

financial state ment 2022

Financial Statement

The International Chemical Secretariat (ChemSec)
Corporate ID No. 802412-7717

The Board of Directors hereby presents its account of the association's development during the financial year 01-01-2022 - 31-12-2022.

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Directors' Report

The Board of the International Chemical Secretariat (ChemSec) submits the following financial statement for the financial year 01-01-2022 – 31-12-2022.

OPERATIONS

PURPOSE AND ORGANISATION OF THE INTERNATIONAL CHEMICAL SECRETARIAT (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 is the executive director appointed 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, safeguards 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 2022, the Board held five recorded meetings that were attended by an average of four board members. The current members of the board are indicated in bold text below and the numbers in brackets show their attendance at these meetings.

Stefan Larsson (chair) (5)	Friends of the Earth Sweden (regular member)
Cecilia Hedfors (vice chair) (4)	Swedish Society for Nature Conservation (regular member)
Christina Snöbohm (4)	WWF Sweden (regular member)
Signe Propst (3)	Nature & Youth Sweden (regular member)
Ylva Lidén (1)	Nature & Youth Sweden (deputy member)
David Gunnarsson (3)	Swedish Society for Nature Conservation (deputy member)
Sven-Erik Sjöstrand (1)	Friends of the Earth Sweden (deputy member)
Johan Widheden (0)	WWF Sweden (deputy member)

At the Annual General Meeting, Kristian Thore from Baker Tilly EMK KB was elected as principal auditor; Anna Hedin from Baker Tilly EMK KB was elected as deputy auditor, and Kåre Olsson from the Swedish Society for Nature Conservation was elected as representative auditor.

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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 a deputy at the AGM.

OTHER IMPORTANT CONSIDERATIONS AND SIGNIFICANT EVENTS

EU CHEMICALS STRATEGY

In 2022 our focus was on the European Chemicals Strategy presented by the European Commission in autumn 2020, and on the forthcoming REACH review. The implementation of the strategy is extremely important and will have a decisive impact on how chemicals are managed in the EU, and globally, over the next two decades.

ChemSec's long history of acting as a constructive driving force, combining a focus on the environment and health with sustainable business, has made the organisation a sought-after discussion partner. During the year we held meetings with several member states, including Germany, Belgium, the Netherlands, Denmark and France, to discuss the chemicals strategy.

We also had meetings with the EU Commissioner for the Environment, Virginijus Sinkevičius, and with the cabinets (advisers) of Franz Timmermans (Vice-President of the European Commission), Thierry Breton (Internal Market Commissioner) and Mr Sinkevičius. Further meetings were held with heads of departments (DGs), including Patrick Child, Deputy Director-General of DG Environment, Hubert Gambs, Deputy Director-General of DG Grow, and Peter Dröll, Director for Prosperity at DG Research. We also held several meetings with the office of Pascal Canfin, Chairman of the Environment Committee of the European Parliament.

In addition to these bilateral meetings, ChemSec is an active contributor on a number of political committees, including SEAC, MSC and CARACAL, and is a member of the European Commission's High-Level Round Table to advise on the implementation of the Chemicals Strategy.

We are confident that, through these meetings, we are pushing the issue of chemicals and sustainability forward. The fact that we are able to meet with these people at all shows that our opinions and proposed solutions are valued at the highest level.

DIALOGUE WITH COMPANIES

Companies often turn to us, especially regarding more sensitive issues, as they trust our integrity and know that we will help them if we can. ChemSec holds many dialogues with companies, partly to gain insight into their problems and learn about their solutions, and partly to inform them about solutions we are aware of and give our insight into current chemical issues. Many companies have high ambitions for their sustainability efforts, which unfortunately are not always reflected in the debate. Tough legislation helps these companies to set requirements in their supply chains and benefits everyone who looks to the future. It also benefits the environment. This is where ChemSec meets companies.

ChemSec's policy work often goes hand in hand with the corporate dialogues we conduct. We ensure that we continue to fulfil an important and almost unique role as a link between business and legislative politicians. In 2022, together with several companies, we wrote two open letters to the European Commission. The first letter concerned the need for companies to get detailed information on chemicals in the supply chain from chemical producers. This letter led to a meeting between the Environment Commissioner and ChemSec, H&M and Tarkett in autumn. The second letter was a corporate call to persuade the European Commission not to postpone the upcoming REACH review. The letter was signed by 22 companies, including several Swedish companies such as Ikea, H&M and Intersport. This letter was sent just before Christmas so it is still too early to say what it will lead to, but it is clear that ChemSec always pushes for constructive proposals that serve many positive purposes. One good example was our report *Unlock the Market*, a study of various economic incentives that could be used by politicians to stimulate the transition to a sustainable market, which we released in spring.

We also maintained our dialogues with leading electronics companies, including Apple (which is a member of ChemSec's Business Group, and ChemSec is a member of Apple's advisory board) on phasing out PFAS. It is rewarding to see that Apple has decided to phase out PFAS from its products. The basis for our corporate work is our formalised Business Group, made up of representatives of twelve companies in a various segments. In addition to Apple, its members include Lego, Ikea and H&M. The aim is to bring together companies that want to take the lead on the chemicals issue and exchange experiences. The group engages in open dialogue and project collaboration with ChemSec as a hub and unifying force.

Another collaborative effort we undertake with several companies focuses on what is known as chemical recycling, a relatively new method that the chemical industry is promoting as an element in solving the puzzle of recycling and sustainability. Most consumer-facing companies want to do the right thing and use recycled materials, but they lack information about what chemical recycling actually means and its current limitations aside from the chemical industry's sales pitches. At the beginning of the year we published a report based on in-depth interviews with companies and we have also covered the topic in articles and webinars.

PFAS MOVEMENT – A CORPORATE CALL AGAINST PFAS

PFAS chemicals, which never break down and remain in nature forever, have been ChemSec's second highest priority. PFAS chemicals are highly topical politically, partly as a result of the restriction proposal put forward by Sweden and a number of other EU countries. To ensure that restrictions are firm and effective it is usually easier if their introduction is supported by industry.

The aim of ChemSec's PFAS Movement initiative is to bring together companies that support the restriction of PFAS. So far, more than 100 companies have joined the PFAS Movement – mostly small and multinational companies based in Sweden. As the initiator and driver of the PFAS Movement we place great emphasis on

helping companies. During the year we have therefore supported them with information about the sources of PFAS and how companies can tackle PFAS through training, webinars and interviews.

In 2023, our hope is that more companies will get actively involved in the EU consultation on PFAS restriction and that even more will communicate their positions externally.

As part of our PFAS work we are also developing a website guide for companies on the presence of PFAS and known alternatives. The guide will be launched in early 2023 under the Horizon 2020 project ZeroPM. In an effort to make the guide as relevant as possible, several companies have provided input and knowledge, along with several of the world's leading researchers on PFAS.

SUSTAINABLE INVESTMENT

On 1 December we launched the third version of ChemScore, our annual sustainability ranking of the world's largest listed chemical producers, covering a total of 54 companies this year. The companies are ranked in four categories: their chemical portfolio, commitment to developing safe chemicals, and transparency and involvement in accidents and environmental scandals. The main target group for the ranking is institutional investors, as well as the chemical industry itself, as companies are interested in comparing their rankings.

As a result of our hard work, we are now in dialogue with 36 of the ranked companies to show how they can improve their future ranking. Our engagement with investors resulted in 46 investors, who together manage an incredible \$8 trillion in invested assets, writing a joint letter to companies saying they want to see much greater transparency in the sector and calling for companies to phase out persistent chemicals such as PFAS. Most companies are now working on phase-out strategies for PFAS. At the end of December, US giant 3M announced that it would stop producing PFAS, and the article summarising this cited our letter as a contributing factor.

The Financial Times mentioned our work three times, and Reuters, Süddeutsche Zeitung and others also wrote long articles. At the start of 2023 another article appeared in The Guardian about ChemScore and the keen interest of investors in the issue of chemicals. Much of this work is propelled by our closest allies, Aviva Investors (UK) and Storebrand Asset Management (Norway).

In 2023, we plan to launch a formalised investor initiative, a working group of sorts, aimed at supporting investors in their dialogues with chemical producers. It is very encouraging that growing numbers of investors are starting to take a wider view of sustainability, rather than just carbon emissions. The climate, the way our chemicals are produced, and biodiversity are all interconnected and need to be addressed together.

We also want to highlight our work on the development of the EU taxonomy, in which ChemSec was responsible for the subgroup on emissions. Thanks to our work and collaboration with other stakeholders, the production of alternatives to harmful chemicals will be seen as a sustainable economic activity and will hopefully channel investments in that direction. Similarly, the production of eco-labelled products and substitutes for substances of very high concern will also be seen as a sustainable economic activity.

COMMUNICATION

ChemSec's target audience is sustainability professionals and people who work with environmental issues, and we are reaching a steadily growing share of this group. In 2022, our website was visited by almost 90,000

unique individuals and we have over 15,000 loyal newsletter subscribers. Given our professional target audience, we mainly use LinkedIn and Twitter as social media channels.

We believe that a large part of our communication success is due to the fact that we always strive to make the complex topic of chemicals understandable and hopefully entertaining – often with a tongue-in-cheek twist. We use a lot of colour, bold statements, high quality images and a modern approach. We have also continued our tradition of inventive promotional videos and this year we took part in a rap battle with PFAS itself, which drew online praise from Hollywood actor Mark Ruffalo, who is a ChemSec ally in the fight against PFAS. Our most-read article this year, about the Teflon chemical PTFE, which unfortunately is not as safe as some would have us believe, was read by over 15,000 people.

We also received extensive media coverage this year, not least because of the ChemScore project. The Financial Times, Reuters and The Guardian are just some of the major media outlets that have written about us this year, several times in fact.

THE SIN LIST AND MARKETPLACE

Our online tools – the SIN List and Marketplace – continue to serve as important guides for companies as they manage chemicals. The SIN List has been visited by almost 50,000 unique users. Most visitors are based in the US, followed by Germany and Sweden. The top 10 countries that use the list also include China and India, which makes sense given the nature of the global supply chain. This is exactly the right target group for us and for the SIN List!

Marketplace – ChemSec’s marketplace for companies interested in safe alternatives to harmful chemicals – has the same visitor pattern. It has slightly more users – 57,000 – and roughly the same countries in the top 10. The number of visitors has risen from 45,000 in 2021.

In 2022 we worked hard on a major update to the SIN List website, with lots of new features for users and a number of new PFAS substances added to the list. This will be launched in early 2023.

CHEMSEC’S DEVELOPMENT

During the year ChemSec recruited two new permanent employees. At the end of the year, there were 13 permanent employees and two long-term consultants working from Germany and Denmark.

The organisation works actively to tackle equality and diversity issues, and this is an important aspect of recruitment. At the end of the year 40% of employees were men and there was an equal division between women and men on the Board of Directors. ChemSec operates a collective agreements and is a member of the Swedish 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 CHEMSEC'S FINANCES

The organisation's total operating income is SEK 16,018,293 (13,707,538), the operating result is SEK -607,331 (-1,467,067) and net income is SEK 634,028 (-945,220). Income that is accrued within one year and cannot be utilised in the same year is added to equity.

The balance sheet total is SEK 9,921,422 (14,059,573) of which approximately 33 percent is equity (19 percent). 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.

Funds received by ChemSec as grants and donations are allocated on an ongoing basis to ChemSec's various projects. The only long-term financial resource held by ChemSec is capital of SEK 100,000 per permanent employee required to manage the controlled closure of the organisation if required. This reserve 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 2021 was SEK 13,707,538 (14,925,350). The largest contributor was the Swedish Government through a general grant. Contributions from foundations are tied to projects that are run by the organisation, or for its core activities.

Since the end of 2017 ChemSec has held 90-accounts (for non-profit fundraising associations) and is monitored by the Swedish Fundraising Control (Svensk Insamlingskontroll) to ensure that ChemSec manages donations responsibly 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 (Plusgiro).

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

FUTURE DEVELOPMENT

ChemSec's top priority in 2023 will be the EU Chemicals Strategy and the REACH review.

During Sweden's presidency of the Council of the EU and during the second half of the year several important policy matters will be debated and in some cases decided, including the chemical classification, labelling and packaging (CLP) regulation, the ecodesign directive, cosmetics regulation and REACH. We are actively working on these issues to bring about legislation that protects health and the environment from harmful chemicals and supports companies that are leading the way.

Part of the chemicals strategy is future restrictions on PFAS. PFAS are ChemSec's second priority for the year and the main focus of our work will be to highlight companies that support a broad phase-out to demonstrate the need and desire for the general phasing out of all PFAS substances.

ChemSec's third priority is our efforts to target investors. In 2023 we will launch an investor initiative and support investors in their bilateral discussions with chemical producers. We will also rank the world's 50 largest chemical producers in our annual ChemScore ranking, which is intended to help investors understand how they can invest sustainably and use their enormous capital assets to push the chemicals industry in a more sustainable direction.

We also intend to launch a major information project that will target specific groups of the public in several European countries. This is a new target group for ChemSec and may become our fourth target group for our future activities if the project develops positively.

MULTI-YEAR OVERVIEW

	2022	2021	2020	2019	2018
Total income	16 018	13 708	14 925	12 208	12 275
Operating result	-607	-1 467	3 572	2 005	2 460
Result after financial items	634	-945	1 567	-456	1 678
Equity	3 261	2 627	3 572	2 005	2 460
Balance sheet	9 921	14 060	8 905	8 054	5 052
Solidity %	33	19	40	25	49

CHANGES IN EQUITY

	Note	Equity	Result for year	Total
Amount at start of year		3 572 260	-945 220	2 627 040
Allocation of results according to AGM		-945 220	945 220	0
Result for year		0	634 028	634 028
Amount at end of year		2 627 040	634 028	3 261 068

ALLOCATION OF RESULT

The following funds are at the disposal of the AGM:

Free premium fund	0
Surplus brought forward	2 627 040
Result for year	634 028
Total	3 261 068

The Board proposes that funds be allocated as follows:

Allocation	
Balance in new account	3 261 068
Total	3 261 068

Remarks on allocation:

SEK 1,3 million is reserve capital for the controlled closure of the organisation, if necessary. Other funds are tied to projects that run over the course of the calendar year.

Income statement

	Note	2022-01-01 2022-12-31	2021-01-01 2021-12-31
OPERATING INCOME, ETC.			
Appropriations and contributions	2,3	15 936 989	13 657 433
Other income		81 304	50 105
TOTAL OPERATING INCOME, ETC.		16 018 293	13 707 539
OPERATING EXPENSES			
Project and activity expenses		-2 432 253	-3 737 851
Other expenses		-2 518 678	-1 717 125
Personnel expenses	4	-11 646 585	-9 697 004
TOTAL OPERATING EXPENSES		-16 597 517	-15 151 980
OPERATING RESULT		-579 224	-1 444 441
FINANCIAL ITEMS			
Result from other financial assets	5	1 239 222	522 979
Other interest and similar income		4 836	0
Interest expenses and similar		-30 806	-23 758
TOTAL FINANCIAL ITEMS		1 213 251	499 222
RESULT AFTER FINANCIAL ITEMS		634 028	-945 220
RESULT BEFORE TAX		634 028	-945 220
RESULT FOR THE YEAR		634 028	-945 220

Balance sheet

	Note	2022-12-31	2021-12-31
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>			
Other receivables		153 112	84 428
Accrued expenses and prepaid income		125 258	107 899
TOTAL CURRENT RECEIVABLES		278 370	192 327
Cash and bank			
Cash and bank		9 557 253	13 781 446
TOTAL CASH AND BANK		9 557 253	13 781 446
TOTAL CURRENT ASSETS		9 835 623	13 973 773
TOTAL ASSETS		9 921 423	14 059 573
EQUITY AND LIABILITIES			
Equity			
Unrestricted equity			
Balance brought forward		2 627 040	3 572 260
Result for year		634 028	-945 220
TOTAL UNRESTRICTED EQUITY		3 261 068	2 627 040
TOTAL EQUITY		3 261 068	2 627 040
Current liabilities			
Accounts payable – trade		565 844	1 048 683
Other current liabilities		961 416	882 990
Accrued expenses and prepaid income	7	5 133 095	9 500 860
TOTAL CURRENT LIABILITIES		6 660 355	11 432 533
TOTAL EQUITY AND LIABILITIES		9 921 423	14 059 573

Notes

NOTE 1 ACCOUNTING PRINCIPLES

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.

Receivables

Receivables are recorded at the amount expected to be received

Other assets and liabilities

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

Income

Contributions are reported as income when the conditions for receiving the contribution are met. Contributions received are reported as a liability until the conditions for receiving the contribution have been met. Other income is revenue that is not primary to the organisation.

NOTE 2 CONTRIBUTIONS RECEIVED

	31-12-2022
The Swedish Chemicals Agency	8 000 000
OAK Foundation	527 655
Marisla Foundation	546 790
TIDES	1 336 095
Mistra	98 499
Vinnova	499 209
Swedish Environmental Protection Agency	2 830 000
Adessium Foundation	555 400
Horizon 2020 – ZeroPM project	3 483 054
The John Merck Fund, project from previous year not yet completed	174 500
Marisla Foundation, project from previous year not yet completed	229 135
MAVA Foundation, project from previous year not yet completed	1 508 261
Mistra, project from previous year not yet completed	85 000
Marisla Foundation, project for next year not yet completed	-391 806
Horizont 2020 – ZeroPM project, project for next year not yet completed	-2 047 713
TIDES, project for next year not yet completed	-1 041 690
Adessium Foundation, project for next year not yet completed	-555 400
TOTAL	15 936 989

NOTE 3 APPROPRIATIONS

	31-12-2022
Collected funds	9 408
TOTAL	9 408

NOTE 4 AVERAGE NUMBER OF EMPLOYEES

The average number of employees is based on attendance hours paid by the company in relation to normal working hours.

	2022-12-31	2021-12-31
Average number of employees	12	11
Women	7	7
Men	5	4

NOTE 5 RESULT FROM OTHER FINANCIAL ASSETS

	31-12-2022
Exchange rate changes, USD account, EUR account	1 239 222
	1 239 222

NOTE 6 OTHER LONG-TERM RECEIVABLES

	31-12-2022
Deposit Wallenstam (rent)	85 800
	85 800

NOTE 7 ACCRUED EXPENSES AND PREPAID INCOME

	31-12-2020
Marisla Foundation	391 806
Horizon 2022 – Zero PM project	2 047 713
TIDES	1 041 690
Adessium Foundation	555 400
Infracom	3 890
Remondis Sweden	132
Fortnox	503
Falkenberg Energihandel	993
Nätverkstan	60 375
Alex Pimenta	11 375
AirClim	41 986
Homemaid	5 118
IT-idén GBG	66 375
Funding Vision	20 031
Auditor	44 250
Holiday pay owed	841 459
TOTAL	5 133 095