

# **ChemSec – Internal Governance**

## **FINANCING**

ChemSec is funded through grants and donations from organisations and individuals willing to support us and our efforts to achieve a toxic-free environment. Grants and donations may come from governmental bodies, foundations and individuals based in any part of the world. ChemSec's principles for fund-raising are described in a separate document "Guidelines for ChemSec's fund-raising".

## **CAPITAL INVESTMENTS**

ChemSec's long-term capital investments are very limited. The financial support we get from grants and donations is used as working capital in our on-going operations and projects that aim to minimise the use of hazardous chemicals through information, bridging gaps and pushing legislation in a constructive manner. The only longer-term financial resources we maintain are limited savings that would allow us to manage the controlled phase-out of the organisation, if needed, in a way that respects the needs and requirements of our stakeholders.

Both short-term and long-term financial investments are made in a way that does not involve trying to maximise return through speculation or risk-taking. ChemSec does not invest directly in shares, hedge funds, currency or other derivatives. Instead capital is invested in investment funds with minimal risks and reasonable return that have a clear strategy regarding sustainable investments including:

- corporate practices that promote environmental stewardship, consumer protection, human rights, and diversity
- avoiding businesses involved in alcohol, tobacco, gambling, pornography, weapons, fossil fuel production, production or use of very hazardous chemicals or the military

Day-to-day decisions on capital investments are taken by the Executive Director of ChemSec with the intent to fulfil the intentions as described above. The capital investment strategy and results are evaluated by the Board of Directors on a yearly basis. The Board decides on revised strategies and principles if deemed necessary. Reporting on these strategies and results is done through the annual report.

## **BOARD REVIEW AND RISK ANALYSIS**

On a yearly basis, the Board of Directors approves the yearly budget for ChemSec. The Executive Director of ChemSec prepares the budget. At least twice each year, the Executive Director also prepares financial reports to the Board with income and expenses compared to budget, broken down to a sufficient level for the Board to be able to perform an adequate financial review.

Based on this input, the Board makes necessary recommendations and takes decisions if needed with the aim of strengthening the financial position of the organisation and ensuring that its resources are managed in an efficient way, and that at least 75% of total revenues are used for the intended outcomes of the operations.

In addition to the financial reports to the Board, the Executive Director also prepares a risk analysis for each of the key project areas and organisational areas for the Board to review.

## **WORK DESCRIPTION FOR ACCOUNTING AND AUDITING**

ChemSec follows the Annual Accounts Act, ÅRL, and the standards of the Swedish Accounting Standards Board K3. The auditor complies with good auditing practice.

The Association's administration and the Association's accounts are subject to annual audit, performed by two specially appointed auditors, one of whom is a qualified or approved auditor. Two deputies are appointed for the auditors.

If a grant provider requires a stricter level of book-keeping or auditing ChemSec adapts accordingly.

## **PREVENTING IRREGULARITIES**

To minimise the risk of financial irregularities and misuse of resources, ChemSec has the following practices in place:

- The Chairman of the Board approves all personal and travel expenses for the Director. The Executive Director approves these for other employees.
- The Executive Director can adjust spending between projects and accounts up to a limit of SEK 250,000 per year and SEK 50,000 per adjustment. All such budget changes must be reported to the Board at the following board meeting.

## **DEALING WITH CONFLICTS OF INTEREST**

Situations that involve conflicts of interest may occur from time to time in any organisation and can result in lack of objectivity for a manager or other employee. To minimise the risk of situations where a conflict of interest could influence decisions, ChemSec has the following principles:

- Employees shall not be involved in decisions regarding the purchase of products or services from companies or organisations in which the employee or his/her relatives have an interest.
- Employees shall not be involved in decisions about the employment of persons who are related to the employee.
- All employees must report potential conflicts of interest concerning themselves or others, without delay to the Executive Director of ChemSec or to the Chairman of the Board.

## **ROLES, RESPONSIBILITIES AND DELEGATION OF AUTHORITY**

The purpose of this paragraph is to state ChemSec's working practice and delegation principles, in line with our statutes and common principles for non-profit organisations. This clarifies the responsibilities of the Board, Executive Director, office functions, annual meeting and accountants.

### **1. The Board of Directors**

The Board is ChemSec's primary representative; it monitors its interests, is responsible towards its members, and makes decisions on behalf of ChemSec in all matters when the annual meeting is not assembled, unless otherwise stated in this work and decision-making scheme.

The Board is elected in accordance with the statutes of ChemSec. The respective member organisations act as nomination committees in accordance with their respective principles and

are responsible for proposing to the annual meeting one regular member of the Board and an alternate.

The Board is accountable for the financial, human and other resources of the organisation, as well as for the strategic direction, policy development and project follow-up. It oversees the organisation's financial affairs, budget, issues annual report to the meeting and appoints ChemSec's signatories. The Board is a collective and is represented by its chairman. In Sweden, however, the association is generally represented by its members and not by the organisation itself. The manner in which this is done is determined by the Board.

The Board appoints the head/Executive Director of the organisation and determines the business plan and budget as proposed by the Executive Director. The Board also assigns the roles and responsibilities including delegation scheme. The Chairman of the board sets the salary and other employment conditions for the Executive Director.

The Chairman of the Board calls for a board meeting when required, or when at least two of the members of the Board so request. These meetings are held at least three times a year and all members of the board are invited to participate. Notice of the date and place of the meeting shall be announced to the members of the board no later than three weeks in advance. At the meeting, minutes are recorded and adjusted by the Chairman and one additional board member. All minutes are kept at the ChemSec office and used for annual auditing.

## **2. The Executive Director**

The Executive Director is the head of the office and its staff, and is the executive body for the decisions made by the Board and the Annual Assembly. The duties of the Executive Director, or the person who this role is delegated to, include:

### In general

- to lead and develop the work of ChemSec so that it is carried out effectively, meets its objectives and is in accordance with the business plan and budget as defined by the Board;
- to compile and establish referral responses and corresponding reports in line with the business plan and possible policy decisions for ChemSec, and after dialogue with the Chairman of the Board;
- to decide on redeployment of funds in the business plan and a budget of up to SEK 50,000 in two individual cases per year.
- actively promote optimal resource utilisation and continuously develop working procedures in the area of responsibility;

### Regarding personnel

- employment and dismissal of staff, setting of employment conditions, etc. in dialogue with the Chairman of the Board so that the activities of ChemSec are conducted in the best possible manner;
- conducting performance appraisals and being responsible for the continuous development of employees' skills;

- responsible for employees' occupational, organisational and social well-being and compliance with current occupational health and safety regulations as well as actively promoting gender equality and environmental considerations at work;
- to set an example to other staff through general conduct, with the ability to listen to and develop employees, and by making clear and well-founded decisions related to their daily work, creating a working climate that is built on trust and cooperation.

#### Board assistance

- in consultation with the chairman, to plan, prepare and carry out the board meetings;
- to prepare an adequate and timely foundation for decision-making to the board meetings and present this at the meetings.

#### Monitoring, co-operation and representation

- to monitor relevant developments in society in general and in particular developments regarding chemicals;
- responsible for the establishment of co-operative agreements, quotes etc., and to ensure that agreements are always honoured;
- actively contribute to the development of ChemSec by creating and maintaining a network among its members, as well as externally to other organisations and companies;
- represent the Secretariat outside Sweden in external contexts and always act for good and constructive relationships.