

ChemSec's 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 fundraising are described in a separate document "Guidelines for ChemSec's fundraising".

Capital investments

ChemSec's long-term capital investments are very limited. The financial support ChemSec gets from grants and donations is used as working capital in our ongoing 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 ChemSec maintains are limited savings that would allow the organisation to manage the controlled phase-out of the organisation, if needed, in a way that respects the needs and requirements of its 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 aim of fulfilling 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. ChemSec's administration and 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 Executive Director. The Executive Director approves these for other employees.
- The Executive Director can adjust spending between projects and accounts up to a limit of up to 25% of the project's budget and up to SEK 200,000 for other areas of operation
- 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 applies 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.
- Employees may not hold another employment, sideline or be engaged in another business without the approval of ChemSec's Executive Director.
- Employees must not disclose any information that could harm ChemSec during or after employment.
- All transactions and change of authorisation rights for ChemSec's bank accounts must be co-signed by the Executive Director and the Chairman of the Board.

Dealing with whistleblowing

According to Swedish law, a whistleblow function is only necessary for organisations with more than 50 employees. However, ChemSec encourages all employees to take action against irregularities by informing their manager, Executive Director or ChemSec's acting HR contact.

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 ChemSec's 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 document.



The Board is elected in accordance with the statutes of ChemSec. Each member organisation act as its own nomination committee in accordance with its respective principles and is responsible for proposing to the annual meeting one regular member of the Board and one deputy.

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 and budget, issues the annual report to the annual meeting and appoints ChemSec's signatories. The Board is represented by its chairman, and majority decisions are applied. In Sweden, however, the organisation 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 Executive Director of ChemSec and approves the annual plan and budget as proposed by the Executive Director. The Board also assigns the roles and responsibilities of the employees of ChemSec, including a 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 a Board meeting shall be announced to the members of the Board no later than three weeks in advance. At the meeting, minutes are taken 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 leads ChemSec and its staff and carries out the decisions of the Board and the General Meeting. The duties of the Executive Director, or the person delegated by the Executive Director, include:

Operational responsibilities

- leading and developing the work of ChemSec so that it is carried out effectively and in accordance with the activity plan and budget established by the Board;
- developing the organisation, and planning and deciding on the direction of activities and strategy in line with the Board's long-term goals;
- ensuring that the organisation has the financial, competence and personnel resources needed to implement the activity plan and future plans;
- responsibility for the organisation's finances (budget, results and financial statements) and being responsible for fundraising and ensuring that commitments to funders are met



- acting as responsible publisher
- entering into agreements that are approved in the budget and entering into individual agreements that do not exceed SEK 400,000 in value even outside the approved budget;
- deciding on the allocation of funds between projects of up to 25% of the project budget and up to SEK 200,000 for other areas of activity;
- proactively optimising resource utilisation and continuously developing working routines within the scope of responsibility;
- planning and preparing for Board meetings in consultation with the Chair of the Board;
- giving presentations at Board meetings and ensuring that adequate information for decision-making is available on time.

Responsibilities of staff

- after consultation with the Chair of the Board, reaching decisions on hiring and dismissal of staff and terms of employment, etc., to ensure that ChemSec's work is carried out as effectively as possible;
- responsibility for establishing guidelines for salary setting, salary range and skills development for the organisation, as well as conducting performance reviews, skills development and salary setting for the Deputy Director, Director of Communications and Office and Finance Manager
- responsibility for the physical and psychosocial well-being of staff, ensuring that relevant occupational health and safety rules are followed and creating a positive working culture
- setting an example to other staff through one's general behaviour, ability to listen and by helping employees to develop as well as establishing a sense of trust and a positive and constructive working atmosphere by making clear and well-founded decisions in day-to-day work.

Monitoring, cooperation and representation

- monitoring societal developments in general and, in particular, developments within one's own area of responsibility;
- responsibility for drawing up cooperation agreements, quotations etc., and ensuring that the agreements reached are always fulfilled;
- actively promoting gender equality and consideration for the environment in all activities;
- representing ChemSec in external situations and always striving for good relations and an effective and constructive climate of cooperation;



- setting overall guidelines for the organisation's external communications.

This document was adopted on 7 September 2017 and revised on 21 June 2023.