

Financial Statement

2019

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 01-01-2019 – 31-12-2019.

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

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Directors Report

OPERATIONS

The Board of the International Chemical Secretariat (ChemSec), 802412-7717, hereby submits its annual accounts for the financial year 2019.

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 Bäckar 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. In 2019, the Board held five recorded meetings which were attended by an average of five board members. The current members of the Board are shown in bold text below and the numbers in brackets show their attendance at these meetings.

Cecilia Hedfors (chairman) (3)	Swedish Society for Nature Conservation (regular member)
Stefan Larsson (vice chairman) (4)	Friends of the Earth Sweden (regular member)
Lennart Henriksson (3)	WWF Sweden (regular member)
Malin Andersson-Stavridis (3)	Nature & Youth Sweden (regular member)
David Gunnarsson (3)	Swedish Society for Nature Conservation (deputy member)
Sven-Erik Sjöstrand (4)	Friends of the Earth Sweden (deputy member)
Peter Westman (0)	WWF Sweden (deputy member)
Lovisa Sundström (1)	Nature & Youth Sweden (deputy member), resigned at AGM

At the Annual General Meeting, Kristian Thore from Baker Tilly EMK AB was elected as chief auditor; Anna Hedin 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

European chemicals policy

Circular economy

The circular economy has become a hotly debated political issue that could be decisive in determining how harmful chemicals are treated in both new and recycled materials. During the year, ChemSec published a report on the circular economy entitled *The Missing Piece*, in which each chapter of the report is followed by interviews with progressive companies. This report was then used by us in our advocacy efforts.

During the year we also planned and set up a large project that is linked to the circular economy and will run for several years. Within the scope of this project we participated in several meetings and established contacts in the recycling industry, as well as increasing our knowledge of the circular economy in general and the recycling industry in particular. We also wrote several articles on the subject that were published in newsletters and on our website.

ChemSec has also been very actively involved with the Substances of Concern in Products (SCIP) database that the European Chemicals Agency is currently developing. The aim is to provide a large database of information about harmful chemicals in all types of articles and products that are used or produced in the EU. To assist in this project we have provided the European Chemicals Agency with input from companies in ChemSec's corporate group, with the aim of ensuring that the database is developed to meet the needs of chemical producers as well as consumer companies and retailers.

REACH authorisation testing

Authorisation testing is a cornerstone of REACH – it regulates the use of the very worst chemicals. Unfortunately the process has many shortcomings, which lead to the authorisation of harmful chemicals even when there are often safer alternatives on the market. During the year we assisted the Swedish government to prepare for a judicial review on a legal case that it has pursued against the EU Commission for a couple of years. Sweden won the case and the decision was fully in line with the recommendations that ChemSec has advocated for several years.

Following this court decision we spent considerable time translating the decision into concrete measures for the various bodies within the EU – in particular the Committee on Socio-Economic Analysis (SEAC). During this period we also wrote a report entitled *Lost at SEA** together with the non-profit organisation ClientEarth, in which we advocated a change in the socio-economic analysis process. By autumn it became clear that SEAC and the Risk Advisory Committee (RAC) would implement many of the amendments proposed by ChemSec.

We also worked closely with European Parliamentarians and provided them with information to argue against three of the European Commission's proposals to permit the use of harmful chemicals. In particular we assisted them by acting as a point of contact between alternative producers and decision makers. All three proposals were subsequently voted down.

COLLABORATIONS WITH BUSINESS

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.

During 2019, discussions and efforts within the group focused on the circular economy and endocrine disruptors. The annual meeting was held in Scotland and was well supported by the companies. During the meeting we agreed that in the future we should have several smaller groups that will focus on specific themes, such as PFAS or the definition of safe alternatives.

ChemSec received no remuneration from the companies for its work.

INVESTORS

Development of a new evaluation tool for investors

Investors are an important group, since they have the financial resources that are needed to influence large multinational companies. During the year, we planned, initiated and stepped up efforts to create a new online tool aimed at investors. The aim of this project is to examine and evaluate listed chemical producers, based on parameters such as harmful chemicals and safer alternatives that they produce, any controversial issues, and their general chemical management policies. The purpose is to give investors the ability to divert their investments away from companies that perform poorly in these respects and redirect them to companies in the industry that manage chemicals well. 2019 involved considerable research efforts on our part to gather the information that is needed to launch the tool in 2020.

MARKETPLACE

In spring 2017, ChemSec launched a new and unique business tool: Marketplace. Marketplace is an online commerce site where users create their own content, not unlike Blocket or eBay. The difference is that instead of advertising used cars and vintage watches, Marketplace ads only deal with alternatives to hazardous chemicals. The idea behind Marketplace is to make it easier for companies to phase out harmful chemicals from their products and supply chain, and at the same time showcase the safer alternatives that exist, in order to drive the market towards toxic-free products.

During the year ChemSec invested in digital communications that focused on a narrower target group than the year before, for example by placing advertisements on Google Adwords and LinkedIn. Around 4,000 unique users visit the site each month and over the year they viewed a total of 24,000 advertisements. An average of two contacts per day are established between buyers and sellers. The number of advertisements had also more than doubled to 260 by year-end, with advertisers ranging from large listed chemical companies to smaller start-ups and innovation companies.

SIN LIST

In order to know which chemicals are safe to use, it is also necessary to know which chemicals to avoid. ChemSec's most successful project to date, the SIN List, illustrates how important this is. We created the SIN List ten years ago and it has had a massive impact internationally. According to the EU Commission, it is one of the main drivers of innovation in the European chemical industry, and in 2017 the SIN list was incorporated in the Dow Jones Sustainability Index, which has made it increasingly influential for many companies.

In autumn 2019 we launched the third major update of the SIN List after spending most of the year carrying out research. The result was that 16 new PMT substances, 16 new PBT substances and carbon nanotubes were added to the list. Through this new update ChemSec aims to predict and influence the development of the REACH Candidate List and guide companies that want to stay ahead of the legislation. The launch took place at an event we organised in Brussels, and the focus was on discussing how we can work together to accelerate the substitution of harmful chemicals. Twelve invited speakers and 120 participants from the European Commission, authorities, companies, universities, environmental organisations and the media attended the event.

There has been strong interest in the new substances since the SIN List was updated and we have written about the update for ECHA, Chemical Watch and Nature Nanotech, among others.

COMMUNICATION

One of ChemSec's key communication channels is our newsletter, which attracted 36 percent more subscribers in 2019, bringing the total to over 4,500. Subscriptions to the dedicated Marketplace newsletter, which was launched in 2018, grew even more during the year, by 219 percent to over 900 subscribers.

2019 was also the year when we broke new ground in our communications by producing videos about ChemSec as an organisation and about two of our tools: Marketplace and the SIN List. These have since been launched as advertising campaigns on Facebook and LinkedIn, with good results. The SIN List video, for example, has already been watched by more than 13,000 people, while the video about ChemSec as an organisation has been watched from start to finish by almost 300,000 people.

The articles we write for our website are generally very well received, and 2019 was no exception. The most widely read article was read by over 3,600 people and described how researchers propose to lower the daily exposure limit of PFAS by 99.9 percent. Another popular article was also on the subject of PFAS. In this article ChemSec was able to show how the share prices of PFAS producers have collapsed due to environmental scandals and legal cases. This news was subsequently picked up by several industry media outlets and became a big success story.

In addition to www.chemsec.org ChemSec also runs the following websites:

- Marketplace.chemsec.org
- Sinlist.chemsec.org
- Sinproducers.chemsec.org
- Textileguide.chemsec.org
- Sinimilarity.chemsec.org

ChemSec participates on the following boards and reference groups:

- Substitution Centre (RISE) board
- IPEN executive committee
- The Greenscreen steering committee
- OECD ad hoc group on substitution and alternatives assessment
- Apple Green Chemistry Advisory Board
- Lego chemistry and sustainable material advisory board
- The FRAM centre for future chemical risk assessment and management strategies, University of Gothenburg, Advisory Board
- Chemicals Innovation Task Force, DG Environment

CHEMSEC'S DEVELOPMENT

The number of staff remained unchanged during the year and comprises 10 permanent employees and two temporary employees. Competence development opportunities have been offered to all employees and several have undertaken individually tailored competence development. Almost employees have also taken advantage of time set aside for health and well-being.

The organisation works actively gender equality and diversity issues, and this is an important aspect during recruitment. Forty percent of employees are men and forty percent of Board members are women. ChemSec operates a collective agreement and is a member of the Employers Alliance (Arbetsgivaralliansen).

The organisation also takes active steps to limit its own environmental impact. 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 12,207,879 (12,275,344), the operating result is SEK -534,833 (1,535,116) and net income is SEK -455,548 (1,677,605). Income that falls within one year and cannot be utilised in the same year is added to equity.

The balance sheet total is SEK 8,053,671 (5,051,528), of which approximately 25 percent (49 percent) is equity. Regarding the organisation's performance and status in general, please refer to the following income statement and balance sheet with accompanying notes.

The organisation has no taxable income.

Money received by ChemSec as grants and donations is allocated on an ongoing basis to ChemSec's various projects. The only long-term financial resource held by ChemSec is a small amount of capital required to manage the controlled closure of the organisation if required. Capital is only invested in funds that have minimal risks and reasonable profits, as well as a clear sustainability policy for investment.

FUNDING

Total income in 2019 amounted to SEK 12,207,879 (12,275,344). The largest contributor was the Swedish Government through a general grant. Contributions from foundations are tied 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, as the organisation was awarded an additional grant in 2019 to work on substitution.

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

FUTURE DEVELOPMENT

In 2020 the policy focus of ChemSec will be on circular economics in general, and in particular how to ensure that harmful chemicals are phased out to prevent recycled materials from being contaminated. We will take steps to improve chemical legislation and establish contacts between the recycling industry and consumer-led companies. We will also investigate the problem of chemicals in recycled materials.

This year we will also launch our new investor project – ChemScore – which will entail considerable subsequent work to market and generate confidence in the online tool.

The organisation has received additional funding from the Swedish government to devote more effort to substitution in 2020. In this area, ChemSec will concentrate on integrating our tools and reaching out to more companies. More specifically, this will involve developing SINimilarity, increasing the number of users and contacts between companies in Marketplace, and encouraging fewer, but more committed, companies to market the SIN list to their supply chain.

To manage our external commitments, ChemSec will employ competencies in line with our long-term goals.

MULTI-YEAR OVERVIEW

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

	01-12-2019	01-12-2018	01-12-2017	01-12-2016	01-12-2015
Total income	12 208	12 275	7 285	6 371	6 844
Operating result	- 535	1 535	173	79	-577
Result after financial items	456	1 678	30	162	-535
Equity	2 005	2 460	783	753	590
Balance sheet	8 054	5 052	3 151	2 400	1 813
Solidity %	25	49	25	31	33

CHANGES IN EQUITY

	Equity	Balanced result	Result for year	Total
Amount at start of year	753 302	29 578		782 880
Retained from previous year:				
Balance in new account	1 677 605			1 677 605
Result for year			-455 548	-455 548
Equity at end of year	2 430 907	29 578	-455 548	2 004 937

Finance Statement

	Note	01-01-2019 31-12-2019	01-01-2018 31-12-2018
OPERATING INCOME, INVENTORY CHANGE, ETC.			
Appropriations and contributions	2, 3	12 051 262	12 236 987
Other income		156 617	38 357
TOTAL OPERATING INCOME, INVENTORY CHANGE, ETC.		12 207 879	12 275 344
OPERATING EXPENSES			
Project and activity expenses		-4 472 549	-2 985 994
Other expenses		-933 247	-1 155 771
Personnel expenses	4	-7 336 916	-6 598 464
TOTAL OPERATING EXPENSES		-12 742 712	-10 740 229
OPERATING RESULT		-534 833	1 535 115
FINANCIAL ITEMS			
Result from other financial assets	5	75 245	141 881
Other interest income and similar income		5 124	1 292
Interest expenses and similar		-1 084	-683
TOTAL FINANCIAL ITEMS		79 285	142 490
RESULT AFTER FINANCIAL ITEMS		455 548	1 677 605
RESULT BEFORE TAX		455 548	1 677 605
RESULT FOR THE YEAR		-455 548	1 677 605

Balance Sheet

	Note	31-12-2019	31-12-2018
	1		
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		56 811	69 380
Other current receivables		-13 916	-14 920
Accrued expenses and prepaid income		84 525	82 668
TOTAL CURRENT RECEIVABLES		127 420	137 128
Cash and bank			
Cash and bank		7 840 451	4 828 600
TOTAL CASH AND BANK		7 840 451	4 828 600
TOTAL CURRENT ASSETS		7 967 871	4 965 728
TOTAL ASSETS		8 053 671	5 051 528

	Note	31-12-2019	31-12-2018
EQUITY AND LIABILITIES			
Equity			
Equity at start of financial year		2 460 485	782 880
Result for year		-455 548	1 677 605
EQUITY AT END OF FINANCIAL YEAR		2 004 937	2 460 485
Current liabilities			
Accounts payable – trade		344 549	716 748
Other current liabilities		631 036	545 441
Accrued expenses and prepaid income	7	5 073 149	1 328 854
TOTAL CURRENT LIABILITIES		6 048 734	2 591 043
TOTAL EQUITY AND LIABILITIES		8 053 671	5 051 528

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). 2017 was the first year in which the organisation prepared the financial statement in accordance with BFNAR 2012:1 (K3), which meant a change in accounting principles. 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 2014–2016 according to K3 principles. Different accounting principles have therefore been applied for the years presented in the annual report, which may complicate comparison between years.

The comparative figures in the multi-year review have 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 result.

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

	2019	2018
The Swedish Chemicals Agency	9 000 000	9 000 000
The Postcode Foundation	2 330 000	0
The John Merck Fund	889 086	975 788
European Environmental Health Initiative	522 225	515 435
C&A Foundation	878 120	0
Marisla Foundation	482 275	450 350
Mava Foundation	1 448 683	0
German Federal Ministry of Education and Research	0	97 506
Food Packaging Forum	0	229 230
EU-USA meeting	0	538 191
The Postcode Foundation, project for next year not yet completed	-1 330 000	0
The John Merck fund, project from previous year not yet completed	375 788	414 384
The John Merck fund, project for next year not yet completed	-264 066	-375 788
C&A Foundation, project for next year not yet completed	-804 943	0
Marisla Foundation, project from previous year not yet completed	150 350	319 811
Marisla Foundation, project for next year not yet completed	-182 275	-150 350
Food Packaging Forum, project from previous year not yet completed	0	221 976
Mava Foundation, project for next year not yet completed	-1 448 683	0
	12 046 560	12 236 533

NOTE 3 APPROPRIATIONS

	2019	2018
Collected funds	4 702	454
	4 702	454

NOTE 4 STAFF

	2019	2018
<i>Salaries and other remuneration</i>		
Board and CEO and corresponding executives	632 158	685 095
Other employees	3 826 872	2 952 199
TOTAL SALARIES AND OTHER REMUNERATION	4 459 030	3 637 294
<i>Social costs and pension costs</i>		
Social costs	1 922 874	1 835 945
(including pension costs for the Board and CEO and the equivalent)	143 257	251 469
(of which pension costs to other employees)	368 734	445 459
TOTAL WAGES, OTHER BENEFITS, SOCIAL SECURITY COSTS AND PENSIONS	6 381 904	5 473 239
<i>Average number of employees</i>		
Men	3.54	3.25
Women	5.35	4.60
AVERAGE NUMBER OF EMPLOYEES	8.89	7.85

NOTE 5 RESULT FROM OTHER FINANCIAL ASSETS

	2019	2018
Exchange rate changes, USD account, EUR account	75 245	141 881
	75 245	141 881

NOTE 6 OTHER LONG-TERM RECEIVABLES

	31-12-2019	31-12-2018
Deposit Wallenstam (rent)	85 800	85 800
	85 800	85 800

NOTE 7 ACCRUED EXPENSES AND PREPAID INCOME

	31-12-2019	31-12-2018
The John Merck fund	264 066	375 788
Marisla Foundation	182 275	150 350
C&A Foundation	804 943	0
The Postcode Foundation	1 330 000	0
Mava Foundation	1 448 683	0
Nätverkstan	26 563	25 500
Cabonline	1 520	2 061
Sonja Haider	82 896	38 444
Seven G	8 250	0
Nätverkstan	20 312	19 500
Auditor	40 000	40 000
Funding Vision	7 987	9 034
Sustainable	0	32 623
Precio Fishbone	14 063	0
HomeMaid	6 875	635 554
Holiday pay	793 447	0
Salaries for 2019, paid out in 2020	41 269	0
	5 073 149	1 328 854