

# Annual Report 2009

# Table of Content

Introduction	3
Projects 2009	4
<b>PROJECT 1:</b> THE SIN LIST – SPEEDING UP THE REACH IMPLEMENTATION PROCESS	4
– EU Member States aim for SIN-sized Candidate List	4
– SIN List update and second opinion	4
– A broad range of stakeholders getting SINterested	4
– NGOs campaigning	5
– SIN publications	5
<b>PROJECT 2:</b> RoHS – TOWARDS THE NEXT GENERATION OF ELECTRONICS	6
– Bridging the gap	6
– Conference in the European Parliament	6
– Highlighting business examples	7
<b>PROJECT 3:</b> GLOBAL SOUTH PROJECT	8
– The group framework	8
– Industry sees SIN as a useful tool	8
– Engaging the electronics industry	9
<b>PROJECT 4:</b> GLOBAL CHEMICAL ISSUES	10
– SAICM – a global framework for a less toxic world	10
– SAICM Implementation in East Africa	10
– Gathering organisations for think tank on future strategies	11
Finances	12
Balance Sheet	13
Staff, Office and Board	14

# Introduction

The ChemSec SIN (Substitute It Now!) List was launched in September 2008, and 2009 has been the year when the SIN List truly has made an impact on the chemicals policy debate. The SIN List is now considered a standard tool for identifying high concern chemicals and an important point of reference for a wide range of stakeholders. Several international companies view the SIN List as a key list of restricted substances, which is an important step towards less hazardous consumer products and a cleaner environment. One main project objective is to influence the European Union's REACH Candidate List. Although all of the SIN substances are not yet included on the Candidate List, an important step in that direction has been taken as a group of EU Member States are now suggesting a SIN-sized list of 'candidates' for the Candidate List.

During 2009 ChemSec has, besides the SIN project, primarily emphasized the need for less hazardous chemicals in electronic products. The review of the European Union RoHS Directive offers a unique opportunity to drive innovation towards the next generation of electronics. ChemSec has sharpened the debate on how far EU legislation can go by stressing that the electronics industry is already delivering bromine- and chlorine-free products.

Furthermore, ChemSec has during 2009 gathered representatives from public interest organisations in Europe and the US to identify priorities and ways forward for a coordinated chemicals policy agenda in the upcoming years. ChemSec has followed and contributed to global processes such as the Strategic Approach for International Chemical Management (SAICM). The structure of the ChemSec Business Group has been more formalised and ChemSec has during the year joint forces with some of the group companies on specific projects.

The 2009 activities have been carried out in accordance to the approved Annual Plan. In the following pages the more important events and activities are described project by project, along with financial and staff issues.

*Anne-Sofie Andersson, Director  
Gothenburg, Sweden, March 2010*

# Projects 2009

## PROJECT 1: THE SIN LIST – SPEEDING UP THE REACH IMPLEMENTATION PROCESS

*The European Union new chemicals regulation, REACH, came into force in 2007 but the implementation of REACH has had a slow start. To get things moving, ChemSec, in collaboration with leading NGOs, launched the SIN (Substitute It Now!) List in 2008. At the core of the REACH process is the so called Candidate List, a list of 'Substances of Very High Concern' that eventually will be regulated within REACH. The SIN List is a comprehensive list of hundreds of 'Substances of Very High Concern' in accordance to REACH criteria, highlighting the need for prompt action to be taken on high concern chemicals. During 2009, the SIN List has greatly influenced the REACH debate in the EU, legislative processes in other parts of the world as well as corporate chemical policies.*

### EU MEMBER STATES AIM FOR SIN-SIZED CANDIDATE LIST

In 2009 the first 15 'Substances of Very High Concern' were included in the REACH Candidate List, all of them SIN substances. The EU Environment Commissioner Stavros Dimas has expressed his support for the SIN List and the List has been used as a model for expanding the official Candidate List.

Six EU Member States have formed an informal working group with the aim of proposing a pre-scanning method and possible grouping of substances for inclusion on the Candidate List. This group has been clearly inspired by the SIN List and the SIN List methodology. The list of substances suggested by this group of Member States to prioritise for inclusion on the Candidate List corresponds to 90 percent with the SIN List.

ChemSec has also provided competent authorities in EU Member States with relevant information from the SIN List database to be used in their work on suggesting substances to the Candidate List.

### SIN LIST UPDATE AND SECOND OPINION

In October the 1.1 version of the SIN List was launched, adding 89 substances to the SIN List. This resulted in a SIN List containing 356 'Substances of Very High Concern'. This update was due to an extension of the list of substances classified as CMRs (Carcinogenic, Mutagenic, and toxic to Reproduction) within the European Union.

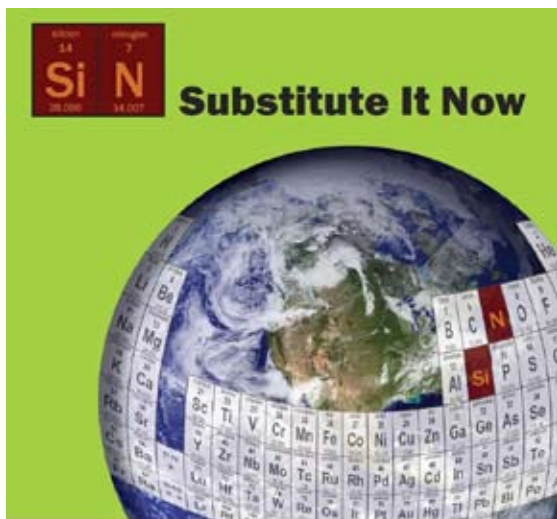
In the SIN database information on technical function and known uses has been added. Companies and retailers can now find out if a certain SIN substance is used in for example electronics, textile, paint or plastics. This makes the SIN List an even more practical tool for identifying chemicals of concern, thus spurring the phase-out of these chemicals.

During the year the Technical University of Denmark has conducted a second opinion on the SIN List with the conclusion that none of the substances on the SIN List, including all the Equivalent Concern substances, should be excluded from the list due to lack of hazardous properties.

### A BROAD RANGE OF STAKEHOLDERS GETTING SINTERESTED

The credibility of the SIN List rests to a large extent on how different stakeholders use the list. During 2009 the SIN list has been widely communicated and used by a broad variety of actors around the world, for example in the US.

In January a SIN seminar, gathering more than 100 participants, was organised in California. The event called Substitute it Now – Understanding the origins and exploring the potential of ChemSec's bold list of "bad actor" chemicals was organised by the San Francisco Department of the Environment and the University of California. The event mainly elaborated on how the SIN List can be used in chemicals regulation and chemicals management in the US.



Substitute It Now: Understanding the Origins and Exploring the Potential of ChemSec's Bold List of "Bad Actor" Chemicals

In December the US-based investment research firm RiskMetrics released their 2009 report REACH: Strategic Risks and Opportunities, using the SIN List 1.1 as a peek into the future to help investors understand how the market will develop as a response to REACH.

The US Department of Defence has stated that it is using the SIN List to identify and proactively manage "emerging contaminants" that can adversely impact human health and the environment, as well as the military mission.

The SIN List is also used as a reference in the development of a new California chemicals regulation. The California Department of Toxic Substances Control takes notice of the SIN List in its Draft Straw Proposal Outline of "Safer Alternatives for Consumer Products" Rule.

## NGOS CAMPAIGNING

Several international NGOs use the SIN List as a tool in consumer awareness campaigns in order to put pressure on retailers and manufacturers. Women in Europe for a Common Future (WECF) has used the SIN List to identify chemicals potentially used in toys, and from that knowledge carried out a public awareness campaign for safer toys.

The Health and Environment Alliance (HEAL) also uses the SIN List in their consumer right to know campaign, among other things encouraging consumers to ask companies to use the SIN List to identify and replace harmful chemicals.

## SIN PUBLICATIONS

During 2009 three issues of the SIN newsletter SIN Reporter have been published, presenting the latest on how the SIN List is used and the impact it is having within different sectors.

Prominent guest writers have been contributing to the SIN Reporter describing the importance of the SIN List, among them Margot Wallström, Vice-President of the European Commission.

The first issue of the SIN Reporter highlighted the impacts the SIN List has had outside of Europe, mainly in the US. The second issue focused on the regulatory processes within the European Union and the third one on the consumer perspective and the SIN List as a tool in favour of the consumer right to know principle.

Two easy to grasp folders about the SIN List, What IS the SIN List and What is ON the SIN List, have also been produced.

## PROJECT 2: RoHS – TOWARDS THE NEXT GENERATION OF ELECTRONICS

*Through the European Union RoHS Directive, short for Restriction of the use of certain Hazardous Substances in electrical and electronic equipment (EEE), the EU has established a de facto global standard in terms of phasing out high concern chemicals in electronics. The RoHS Directive is under review and ChemSec has under the year underlined the health and environmental concerns of bromine and chlorine in electronics, as well as emphasized the technical feasibility for industry to deliver electronic products without brominated flame retardants and PVC.*

### BRIDGING THE GAP

For regulators, doubts about the feasibility of a phase-out and the availability of viable alternatives impede regulation of hazardous chemicals. For companies that have already carried out the transition and today offer their consumers bromine- and chlorine-free products, stricter legislation would give them a competitive advantage. During the year ChemSec has built coalitions with electronics com-

panies phasing out harmful substances ahead of legislation. These companies have told the story of how they have gone towards bromine- and chlorine-free electronics, and ChemSec has highlighted these stories to show the legislators that the electronics industry is ready for a comprehensive strengthening of today's legislation.

During the year, ChemSec has had met with several representatives of the European Parliament and the Council in order to secure positive support among legislators for a strengthened RoHS. ChemSec has arranged information meetings with key actors where also representatives from progressive companies have participated. ChemSec has also coordinated NGOs in Europe, and engaged them in strengthening the RoHS Directive.

### CONFERENCE IN THE EUROPEAN PARLIAMENT

In mid-November ChemSec arranged a conference in the European Parliament. The Greening Consumer Electronics - from Hazardous Material to Sustainable



Solutions conference was hosted by Member of the European Parliament and rapporteur of the RoHS revision, Ms Jill Evans. The conference gathered around 100 representatives from the European Parliament, the Council and the Commission, as well as representatives of the electronics sector, trade associations and public interest organisations. “Moving away from Brominated Flame Retardants and PVC is possible, feasible and is already happening!” was the strong message sent by leading companies such as Apple and Sony Ericsson to EU regulators at the conference.

Representatives from the Department of Environmental Chemistry at Stockholm University, iNEMI (the International Electronics Manufacturing Initiative), DSM Engineering Plastics and CPA (Clean Production Action), also gave conference presentations.

#### HIGHLIGHTING BUSINESS EXAMPLES

ChemSec has together with US-based Clean Production Action (CPA) produced the report Greening Consumer Electronics – moving away from bromine and chlorine. The report demonstrates the technical feasibility for industry to phase-out bromine and chlorine in electronics, and how achieving greener

products go hand in hand with increased reliability and function, and actual cost gains.

The report features case stories from seven companies, among them market leaders such as Sony Ericsson and Apple, as well as suppliers delivering bromine- and chlorine-free plastics, printed circuit boards, hard disk drives, and semiconductor chips. The report, launched in October, has been well received as guidance for what is achievable in sustainable electronics.

It has been well covered by media in Europe and the US and it is used as reference in the RoHS process as well as in industry standards such as EPEAT (Electronic Product Environmental Assessment Tool).

ChemSec has also produced a series of fact sheets on RoHS related issues. They include:

- Bromine and Chlorine – Human Health and Environmental Concerns
- REACH and RoHS – Complementary Regulations
- Verification at the Elemental level for presence of Bromine and Chlorine in EE

*Some of the speakers at the ChemSec RoHS conference in European Parliament in November.*



## PROJECT 3: BUSINESS LEADING THE WAY

*Since 2004 ChemSec has gathered leading companies working for toxic use reduction in the ChemSec Business Group. The group is working together to create a forum for effective corporate practices in the substitution of toxic substances. Companies' efforts to be leaders on this issue, as well as the support of stricter chemicals legislation, are two focal points of the group.*

### THE GROUP FRAMEWORK

During 2009 the structure of the ChemSec Business Group has been more formalised. Issues such as objectives, governance, funding principles and participation policies have been made more visible in the ChemSec Business Group Charter. The structure, objectives and work of the group have also been presented in a brochure. One of the sections of the new ChemSec website launched during the year focuses on Business partnerships and ChemSec Business Group, among other things telling the positive story of a variety of companies substituting hazardous chemicals in their products.

In July the ChemSec Business Group met in Paris for a two-day meeting. The main topics discussed were the achievements in the group development so far, clarification of definitions and ambitions for the group, sharing of current successes and challenges, and the latest on the SIN List and how it is being applied within companies. The second day of the gathering the Business Group and NGO representatives from the SIN Advisory Committee convened for a half-day exchange. The objectives were sharing of perspectives and respective priorities on the REACH implementation process, the SIN List and how it is being used generally, and identification of common ground for potential cooperation opportunities.

### INDUSTRY SEES SIN AS A USEFUL TOOL

Many leading companies are using the SIN List in their chemicals policies, as a communication tool towards their suppliers, and as guidance in internal product development processes. The SIN List provides these companies with a helpful list of hazardous chemicals to avoid in their products. By taking action

*ChemSec Business Group met in Paris in June*





ahead of legislation, these companies are setting inspiring examples for others to follow. The companies in the ChemSec Business Group support the SIN List. Another example is French-based Carrefour, Europe's leading retailer and the second largest supermarket chain in the world after Wal-Mart, which uses the SIN List in its substitution work.

ChemSec Business Group members Sara Lee, Sony Ericsson, and Skanska, and their work with the SIN List, have been highlighted in a pilot study by doctoral candidate Caroline Scruggs of Stanford University in the US. The study *Protecting Consumers and the Environment: A Comparison of Approaches to Developing Restricted Substance Lists by Makers of 'Stuff We All Use'* aimed to better understand the processes by which restricted substance lists are developed and to learn how the SIN List can aid downstream users in restricting hazardous chemicals in their products and supply chains.

## ENGAGING THE ELECTRONICS INDUSTRY

The RoHS project has resulted in a closer collaboration with companies in the electronics sector. One such example is ChemSec Business Group member Sony Ericsson, one of the core players in ChemSec's engagement in the RoHS review. ChemSec also participated when Sony Ericsson in June launched the GreenHeart concept of mobile phones with considerable less packaging, reduced carbon footprint and significantly decreased toxic content. At a live web-cast launching the GreenHeart project ChemSec was present to talk about electronics, chemicals and the phase-out of SIN substances.

*ChemSec takes part in web-casted launch of the Sony Ericsson GreenHeart project.*



## PROJECT 4: GLOBAL CHEMICAL ISSUES

*ChemSec's global work, besides European legislative processes and the SIN project, has predominantly been focusing on two areas during 2009. The first has been the UN SAICM (Strategic Approach to International Chemicals Management) process, which ChemSec has followed for several years. The other area of focus has been strengthening NGO coordination by gathering organisations from Europe and the US to outline priorities on international chemical strategies.*

### SAICM – A GLOBAL FRAMEWORK FOR A LESS TOXIC WORLD

The purpose of SAICM (Strategic Approach to International Chemicals Management) is to provide an overarching framework for global action on chemical hazards, but also to enable governments and other stakeholders to collaborate more effectively on reducing toxic risks. It is a non-binding UN-convention intended as an instrument to achieve the 2002 Johannesburg World Summit goal: Chemicals are produced and used in ways that minimize significant adverse impacts on the environment and human health by 2020. Decisions on the further development of SAICM are taken at periodic International Conferences on Chemicals Management (ICCM). ChemSec has been following the SAICM process since its start, by taking part

in the ICCM meetings and providing input to the process. In May ChemSec participated at the second ICCM in Geneva, Switzerland, and gave a presentation on “information on chemicals in the supply chain” at the conference side event on emerging policy issues.

### SAICM IMPLEMENTATION IN EAST AFRICA

Many countries in Africa lack a coherent policy and legal framework for sound chemicals management. ChemSec is part of the project SAICM Implementation in East Africa: Law Reform and Capacity Building for Sound Chemicals Management in Uganda, Tanzania and Kenya. This project is carried out jointly with four other NGOs - Agenda in Tanzania, NAPE in Uganda, iLima in Kenya and CIEL in the US. The project aims to improve SAICM implementation to help safeguard the environmental health of people in East Africa.

Within this project ChemSec participated in three seminars in East Africa in November. Civil society groups, national authorities as well as industry were represented at the seminars. Strengths and weaknesses of domestic laws and strategies were analyzed, and opportunities for future cooperation and areas in need of further improvement were identified.

*SAICM implementation project seminar in Dar es Salaam, Tanzania in November.*



### GATHERING ORGANISATIONS FOR THINK TANK ON FUTURE STRATEGIES

In September ChemSec brought 26 representatives from 21 public interest organisations in EU and US together for a three-day Meeting on International Chemicals Strategies in Sweden. The aim of the meeting was to discuss future toxics strategies, upcoming opportunities to influence the global chemicals agenda and how to further boost the SIN project. Raised public awareness, business engagement, how regulations and policy reforms in the EU and US can benefit from and strengthen each other, and ways to collaborate and structure the work of the different organisations to optimise results were other topics of the discussions.

*Gathering NGOs for Meeting on International Chemicals Strategies in Sweden.*



## Finances

Funding during 2009 amounted to 4.5 million SEK, mainly in the form of a grant of 4 million SEK from the Swedish Chemicals Agency. The main part of other received funds for 2009, 0.5 million SEK, came from the John Merck Fund. The remainder included reimbursements for ChemSec expenses in relation to conference presentations and information provided to Women in Europe for a Common Future.

Late December ChemSec received a contribution from the John Merck Fund in the US. This amount has been transferred to the income statement for 2010. For more information, see the annual financial report.

FINANCIAL STATEMENT	Note	2009	2008
TOTAL OPERATING REVENUES	1	4 506 184 kr	4 974 699 kr
TOTAL OPERATING EXPENSES	2	4 875 820 kr	4 590 515 kr
<b>OPERATING RESULT</b>		<b>-369 636 kr</b>	<b>384 184 kr</b>
<b>RESULT FROM FINANCIAL INVESTMENTS</b>			
Income of interest		11 658 kr	32 kr
Other financial income		7 754 kr	79 367 kr
Cost of interest		-1 235 kr	-4 404 kr
Other financial costs		-13 787 kr	-13 790 kr
<b>STATEMENT AFTER FINANCIAL INCOME AND COSTS</b>		<b>-365 246 kr</b>	<b>445 389 kr</b>
<b>RESULT OF CURRENT YEAR</b>		<b>-365 246 KR</b>	<b>445 389 KR</b>
<b>NOTE 1 OPERATING INCOME</b>			
		2009	
Grant Swedish Government		4 000 000 kr	
Grant John Merck Fund		385 160 kr	
Other remuneration (printed matters, lectures etc)		121 024 kr	
<b>Total</b>		<b>4 506 184 kr</b>	
<b>NOTE 2 OPERATING EXPENSES</b>			
		2009	
Salaries and other staff costs		2 897 424 kr	
Non-project related travel expenses		24 183 kr	
Expenses for consultants, board and organisation fees		168 182 kr	
Premises (rent, phone, internet etc)		424 613 kr	
SIN Project		815 065 kr	
RoHS Project		412 396 kr	
South Project		57 532 kr	
Fundraising Project		76 425 kr	
<b>Total</b>		<b>4 875 820 kr</b>	

# Balance Sheet

## BALANCE SHEET

2009-01-01 – 2009-12-31

2008-01-01 – 2008-12-31

### ASSETS

#### Fixed assets

Equipment	7 778 kr	21 565 kr
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#### Current assets

Current receivables		
Accounts receivables	18 648 kr	– kr
Other receivables	17 331 kr	41 581 kr
Interim claims	110 691 kr	103 897 kr
Cash and bank	583 521 kr	184 332 kr
Fund account	575 807 kr	2 056 374 kr
Savings	1 000 000 kr	

<b>TOTAL ASSETS</b>	<b>2 313 775 kr</b>	<b>2 407 748</b>
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### EQUITY AND LIABILITIES

#### Equity

Balanced profit/loss	978 331 kr	468 709 kr
Result from previous year	445 389 kr	509 622 kr
Current year result	- 365 246 kr	445 389 kr

#### Current liabilities

Debts to suppliers	352 329 kr	468 709 kr
Tax at source of employees	57 173 kr	46 841 kr
Accrued social security charges	63 704 kr	52 011 kr
Accrued special salary tax	69 915 kr	69 147 kr
Other current liabilities	– kr	– kr
Accrued expenses	712 180 kr	680 373 kr

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 313 775 kr</b>	<b>2 407 748 kr</b>
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Göteborg on the 12 of April 2010

Gun Rudquist  
Swedish Society for Nature Conservation

Peter Westman  
WWF

Martina Jalava Löfstedt  
Friends of the Earth

David Nyberg  
Nature and Youth

My audit report was submitted on the

Kristian Thore  
Authorized Public Accountant

## Staff, Office and Board

ChemSec has during the year had in between 5 and 7 employees. By the end of the year there were 5 full time positions at ChemSec. The division of labour breaks down as: one Director, 3.5 Project Leaders and one half-time Administrator. The Director Anne-Sofie Andersson has been on maternity leave from January 2009 and has been replaced by Per Rosander

up until March 2009. In addition to these employees, ChemSec has during the year also had project-based employees for short periods.

The board has met five times and has consisted of four persons, one from each member organisation.

### BOARD, 1 JAN – 28 APRIL 2009:

- Gun Rudquist, *Swedish Society for Nature Conservation (Chairman)*
- Martina Jalava Löfstedt, *Friends of the Earth*
- Peter Westman, *WWF Sweden*
- Sofi Holmin Fridell, *Nature and Youth, Sweden*

#### Substitute members:

- Mikael Karlsson, *Swedish Society for Nature Conservation*
- Karl Krook, *Friends of the Earth*
- Tom Arnbom, *WWF Sweden*
- Jenny Luukkonen, *Nature and Youth, Sweden*

### BOARD, 28 APRIL – 31 DEC 2009:

- Peter Westman, *WWF Sweden (Chairman)*
- Gun Rudquist, *Swedish Society for Nature Conservation*
- Karl Krook, *Friends of the Earth*
- David Nyberg, *Nature and Youth*

#### Substitute members:

- Anna Forslund, *WWF Sweden*
- Mikael Karlsson, *Swedish Society for Nature Conservation*
- Martina Jalava Löfstedt, *Friends of the Earth*
- Jenny Luukkonen, *Nature and Youth, Sweden*

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