at the ECHA's major conference in November this issue received considerable attention.

ChemSec also helped to persuade the ECHA to formulate a substitution strategy in 2017 that has the potential to have a major positive influence on European industries.

CORPORATE PARTNERSHIPS

- **ChemSec Business Group**

ChemSec Business Group is a group of progressive companies that lead the way in tackling harmful chemicals in products and in the supply chain. The companies encourage and spur on each other, share success stories and make joint statements with the aim of improving chemicals policy.

In 2017, two new companies joined this group: Apple and Lego. These new members have increased the group's influence and significantly expanded the group's expertise in chemical issues that affect plastics, toys and electronics – three very significant product categories for anyone involved in chemicals management. All the members attended the annual meeting, which included the presentation of a very ambitious, and at present confidential, project by one of the members. It is ChemSec's hope that several of the members will get involved in this project.

ChemSec received no remuneration from the companies for its work.

- **Corporate Dialogue**

In addition to the corporate group, ChemSec had several consultation meetings with other companies – from downstream users to chemical producers and recyclers. This not only gave ChemSec the opportunity to urge these companies in a positive direction, but also gave us a valuable understanding of the business challenges posed by REACH and circular economics.

INVESTORS

- **Dow Jones Sustainability Index**

Investors have a lot of influence. Through their demands they can affect the development of companies and, for example, call for the phasing out of hazardous substances if these threaten long-term profits for themselves or their clients. ChemSec has therefore focused for almost 10 years on informing asset managers about how a company's value can be affected by the production or use of hazardous chemicals.

In 2017, ChemSec's work with investors reached a major milestone: from now on the way that companies manage harmful chemicals will have a stronger influence on the industry-leading RobecoSAM Sustainability Assessment (CSA), which evaluates corporate value development. CSA's valuations provide the framework for the Dow Jones Sustainability Index. The change not only applies to producers of chemicals but 19 other industrial sectors in addition. This success follows on from collaboration between ChemSec and RobecoSAM, and also means that RobecoSAM will use the SIN List as a quality marker during its evaluations.

- **Investing in safe alternatives**

A long-term goal of ChemSec's work with investors is not only to identify the risks of investing in chemicals, but also to highlight the potential of non-harmful alternatives. We took the first step this year by publishing the Look Ahead report.

- **SIN Producers List**

The SIN Producers List is an offshoot of the SIN List with an interface and features that are tailored to investors. In 2017, the background database was comprehensively updated and now contains information about chemicals-producing companies in both the US and Europe.

MARKETPLACE

In spring 2017, ChemSec launched a new and somewhat unique business tool: Marketplace. Marketplace is an online commerce site where users create their own ads, not unlike Blocket or eBay. But instead of advertising used cars and vintage watches, Marketplace ads only deal with alternatives to hazardous chemicals. Several listed companies in the industry, including Clariant, Chemours and Huntsman, along with 25 other manufacturers, have latched on to the project and use the Marketplace to advertise their safe alternatives.

As well as gaining global publicity at conferences and in the trade media, the Marketplace site also has a stated role in ECHA's new substitution strategy.

COMMUNICATION

One of ChemSec's key communication channels is our newsletter, which attracted almost 60 percent more subscribers in 2017.

In addition to www.chemsec.org ChemSec also communicates via:

Marketplace.chemsec.org (new in 2017)

Sinlist.chemsec.org

Sinproducers.chemsec.org

Textileguide.chemsec.org

Sinimilarity.chemsec.org

ChemSec participates on the following boards and reference groups:

- IPEN executive committee
- The Greenscreen steering committee
- OECD ad hoc group on substitution and alternatives assessment
- ISC3 advisory council
- The FRAM centre for future chemical risk assessment and management strategies, University of Gothenburg, Advisory Board

CHEMSEC'S DEVELOPMENT

The ChemSec team has remained unchanged during the year and no new appointments have been made. Competence development opportunities have been offered to all employees and the majority have undergone individually tailored competence development. All employees have also taken advantage of time set aside for health and well-being.

The organisation takes a proactive approach to gender equality and diversity issues, and this is an important aspect during recruitment. The majority of employees are women, while one-third of the Board members are women, and we are therefore actively seeking to improve the balance.

ChemSec operates a collective agreement and is a member of the Employers Alliance (Arbetsgivaralliansen).

The organisation works actively on internal environmental measures. ChemSec purchases only eco-labelled products for cleaning and electricity. The organisation does not have any company cars, and whenever possible employees and Board members travel by public transport or by train in accordance with the travel policy. Wherever possible we seek out organic and/or locally sourced produce and vegetarian alternatives for meals during meetings and conferences.

Results, current status and general information about the organisation's finances.

The organisation's total operating income is SEK 7,285,556 (6,371,430), the operating result is SEK 173,405 (78,583) and net income is SEK 29,578 (162,318). Income that falls within one year and cannot be utilised in the same year is added to equity.

The balance sheet total is SEK 3,150,687 (2,400,054), of which approximately 25 per cent is equity (31). Regarding the organisation's performance and status in general, please refer to the following income statement and balance sheet with accompanying notes. (Figures in brackets are from 2016).

The organization has no taxable income.

Money received by ChemSec as grants and donations is allocated on an ongoing basis to ChemSec's various projects. The Board has decided that at least SEK 700,000 should be retained as equity. This equity is held in reserve to manage the controlled winding down of the organisation or to cover any unforeseen events that require capital. Capital is only invested in funds that have minimal risks and reasonable profits, as well as a clear sustainability policy for investment. The reported Equity may also include other funds. Surplus income is reinvested in operations.

Funding

Total income in 2017 amounted to SEK 7,285,556 (6,371,430). The largest contributor was the Swedish Government through a general grant. Contributions from foundations are linked to projects that are run by the organisation, for which it reports to donors.

Since the end of 2017 ChemSec has held a 90-account (for non-profit fundraising associations) and is monitored by the Swedish Fundraising Control (Svensk Insamlingskontroll) to ensure that ChemSec manages donations in a responsible manner and that funds are used for the stated purpose without unreasonable costs. ChemSec's 90 accounts are 900-6123 (BG) and 90 06 12-3 (plus giro). ChemSec has not started fundraising from the public but intends to draw up a fundraising strategy in 2018.

In 2017, ChemSec also became a member of the trade association FRIL (the Swedish Fundraising Council), which advocates for ethical and professional fundraising, and provides ethical advice and rules that members undertake to follow.

FUTURE DEVELOPMENT

The organisation has been allocated more funding in order to step up its substitution activities in 2018, and this will be the overall theme for the year. One focus area will be managing the Marketplace – ChemSec’s advertising site for safer chemicals. This will lead to a very intensive period for all employees in the office and it will be necessary to recruit new staff.

In 2018, ChemSec will host a large meeting between environmental organisations in the EU and the US to increase cooperation between organisations that work on chemical issues. It is hoped that this will result in greater penetration for ChemSec and its tools in the US.

A Substitution Centre is to be set up in Sweden and several of our tools and corporate partnerships could play a key part in its activities. It is therefore important that we collaborate well and that our activities complement each other. The Substitution Centre will, like ChemSec, receive a government grant. ChemSec will also be represented on the board of the Substitution Centre.

MULTI-YEAR OVERVIEW

The amounts in the multi-year overview are given in thousands of krona unless otherwise stated.

	01-12/17	01-12/16	01-12/15	01-12/14	01-12/13
Total income	7 285	6 371	6 844	8 248	6 301
Operating result	173	79	-577	-696	963
Result after financial items	30	162	-535	-622	963
Equity	783	753	590	1 126	1 748
Balance sheet	3 151	2 400	1 813	2 199	3 482
Solidity %	25	31	33	51	50

The comparative figures in the multi-year review have not been recalculated.

Finance Statement

	Note	01-01-2017 31-12-2017	01-01-2016 31-12-2016
OPERATING INCOME, INVENTORY CHANGE, ETC.			
Appropriations and contributions	2, 3	7 241 943	6 321 946
Other income		43 613	49 484
TOTAL OPERATING INCOME, INVENTORY CHANGE, ETC.		7 285 556	6 371 430
OPERATING EXPENSES			
Project and activity expenses		-1 522 632	-855 784
Other expenses		-828 196	-701 803
Personnel expenses	4	-4 761 323	-4 735 254
TOTAL OPERATING EXPENSES		-7 112 151	-6 292 841
OPERATING RESULT		173 405	78 589
FINANCIAL ITEMS			
Result from other financial assets	5	-143 029	84 804
Other interest income and similar income		-11	20
Interest expenses and similar		-787	-1 095
TOTAL FINANCIAL ITEMS		-143 827	83 729
RESULT AFTER FINANCIAL ITEMS		29 578	162 318
RESULT BEFORE TAX		29 578	162 318
RESULT FOR THE YEAR		29 578	162 318

Balance Sheet

	Note	31-12-2017	31-12-2016
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Other long-term receivables	6	85 800	85 800
Total financial assets		85 800	85 800
TOTAL FIXED ASSETS		85 800	85 800
Current assets			
<i>Current receivables</i>			
Account Receivables		159 740	108 165
Other current receivables		-26 244	-4 770
Accrued expenses and prepaid income		79 143	79 615
TOTAL CURRENT RECEIVABLES		212 639	183 010
Cash and bank			
Cash and bank		2 852 248	2 131 244
TOTAL CASH AND BANK		2 852 248	2 131 244
TOTAL CURRENT ASSETS		3 064 887	2 314 254
TOTAL ASSETS		3 150 687	2 400 054
	Note	31-12-2017	31-12-2016
EQUITY AND LIABILITIES			
Equity			
Equity at start of financial year	7	753 302	590 984
Result for year		29 578	162 318
EQUITY AT END OF FINANCIAL YEAR		782 880	753 302
Current liabilities			
Accounts payable – trade		472 501	175 392
Other current liabilities		320 414	370 655
Accrued expenses and prepaid income	8	1 574 892	1 100 705
TOTAL CURRENT LIABILITIES		2 367 807	1 646 752
TOTAL EQUITY AND LIABILITIES		3 150 687	2 400 054

Supplementary Disclosures

NOTE 1 GENERAL INFORMATION

ACCOUNTING AND VALUATION PRINCIPLES

General information

The annual report has been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3).

The annual report has been prepared for the first time in accordance with BFNAR 2012:1, Annual Report and Consolidated Financial Statements (K3). The transition has been made according to the rules in K3. The International Chemical Secretariat is a small association and has taken advantage of the exemption of smaller associations from the requirement to recalculate comparative figures for 2013–2016 according to K3 principles. The comparative figures presented are consistent with the data given in the previous year's annual report. Different accounting principles have therefore been applied for the years presented in the annual report, which may complicate comparison between years.

The information in the multi-year review of the management report has not been recalculated.

Receivables are individually valued and then entered at the amount expected to be received.

Other assets and liabilities are recorded at cost unless otherwise stated.

Receivables and liabilities in foreign currency have been calculated at the exchange rate on the closing date. Exchange gains and losses on receivables and liabilities are added to the operating profit.

Contributions are reported as income when the conditions for the received contribution received are met. Contributions received are reported as a liability until the conditions for obtaining the contribution have been met.

Other income is revenue that is not primary to the organisation.

NOTE 2 CONTRIBUTIONS RECEIVED

	2017	2016
The Swedish Chemicals Agency	5 000 000	5 000 000
The John Merck Fund (USA)	1 014 384	877 660
European Environmental Health Initiative	727 883	461 385
Clean Production Action (USA)	127 600	96 306
Marisla Foundation (USA)	459 811	421 930
German Federal Ministry of Education and Research	11 460	99 665
Food Packaging Forum	221 976	-
The John Merck fund, project from previous year not yet completed	635 000	-
The John Merck fund, project for next year not yet completed	-414 384	-635 000
Marisla Foundation, project for next year not yet completed	-319 811	-
Food Packaging Forum, project for next year not yet completed	-221 976	-
	7 241 943	6 321 946

NOTE 3 APPROPRIATIONS

	2017	2016
Collected funds	0	0
	0	0

NOTE 4 STAFF

	2017	2016
<i>Salaries and other remuneration</i>		
Board and CEO and corresponding executives	582 949	
Other employees	1 922 465	2 566 004
TOTAL SALARIES AND OTHER REMUNERATION	2 505 414	2 566 004
<i>Social costs and pension costs</i>		
Social costs	1 117 642	1 095 673
(including pension costs for the Board and CEO and the equivalent)	84 019	-
(of which pension costs to other employees)	253 870	296 126
TOTAL WAGES, OTHER BENEFITS, SOCIAL SECURITY COSTS AND PENSIONS	3 623 056	3 661 677
<i>Average number of employees</i>		
Men	2.00	2.00
Women	3.75	3.75
AVERAGE NUMBER OF EMPLOYEES	5.75	5.75

NOTE 5 RESULT FROM OTHER FINANCIAL ASSETS

	2017	2016
Exchange rate changes, USD account, EUR account	-143 029	84 804
	-143 029	84 804

NOTE 6 OTHER LONG-TERM RECEIVABLES

	2017	2016
Deposit Wallenstam (rent)	85 800	85 800
	85 800	85 800

NOTE 7 EQUITY

	EQUITY	RESULT FOR YEAR	TOTAL
Amount at start of year	590 984	162 318	753 302
Retained from previous year balance in new account	162 318	-162 318	0
Result for year		29 578	29 578
Total at year-end	753 302	29 578	782 880

NOTE 8 ACCRUED EXPENSES AND PREPAID INCOME

	31-12-2017	31-12-2016
The John Merck fund	85 800	85 800
Marisla Foundation	319 811	0
Food Packaging Forum	221 976	0
Nätverkstan	18 125	21 000
Cabonline	1 801	1 120
Wallenstam	625	0
Sonja Haider	28 841	0
Iva Pocock	7 581	0
Nätverkstan	17 400	17 500
Revisor	28 000	26 000
Manpower	0	8 311
Holiday pay	492 545	389 967
Salaries for 2017, paid out in 2018	23 803	1 807
	1 574 892	1 100 705