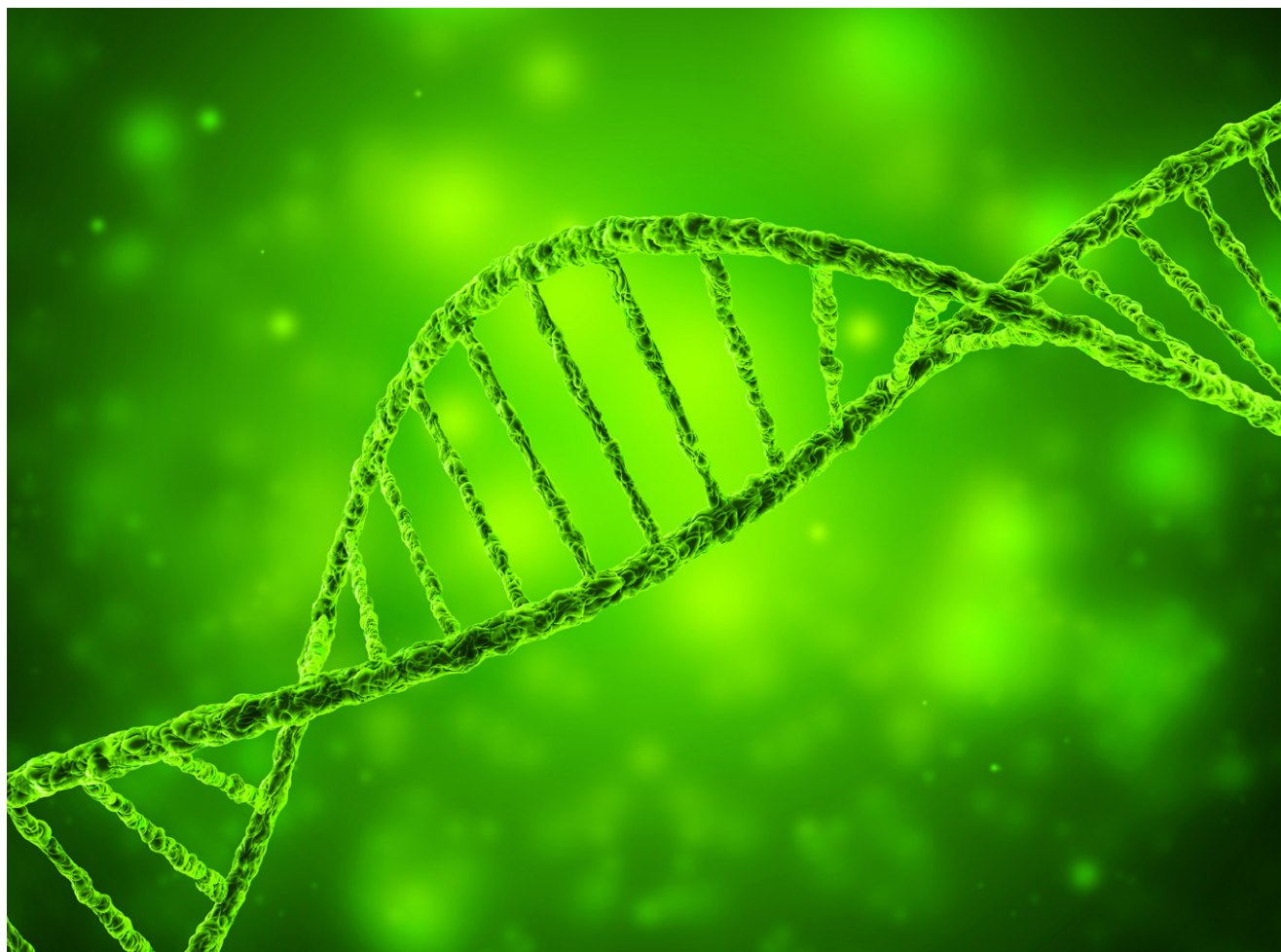




Research Institutes of Sweden

Annual report and sustainability report 2016

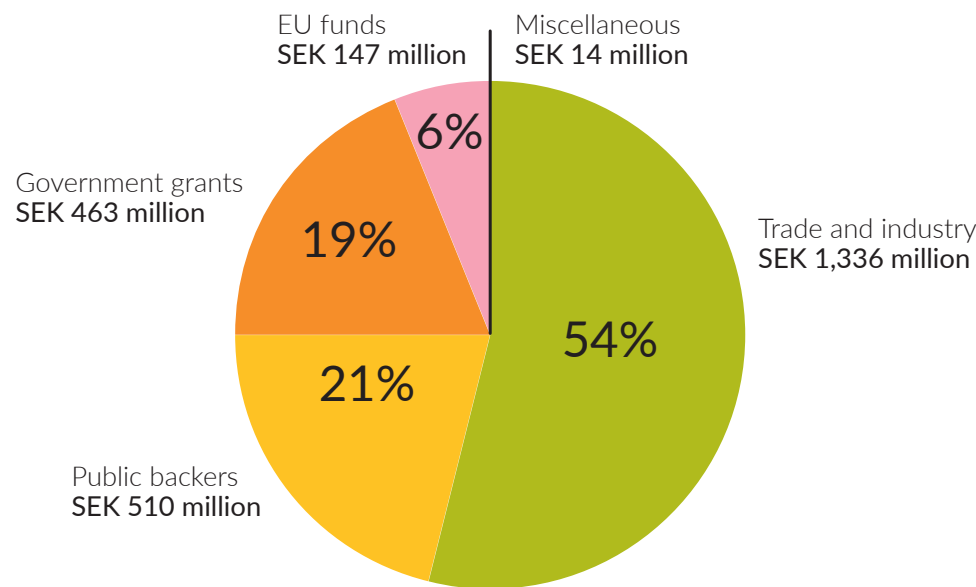


The Parent Company RISE Research Institutes of Sweden AB changed its name to RISE Research Institutes of Sweden Holding AB (RISE Holding AB) on 28 February 2017. The subsidiary SP Sveriges Tekniska Forskningsinstitut AB changed its name to RISE Research Institutes of Sweden AB (RISE AB) on 16 March 2017.

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SALES: SEK 2,470 MILLION
OPERATING PROFIT: SEK 57 MILLION



Collaboration for a sustainable future

During the year, RISE signed a letter of intent for increased cooperation with Lund and Uppsala Universities. We intend to enter into similar agreements with more universities and colleges in 2017. In order to guarantee engagement from trade and industry and provide an additional platform for operators to influence the direction of the Group's research, RISE has also introduced an external Research Council made up of representatives from trade, industry and society. The Research Council will begin its activities in 2017.

October saw the five collaboration groups for the Government's national collaboration programme spring into action. RISE is participating in two of these groups, represented by CEO Pia Sandvik in the group for Circular and biobased economy, and Division Manager

Leif Ljungqvist in the group for Connected industry and new materials.

During the fourth quarter, the decision was made to implement five strategic Business and Innovation Areas, in which RISE gathers and enhances cross-boundary competence; Digitalisation, Energy and Biobased Economy, Sustainable Cities and Communities, Life Science and Mobility.

RISE continues to hold a leading position among Swedish organisations within Horizon 2020 (the EU's framework programme for research and innovation) with a total of almost 60 projects in progress. Furthermore, RISE is a participant in four of the five ongoing EIT-KIC programmes (European Institute of Technology – Knowledge and Innovation Communities).

21 JANUARY

The Swedish Government adopted a new industrialisation strategy nominating RISE as an important partner for trade and industry.

1 APRIL

Acquisition of industrial owners' shares in Innventia, Swedish ICT and a number of SP's subsidiaries.

1 JUNE

RISE organised into six Divisions.

1 JULY

Pia Sandvik appointed new CEO of RISE.

1 NOVEMBER

Research bill presented entailing notification of increased base funding. The bill strengthens RISE as a testbed and demonstration developer.

Important events

The work to improve the accessibility of testbeds and demonstration facilities continued in 2016. During 2017, a Testing and Demonstration Office will be established to coordinate and strengthen the offering to trade and industry and society in general.

The development of the new electronics laboratory AWITAR, Automotive Wireless Test and Research Facility, continued according to plan. The facility will provide a test environment for electronic disruption on the vehicles of the future, ensuring functionality and compliance with impending legal requirements. AstaZero experienced good capacity utilisation during the year and periodically reached maximum capacity in 2016.

Together with a cluster of companies and social enterprises from the Värmland region, started the establishment of the LignoCity testbeds for the development of new products from the forestry product lignin.

In April SICS ICE, Infrastructure and Cloud datacentre test Environment, was inaugurated, a large-scale, national datacentre in Luleå for research and innovation within big data and cloud technology.

In September the new Swedish Research Laboratory for Printed Electronics was opened in Norrköping, with over a hundred representatives of industry in attendance.

A new mobile demonstration facility for evaluating the production of MFC (microfibrillated cellulose) became available to the industry for use in conjunction with its concentration on new cellulose-based products.

The starting pistol fired for a new pilot study aiming to improve awareness of the diversity of cell therapy projects. The aim is to build a national platform and offer access to international expertise.

A strategically important venture into the nano-field was granted involving an exchange with the MAX IV laboratory in Lund.

In autumn, the first certification of P-marked district heating was issued to Halmstads Energi och Miljö.

RISE has, together with the Association of Swedish Engineering Industries and IF Metall, developed a concept to support small and medium-sized enterprises within the field of digitalisation.

Phase 2 of Smart Housing Småland was initiated. The innovation environment creates intelligent housing and a sustainable building environment based on glass and wood.

RISE became the notified body for the testing and certification with regard to CE marking of cables.

The offering to small and medium-sized enterprises (SMEs) was strengthened in 2016 through, among other ventures, a focus on nodes to serve the regional innovation system. In December RISE's first SME office opened in Skellefteå together with LTU Business AB (part of Luleå University of Technology).

A WORD FROM THE CEO

The year 2016 will go down as a crucial turning point in the history of industrial research institutes in Sweden. Three of the largest institutes, Innventia, SP Sveriges Tekniska Forskningsinstitut and Swedish ICT, merged together to form the RISE Group. This alliance makes RISE Sweden's largest industrial research institute, with 2,200 employees and over 100 technologically advanced laboratories, testbeds and demonstration facilities.

The consolidation will serve as the foundation for a strong Swedish institute sector. For our customers, the merger will bring about a number of benefits. Our new, unified brand will make identification easier. A united RISE also means that our collected competence increases, and that we will be able to offer cross-discipline solutions to complex issues. During the year, we have also implemented several organisational initiatives to help us be an even more cutting edge partner to our customers. We have improved the availability of our testbeds and demonstration facilities and have reinforced our support for small and medium-sized enterprises (SMEs), such as through our focus on nodes to serve the regional innovation system. For this reason, we opened our first SME office in Skellefteå in December. We have also decided to establish other Group-wide functions including a tech transfer office, a sales function and an international business development team, and have improved the efficiency of our processes concerning research funding and patents. Each of these organisational solutions constitute enhanced conditions for creating a clearer, stronger RISE.

The major issues facing society, such as climate change and health, are integral to the challenges and opportunities facing the commercial and industrial sphere. As an innovation partner, we identify, develop and push the boundaries of products, processes and systems for a sustainable society, in close cooperation with our customers and

collaboration partners. During the autumn, the decision was made to implement five Business and Innovation Areas, in which we gather and enhance cross-boundary competence: Digitalisation, Energy and Biobased Economy, Sustainable Cities and Communities, Life Science and Mobility. These areas reflect five major areas of challenge and opportunity for the business world and society, where RISE intends to play a critical role. A cross-boundary and challenge-based approach crucial if we are to remain relevant when future-oriented solutions require the integration of various technologies.

Sustainable operations are a key aspect of RISE's strategy, business and approach to its operations. Our mission is to elevate research so that the business community and society gain access to new knowledge. Our offerings to customers and collaboration partners are characterised by future-proof solutions, and our services represent our greatest opportunity to contribute to sustainable development. In 2016, we have developed a method to declare the sustainability of our customer assignments. The method will be implemented in 2017. During the year, our sustainability work has been coordinated and a Group-wide ethics policy has been prepared.

In January the Swedish Government adopted a new industrialisation strategy nominating RISE as an important partner for trade and industry.

In November the Government presented its research bill for the coming four-year period. This bill stated that RISE's role is to be strengthened and our mission expanded. In addition, the bill proposes an increase in the State contribution in the magnitude of SEK 100 million per year, beginning 2018. A unified RISE is seen as an important actor in contributing to the development of the Swedish business world and Swedish society.

The fact that 2016 was a year of integration has entailed a focus on implementing a new organisation, shared culture and

* Swerea is not consolidated in the RISE Group but is still owned to 43 per cent by RISE, and is treated as an associate.



preparing for the launch of a new brand. We have invested significant time and efforts into ensuring we recruit the right leaders for Divisions and shared functions, while also pushing on with an ambitious integration programme to coordinate a common approach, processes and systems.

The result is that we are well-positioned to launch the RISE brand and Sweden's new, strong research institute. 2017 promises to be very exciting and eventful!

PIA SANDVIK
CEO RISE



Innventia, SP and Swedish ICT have merged to become RISE, in order to become a stronger research and innovation partner. Through our international collaboration programmes with academia, industry, and the public sector, we ensure the competitiveness of the Swedish business community on an international level and contribute to a sustainable society. RISE's employees support and promote all manner of innovative processes, and our roughly 100 testbeds and demonstration facilities are instrumental in developing the future-proofing of products, technologies, and services. RISE Research Institutes of Sweden is owned by the Swedish State. www.ri.se

The Swedish Research Institute

RISE's employees support and promote all manner of innovative processes. RISE is home to a broad spectrum of leading competence, research and innovation services and cross-boundary business areas for industry, academia and the public sector, organised into six distinct Divisions.

Bioeconomy

NET SALES SEK 404 MILLION EMPLOYEES 320

In the circular bioeconomy of the future, advance forestry-based and renewable products can replace current fossil fuels. The Bioeconomy Division works from raw materials and processes to finished product, such as wooden mechanical products, paper, packaging, textiles, carbon fibre, chemicals and fuel. The Division's testbeds and demonstration facilities play a significant role in scaling up processes for the future impact of biorefinery.

Bioscience and Materials

NET SALES SEK 422 MILLION EMPLOYEES 370

Bioscience and Materials is the natural innovation partner for industries such as agriculture and foodstuffs, chemicals, pharmaceuticals, medical technology, biochemicals and biofuels, as well as for the automotive and construction industries with regards to the materials area. The Division acts as a support at all stages of the process, from concept to realisation, focusing on the customer's needs and society's sustainable development.

Certification

NET SALES SEK 99 MILLION EMPLOYEES 70

The Certification Division helps RISE's customers to generate trust and reach new markets. The Division engages in research and certification operations within management systems, product and person certification in several areas. Experienced management systems auditors, leading competence and a unique level of access to superior research and evaluation expertise with the Group makes Certification a stable collaboration partner.

ICT

NET SALES SEK 510 MILLION EMPLOYEES 470

ICT (Information and Communication Technologies) offers expertise along the entire chain for a digital and innovation-driven society; hardware, software, business development and industry insight within numerous strategic areas. The Division boasts leading expertise within fields including sensor systems, automation, printed electronics, big data analysis, cyber security, visualisation, interaction design, fibre optics, sustainable transport and circular business models.

Built Environment

NET SALES SEK 413 MILLION EMPLOYEES 340

A major challenge affecting us all is building a sustainable future society. By combining a holistic view and cutting-edge competence, the Built Environment Division produces climate-friendly, energy-efficient and cost-efficient services which put the needs of people first. The Division is active in areas such as urban management, efficient use of resources, function and construction, infrastructure solutions and urban development.

Safety and Transport

NET SALES SEK 636 MILLION EMPLOYEES 594

Secure, sustainable transport is a must for the future. At the same time, a high-technology society brings about increased risks. The Division offers competence in active security, mechanical risks, measuring technology and fire protection in advanced laboratory settings. The Division also works with testing, inspection, calibration and verification. This Division is also home to AstaZero, a testing facility for active traffic safety.

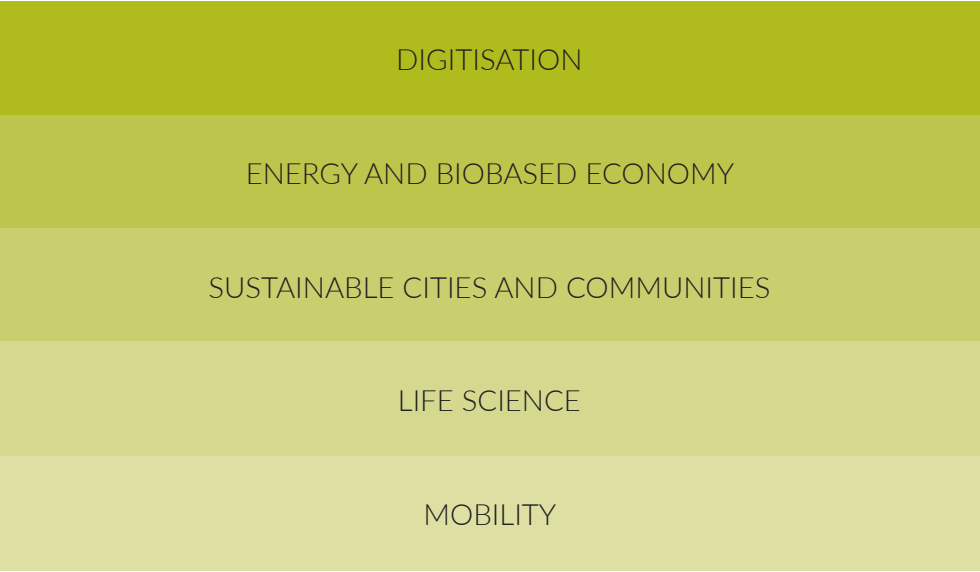
RISE's role is to serve as an innovation partner. In our five Business and Innovation Areas, we gather cross-boundary competence to meet the challenges of the future. We identify and develop products, processes and systems in close cooperation with customers and collaboration partners.

Thanks to the increased breadth provided by the new RISE, our collective knowledge has improved and our areas of leading expertise have grown. This allows us to offer all partners a critical mass within complex and challenging innovation areas. We work systematically and strategically to develop and increase collaboration with RISE and with actors within our sphere of operations.

The cross-boundary, cross-discipline initiatives often arise as the response to a customer's or a partner's specific needs. This occurs at many levels in the organisation as a constant development of existing relationships and new offerings. Within RISE, this is a practice we aim to nurture, among other things through the implementation of a coherent approach to our culture and values. Collaboration is one aspect of these values, encouraging curiosity, trust and an innovative frame of mind, both internally and externally.

In order to effectively and strategically encourage collaboration between different areas of competence, focusing on new business opportunities and customers, RISE has established five Business and Innovation Areas: Digitalisation, Energy and Biobased Economy, Sustainable Cities and Communities, Life Science and Mobility. These Business and Innovation Areas have been selected as reflections of the major challenges and opportunities facing the business community and society and where RISE can, and should, play a substantial role. They span over RISE's six Divisions.

The Business and Innovation Areas will concentrate on the strategic development of cross-boundary solutions within RISE, but is also tasked with identifying and harnessing opportunities together with other partners, such as universities and colleges, public sector actors and, of course, the business community and companies in various constellations.



RISE's collected offering has three primary avenues; applied research and development, industrialisation and verification, and quality assurance. These designations describe the benefits and the application of the multitude of competences and services we offer, and which constantly cross-fertilise each other.

APPLIED RESEARCH AND DEVELOPMENT

Research and innovation

Applied research and innovation is the core of RISE's operations. Our work is driven by the challenges we face, whether in projects funded with public funds or in direct assignments from industrial operators or the public sector. In collaboration with our customers and partners, we produce new solutions to both shared challenges and unique problems. We work closely with universities and colleges, such as on projects funded by the EU or Vinnova. We have technological expertise and, as an independent actor with good insight into the conditions affecting trade and industry, are well-placed to coordinate and lead complex research and innovation projects.

Expert consultation

RISE has experts within a wide range of technical disciplines and other competences necessary for the success of innovation processes. This knowledge can be used either to ensure a cross-discipline approach or as leading competence in a specific area. Our five Business and Innovation Areas, Digitalisation, Energy and Biobased Economy, Sustainable Cities and Communities, Life Science and Mobility, each have leading expertise at their disposal.

Service design and design processes

Service design and design methodologies are becoming ever more important for the development of new services and functionalities for the business community and public sector. We use design methodologies to analyse and

visualise users' connections, behaviours and motivations, and develop customised solutions in close cooperation with our customers. Processes often need to be formulated as cross-industry arrangements with input from innovation, research and business development.

Innovation support for small and medium-sized enterprises

A major challenge for lots of companies is a structured innovation process, and ensuring access to cross-sector competence. The RISE SME office offers small and medium-sized enterprises with custom support. We assist companies at various phases of development through the provision of support for their unique concepts, needs or problems. We monitor potential regional and national funding sources within RISE's fields of competence. Through the Enterprise Europe Network, we assist companies in reaching out to Europe with technology and innovation. Via EUSME Support 2020, companies have access to advisory services concerning EU funding.

INDUSTRIALISATION AND VERIFICATION

Testbeds and demonstration facilities

RISE either owns or is partner in over 100 unique testbeds and demonstration facilities (RISE T&D) open to industry, academia, SMEs and the public sector. This is a unique infrastructure for research and development at laboratory and pilot scale. These facilities offer the chance to scale up the products and processes of the future and provide the environment for testing under

OUR OFFERING



authentic conditions. A RISE T&D facility can be used in a number of ways, for direct, confidential assignments, participation in research and development projects undertaken in conjunction with several other actors or participation in a network.

Technical evaluation and verification

The verification of products, processes or services is an important part of development processes for ensuring compliance with required specifications and standards. RISE is an internationally leading partner for trade and industry and public sector actors within technical evaluation and verification. We are accredited for a large number of methods and standards and offer technical evaluation and expert services in areas where internationally standardised methods are not yet in place.

Prototypes and pilot production

Prototypes and smaller-scale production is a critical stage for both start-ups and mature companies. RISE offers knowledge and infrastructure for the development of functional prototypes and pilot production within many areas.

QUALITY ASSURANCE

Certification

RISE offers services which provide companies with an entry point to the market. This takes the form of verifications and certifications for management systems, machines, personnel, products and production lines.

We cooperate with the majority of industries on international standards, national regulations and industry criteria as the starting point. RISE also has its own proprietary certification mark, the P-mark.

We provide technical assistance to customers planning to CE mark and declare their product performance.

Metrology

We are also Sweden's National Metrology Institute (NMI), a guarantee for quality-assured experimental operations.





CASE: CLOSER CARE – AT A DISTANCE

The costs for the care of chronic diseases is increasing dramatically while the quality of life of sufferers is diminishing. RISE's experts are involved in a project aiming to produce a solution for chronic care in the home. Using smart technology such as sensors, the patients themselves record their health statistics and report the results to their healthcare contacts. The patients can also connect to a personal contact at their healthcare provider for consultations, who functions as a link to the rest of the care system. Through regular contact with the healthcare provider and the continual collection of the patient's health data, the care system attains an overview of the disease's development. The concept gives the healthcare system the means to provide more efficient, individually-tailored care. And the hundred or so COPD patients who have tested the technology bear witness to the increased quality of life provided.

CASE: IN THE FUTURE, FISH WILL GROW ON TREES

Farmed fish is an absolute necessity if we are to provide the world with sufficient protein without overfishing the world's oceans. However, a particular problem is that much of the fish feed produced is manufactured

from wild-caught fish. It is therefore a clear solution that fish feed must be developed which has a low environmental impact and which is sustainable in the long-term. In the GreenFeed project, researchers from RISE have succeeded in creating a single cell protein using residual products from the forestry industry. The technology, which builds on the fermentation of residue streams from the biorefinery Domsjö Fabriker, has been fine-tuned and adapted to a pilot scale. It has then been tested at the Biorefinery Demo Plant in Örnsköldsvik, where the indications are that it works well. Two Icelandic collaboration partners have produced various compositions of fish feed and successfully implemented these in feeding trials on Tilapia fish. The project has been awarded the EARTO Innovation Prize.



CASE: HEALTHY SAUSAGES COME FROM THE SEA

Together with the company Musselfeed, experts within RISE have developed a prototype for a new kind of healthy, environmentally-friendly delicatessen product from the depths – mussel sausage. The sausage uses healthy and environmentally-friendly ingredients, Swedish mussels, minced fish by-products, rapeseed oil and root vegetables. As mussels grow, they bind nitrogen and phosphorous – substances which are not desirable in the sea. When the mussels are harvested, these substances are also removed from the

water. The mussels are, however, completely safe for human consumption. Not only that, but they are rich in Omega 3 and protein. A climate comparison showed that mussel sausages' impact on the climate is around 80 per cent lower than that of a traditional frankfurter sausage.



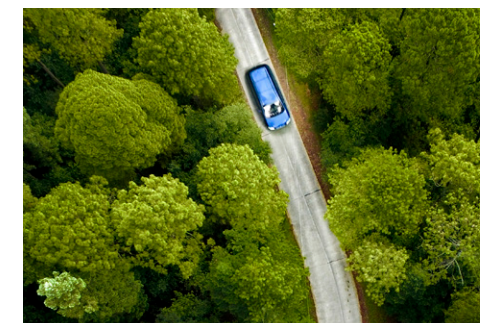
CASE: LONGER LIFE FOR DIGITALISED CHURCH

Gökhem church can be found in the Västra Götaland region. Its history is thought to stretch back to around the year 1,100, and it is probably one of Sweden's oldest churches. It has a unique wooden roof construction and the majority of the original structure is intact, in spite of its considerable age. The church receives many visitors every year, eager to peruse the well-preserved frescoes. With the help of laser scanning, RISE's researchers have digitalised the construction of the church. The whole building, right down to the most minute crack in the wall, now exists as millions of digital pixels, providing completely new possibilities compared to traditional metrology. For researchers and managers of cultural heritage, it is now considerably easier to carry out historical studies and technical analyses of the construction. The digitalisation can also be seen to comprise a form of conservation, partly through capturing the present state of this historical structure, and partly through its potential to provide a better understanding of the consequences of future environmental and economic adversity.



CASE: CHARGED ELECTRIC ROADS

Electric roads, or charged roads, can transmit electrical energy to vehicles trafficking the route. The technology may prove to be an important step towards eliminating fossil fuels from transport. The technology is currently being tested on certain public roads in Sweden, but how can it this be developed into large-scale adoption? What does the business ecosystem look like and how can the interface be standardised? These questions and others are being studied in the project "Research and development platform for electric roads". The project, which is managed and coordinated by RISE, will be closely aligned with the electric road demonstrations under way in Sweden. Industrial operators are involved both as partners in the project and as members in a substantial reference group.





CASE: A GLASS-HALF-FULL KIND OF SOCIETY

Sweden is world-renowned for its glass. For centuries, glass has been produced in the Småland region's "Kingdom of Crystal", which also means that hundreds of years' worth of glass has been sorted out, broken and thrown away at the glassworks.

The result is huge piles of old glass, some containing poisonous elements such as lead, arsenic and cadmium. The glass heaps are often located centrally, and the land cannot be used for any other purpose as long as the glass remains.

But now these glass heaps may be on their way out – not just in the Kingdom of Crystal, but wherever heaps of old, poisonous glass can be found. This is

thanks to a collaboration RISE and Ragn-Sells. A collaboration that converts old glass into new resources and which utilises the knowledge of both parties: Ragn-Sells knew everything there was to know about recycling, and about how the old glass could be raised from the land and cleaned of earth and roots, while researchers at RISE had found a way to melt glass and extract the heavy metals and poisons, which they wanted to test on a larger scale. It was a win-win-win situation: melted metals could be used in new products, the clean glass could be recycled, and the land could be used for nurseries, housing or some other function benefiting society.

The melted glass measures in at over 1,100 degrees when it leaves the oven, with a consistency somewhat like syrup. The researchers at RISE are under way with optimising an oven which can separate the heavy metals from the glass during the melting process, thus obtaining new raw materials.





With a mammoth technological breadth, unique cutting-edge expertise and advanced testbeds and demonstration facilities, RISE develops cross-boundary solutions to meet the major challenges facing the business community and society. In doing so, we are contributing to a sustainable future.

Sustainable operations are an integral aspect of RISE's strategy, business and approach to its operations. Our mission is to elevate research so that the business community and society gain access to new knowledge. Our offerings to customers and collaboration partners are characterised by future-proof solutions, and it is these offerings that represent our greatest opportunity to contribute to sustainable development.

RISE creates value for customers and partners by proposing independent solutions, by providing advice, and by prioritising sustainable and economically viable development opportunities. This means that we can also advise against solutions that are not sustainable, practical or appropriate.

Sustainable operations, for us, means running a company that is innovative and modern, and which takes responsibility for both its employees and its own impact on society.

It is an ongoing journey, in which constant improvements are the key to success. We are appraised by our customers, employees and owner every day, and our ambition is to life up to, and surpass, their expectations.

Maintaining a continuous dialogue with stakeholders is a substantial part of our sustainability work. As a research institute, our most important group of stakeholders consists of customers active in industry and society. Other major stakeholders are academia, public authorities, industry organisations, owners and employees.

We strive to ensure that we always responsive to our stakeholders – so that we can create benefits for society and industry in the long-term.

An international study providing valuable new knowledge for a sustainable future.

In order to obtain crucial knowledge about the development of industry and global trends, RISE continually monitors and analyses the external environment. One example of this is Global Outlooks, a future-oriented report series concentrating on bioeconomy. The third report in the series was released in 2016: A Cellulose-Based Society. The report addresses the conditions required for a conversion to a biobased, circular society. The report is the result of a comprehensive international survey, trends framing the development of key areas, and future scenarios describing various outcomes based on an analysis of critical factors of uncertainty. It was received widespread international recognition.



CASE: NO FROGS ON THE ROAD

The construction of AstaZero, a testing facility for active security, entails a significant impact on the surrounding nature. But much has been done to retain – and even develop – the conditions in which the fauna in the area can flourish. The water-lily pond for the protected frogs is a good example. The pond is equipped with a 480-metre

long barrier which effectively prevents our small amphibian friends from venturing on to the adjacent road. The pond also has two small structures to protect the frogs in both summer and winter. And the trout, who frequent the Nolån river winding through the area, have been given a fish ladder to facilitate their breeding patterns.

FOLLOW-UP AND REPORTING

State-owned companies are subject to specific, ambitious requirements, including requirements pertaining to the reporting and evaluation of sustainability work. The Company follows the Global Reporting Initiatives (GRI) G4 guidelines, an international framework for reporting sustainability work. Some of the companies integrated in RISE during 2016 have previously presented their own GRI reports.

Others have reported sustainability indicators to RISE, which has, as owner company, compiled an inclusive GRI report. During 2016, RISE has identified and implemented a common arrangement of aspects and indicators. The indicators are linked to RISE's strategic sustainability goals and are measured and followed-up on an ongoing basis. Read more in our sustainability report on page 46.

OUR SUSTAINABILITY GOALS

Sustainability is a central pillar of RISE's business concept. It is a natural part of our mission; to elevate research so that the business community and society gain access to new knowledge, and to contribute to the sustainable growth of Swedish trade and industry. Our sustainability goals help us to develop.

RISE has long worked with a particular focus on sustainability. In recent years, measures have been taken to further strengthen sustainability work, including a thorough materiality analysis to identify the areas in which RISE has the greatest potential to contribute to sustainable development.

We have identified and prioritised three areas in which we deem there to be the most potential for us to affect the environment we operate in:

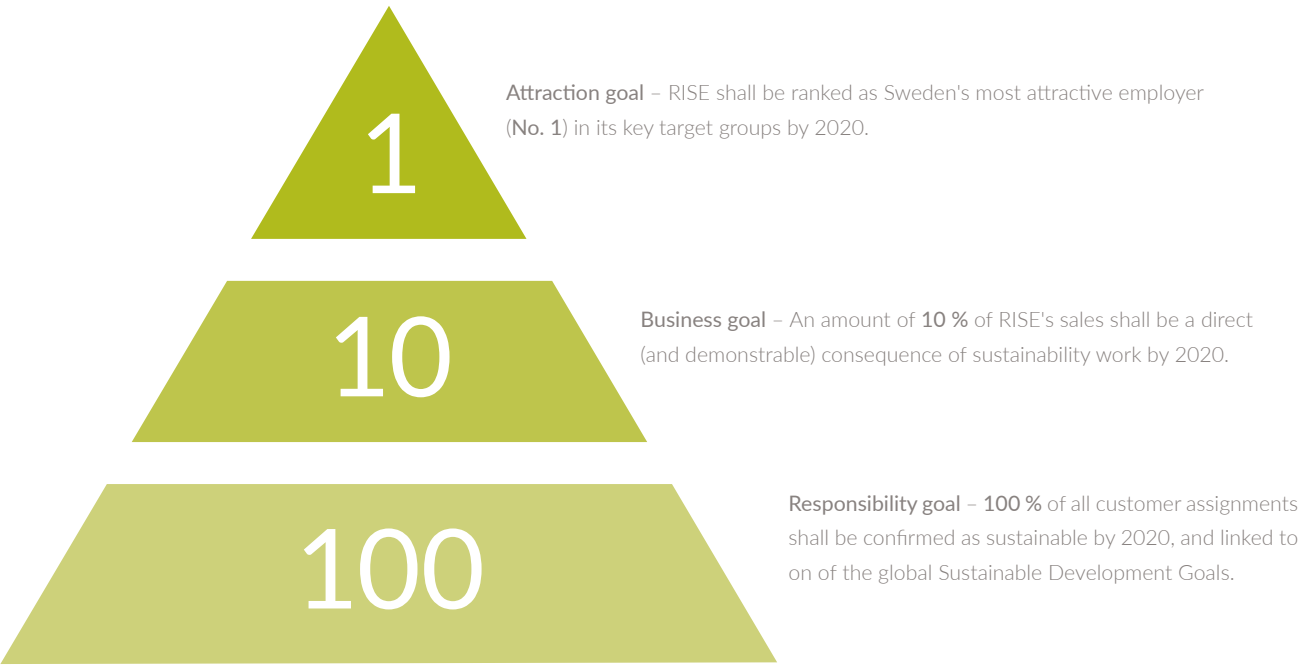
The offering – the effect of us understanding, developing and contributing to innovation for sustainable development and improved competitiveness.

The operations – our operations are conducted sustainably and with a long-term perspective.

Business relationships – we carry out our services responsibly.

Using these three areas as a starting point, RISE's Board of Directors has adopted three main strategic goals to apply to our operations, which also highlight the UN's Sustainable Development Goals as a means of clarifying RISE's contributions to sustainable development.

RISE's sustainability goals



In 2016, we have worked to develop a method to declare the sustainability of our customer assignments. The method will be implemented in 2017. Being able to describe, in detail, the sustainability of our projects will serve as confirmation of our contribution to these global goals. At the same time, we can be sure that we are

reducing the negative impacts on sustainability. The method is an important step towards fulfilling our owner's assignment and is a clear indicator of how RISE contributes to sustainable development. We also believe that the method will strengthen our focus on sustainability in meetings with customers and partners.

Global goals for sustainable development
At the UN Summit held on 25 September 2015, the General Assembly adopted 17 global goals and the 2030 Agenda for Sustainable Development. This means that the countries of the world have committed to eliminate extreme poverty, reduce inequality and injustice and solve the climate crisis by 2030. The 17 global goals are illustrated in the adjacent image. Read more at www.globalamalen.se



CASE: SUSTAINABLE EVENTS

RISE is the first in Sweden to certify management systems for sustainable events according to the standard ISO 20121 – which was introduced just prior to the London Olympics in 2012. These events may refer to sporting events and concerts or trade fairs and conferences. Some well-known certified events include: Vätternrundan – the world's largest recreational bike ride, the Göteborgsvarvet half marathon, and the music festival Way Out West.

The standard is intended to enable persons and organisations to ensure that they manage, organise and improve the execution of events in a manner that is sustainable, in terms of the environment,



society and economically. Reduced carbon dioxide emissions, improved security, increased accessibility and long-term safeguarding of available resources are some of the positive effects.

Our absolute most important asset is our team of proficient employees. Committed employees who are happy and who are constantly developing are critical for RISE's success, and for us to continue to create value for the business community and society.

Value work for a share company culture

During 2016, three institutes became one, to form a single, shared institutional group. This imposes significant demands on collaboration, leadership and value work. During the past year, comprehensive efforts have been put into defining a common set of values for RISE. In spring 2016, the three institutes were each subjected to a cultural analysis. This analysis indicated several shared denominators, which formed the foundations for RISE's guiding principles:

VALUE CREATION

Through our expertise and our services, we strengthen our customers' and partners' capacity for innovation and contribute to sustainable development.

COLLABORATION

We are inquisitive, visionary, innovative and have trust in each other. In collaboration with our customers and partners, we push established boundaries to develop new knowledge and competence.

INDEPENDENCE

Applying the utmost integrity in our research and operations generates legitimacy and confidence. We are non-partisan experts and create arenas for cooperation and collaboration. These guiding principles have been ingrained by means of a common dialogue process in which all employees have been able to participate. The Group's value work will continue throughout 2017.

Health and working environment

That our employees are satisfied, healthy and feel secure is a prerequisite for them to work well and continue to develop. RISE has well-established processes for its working environment work. Through safety representatives and safety committees, we constantly work to identify risks and improve our working environment. The past year has seen a high degree of merger and integration work. All change entails a certain degree of uncertainty and ambiguity, which affects us as individuals. Managers and supervisors play a key role in a change process. For this reason, we have actively worked to support managers and supervisors through numerous training schemes and initiatives within areas such as:

- leading in a process of change
- maintaining good health in a process of change
- building a culture of collaboration, a healthy approach to leadership.

Attracting talent

RISE's operations depends on the skills of its employees. Our long-term success is contingent on the continuous development of our people. At RISE, we recognise the importance of every single employee, coupled with their competence and experience. That's also why we don't think twice about offering our employees ongoing skills development training. We also provide the opportunities to engage in research studies at universities and colleges. A crucial factor in our ability to ensure that we have the top talent at our disposal is that RISE is able to continue to attract skilled employees. As a large institute, with a common brand, we have significantly



RISE's ethics policy
RISE's ethics policy is partly based on the UN's Global Compact, which presents 10 general principles for corporate social responsibility and touches on areas such as human rights, labour rights, the environment and anti-corruption. The ethics policy was adopted by RISE's Board of Directors in December 2016. The policy will be implemented in 2017.

Education levels	
Professors	102
Post graduates	728
Research students	103
Graduates	149

better chances of fulfilling our future recruitment needs. This is especially important considering that the competition for proficient employees within our target group is always increasing. We are highly ambitious. By the year 2020, we will be the most attractive employer for our target groups, thanks to:

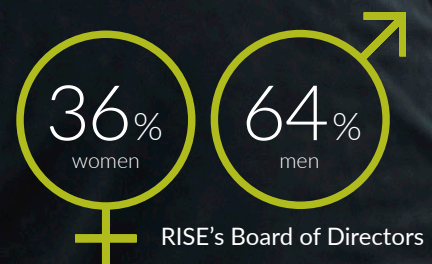
- a high level of knowledge and awareness of sustainable development
- specialist knowledge with extensive exchange of experience
- effective use of resources
- good physical and psychosocial working environment

- active work with equality and diversity
- a strategic plan to develop our offering as an employer for both current and future employees.

Social responsibility
Equality and diversity are the cornerstones for creating a dynamic and attractive workplace which understands the asset entailed by a wide variety of experiences and backgrounds. Therefore, it is of utmost importance to prevent all forms of discrimination at the workplace. RISE strives to be an attractive employer to all, regardless of gender, age, ability, cultural background, beliefs or sexual orientation.



Distribution by gender



2016 saw the formation of RISE – and saw Sweden gain a unified institutional group. This represents a historic step in the Government's ambition to bring together the Swedish institute sector. It also means that Sweden now has an industrial research institute which is better positioned to contribute to solutions to the challenges facing industry and society.

The roots of the Swedish institute sector stretch back to the turn of the previous century, when many research institutes concentrating on specific industrial segments first saw the light of day. Starting in the 1960s and over the next 20 years, the institute sector grew from a handful of actors to just over 30. Companies and organisations from various branches of industry and materials areas owned their institutes, with the majority managed in the form of foundations.

The relatively small institutes slowly diminished in power, as the priorities of research politics gradually shifted Government financing ever more towards academia. From the mid 80s, research policies began to recognise the benefit of strengthening development across the entire sector, one means of which being to introduce more State ownership. This issue was thoroughly investigated in the second half of the 1990s.

Institutes gain a more defined role in the innovation system

In 1997 the KOFI Inquiry presented its final report, Att utveckla industriforskningsinstitutet (To develop the industrial research institute (SOU 1997:16), together with a criteria list for a well-functioning institute. KOFI recommended the commercialisation of existing institutes to increase transparency and professionalism.

In the same year, the State formed the Knowledge Foundation and the owner company IRECO Holding, to gather together and manage the State's ow-

nership in industrial research institutes. The company's first task was to consult with owners and stakeholders and review these institutes' structures, then, where justified, to convert the foundations into commercial enterprises. This conversion process largely continued until 2002.

IRECO, supported by the holding company's governance tools, worked to develop the institutes and to implement an allocation system for Government contributions, the strategic competence development funds. IRECO strived to be seen as a strong common voice towards customers and decision-makers, thereby highlighting the strength of a united institute sector. A crucial task throughout these years was to clarify the unique role of the institutes in an efficient innovation system and to establish the relevance of the institutes for a competitive Sweden.

The owner afforded the institutes a greater role in the political research agenda when it became clear how the institutes' research, development and participation in innovation processes contributed to the development of trade and industry and benefited society. The global challenges imposed new demands on national innovation strategies and the institutes were acknowledged as important actors in the ambition to ensure a sustainable future for forthcoming generations.

A unified institute sector is created
Professor Sverker Sörlin highlighted the need for a unified institute sector in his investigation A new institute

A stronger, more distinct institute sector for Sweden
Sweden needs a nationwide, substantial innovation capacity to compete on the international arena for jobs and welfare, and to meet global challenges. The new RISE aims to be a part of a stronger Swedish institute sector which benefits trade and industry, as well as society.

*Swerea's industrial owners elected not to become part of the RISE Group or take part in the brand name change. Swerea operates as an independent associate within the Group under its own name and brand.

Assignment from the owner
The overarching goal for the research institutes gathered under the RISE Holding AB umbrella is to be internationally competitive and to facilitate sustainable growth in Sweden by strengthening competitiveness and innovation in the business community.

sector – an analysis of the conditions applying to industrial research institutes and their future from the perspective of business and innovation policies (2006), which received significant attention and increased the owners' demands regarding consolidation. An interdepartmental working group used the findings of Sörlin's investigation and summarised the Government's ambitions in an Action plan for a new institute sector (DS 2007:39).

In 2007, IRECO Holding became wholly-owned by the State and launched what was known as the Four-leaf clover, whereby institutes in related industries and with complementary operations were collected into four groups. Development on these four groups has continued to the present day. Innventia, SP Sveriges Tekniska Forskningsinstitut, Swedish ICT and Swerea.

One Group – One brand

In 2009, the next step was taken towards a more clearly defined uniform identity through the launch of a shared umbrella branding, RISE Research Institutes of Sweden, providing a single brand for use in communication with customers and financial backers, not least internationally.

EXPANDED ASSIGNMENT IN 2016

In autumn 2016, the Government presented the research bill for the period 2017–2020 "Cooperative knowledge – for the challenges of society and strengthened competitiveness". The proposed that RISE's duties and responsibilities should be developed. Among other things, the Swedish institute sector shall become more connected and coherent. The bill also recommends an increased focus on RISE's role as a developer of testbeds and

The owner company IRECO Holding became RISE Holding. In the same year, RISE Holding acquired all of the shares in SP Sveriges Tekniska Forskningsinstitut. The owner company was assigned to work together with the institute to drive a project to coordinate common functions where similar needs were identified. Cross-disciplinary projects within a number of research and innovation areas were also established during these years. RISE raised awareness of the institutes' role by establishing a clear profile in the innovation system.

The State, through the Ministry of Enterprise and Innovation, recognised the significant potential of a unified institute. In 2014, work together with the industrial owners of Swedish ICT, Innventia and Swerea, and parts of SP, began to investigate the circumstances for a merger into one single institutional group.

On 1 April 2016, RISE became the sole owner of Innventia and the companies within Swedish ICT, as well as the majority of companies making up SP. This new research institute has operated since the turn of the year under a shared Group name and brand – RISE*.

demonstration facilities and enhanced collaboration with academia, industry and the public sector.

RISE shall also continue to develop cutting-edge expertise within strategically important areas for the transformation of industry and the further development of small and medium-sized enterprises.

CORPORATE GOVERNANCE >



■ A WORD FROM THE CHAIRMAN

2016 saw a historic, strategic and well-prepared step being taken in the continued development of Sweden as a pioneer within research and innovation. The RISE venture should be seen as the extension of our shared innovation infrastructure, where small companies can become large companies, and where large companies can develop wherever they may be in the value chain.

Swedish companies are facing numerous challenges. Global competition, attracting and retaining talented personnel, and the increased demands of society and customers for complex and integrated products and services are factors that affect, in principle, everyone. Not least when it comes to digitalisation, the business community is in need of a total shift in perspective. And we have to be able to meet the needs and digital challenges of both large and small companies, offering both technical expertise and industry-specific knowledge. In 2016, we have gathered all of our competence under one roof, so that we can increase our ability to cross-fertilise our minds and develop the unexpected, innovative solutions that we need.

The demand for testbeds, both in terms of large-scale facilities and smaller resources, is enormous at the moment. In this regard, we, as a research institute, have an important part to play. We are one of very few actors with the ability to maintain development on the enormous resource that is testbeds and demonstration facilities with a long-term perspective and continuity. With us as owner, the facilities are available for use by all, whether that be academia or small to large companies. We also have a tradition, and long experience, of adapting and developing our testbeds over time to conform to our customers' demands.

RISE has been assigned a responsibility to develop the innovative capacities of small and medium-sized enterprises. That's why we have, from day one, focused on these companies' access to testbeds and demonstration facilities. Our ambition is to be able to meet companies' requirements

whatever stage of development they find themselves to be in. During 2016, we have reinforced our position in the innovation system by gathering even more talents under the RISE umbrella, and by opening up greater avenues for partnerships with new and existing customers in the form of our Business and Innovation Areas. Our operations are characterised by significant flexibility, and we are continuously developing new roles to meet our customers' needs – and to challenge them in areas which they may not even have identified as potential development areas. A strong general innovation climate is good for Sweden in many respects, for exports, for example, or for our ability to attract competence and international investment in commercial entities and in research.

As an independent research institute, RISE acts as the platform and driving force behind more wide-reaching collaborative initiatives. We cooperate with universities and colleges, small and large businesses, cities, regions and public authorities. The more competences and areas of expertise we can bring to the table, the greater the development potential.

In summary, 2016 has been a good year for RISE. The Group has experienced growth of just over 5 per cent, which is exceptional considering that 2016 was a year of integration. I feel fully confident in saying that it has also been the most important year of modern times thus far in the development of the Swedish research institute environment.

JAN WÄREBY

Chairman of the Board of Directors



Corporate Governance Report 2016
RISE Research Institutes of Sweden Holding AB

Corporate Governance for RISE Research Institutes of Sweden Holding AB (RISE Holding AB) is based on the State Ownership Policy and guidelines for State-owned companies, the Swedish Companies Act and the Swedish Corporate Governance Code. These guidelines build on the the "comply or explain" principle, meaning that RISE Holding AB provides explanations for each deviation from the Code. The Board is responsible for the organisation of the Company and the management of its affairs under the Swedish Companies Act. Corporate Governance pertains to maintaining a good level of transparency towards the owner so that this body can follow the Company's development and the development of the companies which the State, via RISE Holding AB, owns or influences.

The State's corporate governance requirements aim to ensure that State-owned companies act in an exemplary manner within the field of sustainable operations. The starting point is that the companies are to engage in their respective operations in such a way that these contribute to sustainable development. This is achieved by means of the balancing and unifying of economic, social and environmental sustainable development. This Corporate Governance Report describes the corporate governance within RISE Holding AB during the financial year 2016.

MISSION
The mission assigned to RISE Holding AB is stated in the Government's bills for research and innovation. In both the previous bill, Research and Innovation for 2013–2016, and in the most recent bill for the period 2017–2020, Cooperative knowledge – for the challenges of society and strengthened competitiveness (prop. 2016/17:50), the overarching goal for the research institutes gathered under the RISE Holding AB umbrella is proposed as being internationally competitive and facilitating sustainable growth in Sweden by strengthening competitiveness and innovation in the business community.

The most recent bill proposed that RISE's duties and responsibilities should be developed. Among other things, the Swedish institute sector shall become more connected and coherent. The bill also recommends the continued reinforcement of RISE's role as a developer of testbeds and demonstration facilities and enhanced collaboration with academia, industry and the public sector RISE shall also continue to develop cutting-edge expertise within strategically important areas for the transformation of industry and the further development of small and medium-sized enterprises. No distribution of profits from the Company to shareholders is set to take place.

RISE Holding AB is one of a group of State-owned companies whose societal

Deviations from the Code

Rule 2 on the appointment of Board members and auditors

The stipulations of the Code are primarily intended for public companies with a wide ownership base. RISE Holding AB deviates from the Code as its nomination process complies with the directives stated in the State Ownership Policy. Refer to the Nomination process section below.

Rule 4 on the Board of Directors' independence

Rule 4.5 states that a majority of the members of the Board are to be independent in relation to the company's major shareholders. In companies wholly-owned by the State, there are no grounds to report independence in relation to the owner. Refer to the Nomination process section below.

role is specifically designated by Parliament. The owner directives adopted at the annual general meeting held on 21 April 2016 stipulate the reporting requirements imposed on RISE Holding AB with regard to operations financed with strategic competence funds during 2016. A report is to be submitted to the Government offices on 31 March 2017.

ANNUAL GENERAL MEETING

RISE's annual general meeting was held on 21 April at World Trade Center in Stockholm, and included an open meeting seminar.

The general meeting of shareholders is the Company's highest executive decision-making body, and the forum at which shareholders formally exercise their influence. The annual general meeting is required to resolve on the adoption of the statement of profit or loss and the statement of financial position, as well as the appropriation of profit or treatment of loss. The meeting is also required to resolve on discharge from liability for the members of the Board of Directors and the CEO. Resolutions are also to be made on other matters incumbent on the meeting under law or the Articles of Association, such as the election of Board members and auditors, and fees payable to the Board of Directors and auditors.

In addition to the relevant rules in the Companies Act and the Code, the following principles apply to general meetings of shareholders in State-owned companies pursuant to the State Ownership Policy. These principles state that the annual general meeting is to be held no later than four months after the closing date. According to RISE's Articles of Association, notice of the meeting is to be provided via letter to shareholders and through an announcement in the Swedish National Gazette and on the Company's website, www.ri.se. Information regarding the provision of notice is to be announced in Dagens Industri.

Members of Parliament are entitled to attend general meetings of shareholders

and, when doing so, to pose questions. Information regarding the time and location of general meetings of shareholders is to be sent by post to Parliament's Central Bureau in conjunction with the notice of the meeting. The general public should also be invited to attend general meetings of shareholders in State-owned companies.

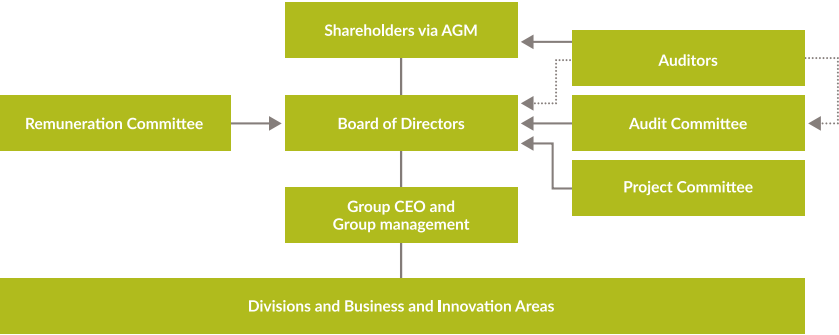
The annual general meeting of shareholders for 2017 will be held on 21 April.

NOMINATION PROCESS AND COMPOSITION OF THE BOARD OF DIRECTORS

The nomination process for members of the Board of Directors is coordinated by the Ministry of Enterprise and Innovation and replaces the standard Nomination Committee (deviation from the Code, see above). The nomination process in its entirety is detailed in the Government's State Ownership Policy. The election of auditor's also follows the principles stated in the State Ownership Policy.

The objective of the Government is that the composition of Boards of Directors in State-owned companies shall be appropriate to the company's operations, phase of development and other relevant circumstances. The Board members elected at general meetings of shareholders are collectively to exhibit diversity and breadth of qualifications, experience and background. Diversity aspects such as ethnic and cultural background are also to be considered. Sustainable operations are a key issue for the State as owner, and the Board of Directors is required to have the capacity to work strategically in this area.

The Articles of Association for RISE Holding AB stipulate that the Board of Directors and Chairman are to be elected at the annual general meeting of shareholders. The Board of Directors shall be composed of a minimum of five and a maximum of nine elected members, with no deputy members. The Articles of Association also stipulate that, in the event that the Chairman relinquishes his/her position





during the mandate period, the Board of Directors shall select the new Chairman to assume the position until such time as a new Chairman is elected at the annual general meeting of shareholders.

A resolution to amend the Articles of Association shall be passed at the annual general meeting of shareholders in accordance with applicable law. No further rules are applicable with regard to the Articles of Association.

All elected Board members are independent in relation to the Company. The Board members' independence in relation to the State as majority owner is not reported (deviation from the Code, see above).

THE BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors is elected at the

meeting for a mandate period of one year. At the beginning of the year, the Board of Directors was comprised of eight elected members, four men and four women. At the end of the second quarter, the former Chairman Pia Sandvik assumed the position of CEO for the Company, at which point in time the Board of Directors selected a new Chairman. Board member Sven Wird assumed the position of Chairman on 1 July. Subsequently, at the end of the year, the Board of Directors was comprised of seven elected members, three women and four men. At an extraordinary meeting of shareholders held on 23 January 2017, Jan Wäreby was elected Chairman, after which the Board of Directors was again comprised of eight members.

The Board of Directors includes three ordinary Employee Representatives with three deputies. The CEO is not a member of the Board of Directors.

RISE's Board of Directors and CEO

Back row from left: Pia Sandvik (CEO), Hasse Johansson, Anna Hultin Stigenberg, Jan Wäreby (Chairman), Mats Lidbeck, Sven Wird, Fredrik Winberg, Richard Reinius
Front row from left: Marie Westrin, Lazaros Tsantaridis, Anna-Karin Stenberg, Åsa Rudström

Members of the Board of Directors elected at the annual general meeting of shareholders:

JAN WÄREBY (D.O.B. 1956), Chairman of the Board of Directors since January 2017, Chairman of the Remuneration Committee and member of the Project Committee. Former Senior Vice President and Head of Sales & Marketing at Ericsson, previously Senior Vice President and Head of Multimedia Business Unit and Deputy CEO and Head of Sales and Marketing for Sony Ericsson Mobile Communications. Civil Engineer, Chalmers University of Technology. Chairman of the Board of Directors of Fingerprint Cards AB and member of the Board of Directors of Tobii AB and Agapi Boating AB.

ANNA HULTIN STIGENBERG (D.O.B. 1963), member of the Board of Directors since 2007, member of the Audit and Remuneration Committees. Senior Manager Technology, AB Sandvik Coromant. MSc, PhD Materials Science Chair of the Materials Science & Engineering Committee at SSF (Swedish Foundation of Strategic Research) Chairman of the Nomination Committee to the Board of Directors at EIT KIC Raw Materials eV.

HASSE JOHANSSON (D.O.B. 1949), member of the Board of Directors since 2015. Johansson Teknik & Form AB. Master of Science Electrical Engineering, Chalmers University of Technology. Chairman of the Boards of Directors of Dynamate Industrial Services AB, Vicura AB, Uniter AB and Lindholmen Science Park. Member of the Boards of Directors of Electrolux AB, Fouriertransform AB, Calix Group AB, Klippan Group AB, Skyllbergs Bruk AB and SEM AB. Adjunct member of IVA's Business Executives Council. I.

RICHARD REINIUS (D.O.B. 1967), member of the Board of Directors since 2013, Chairman of the Audit Committee until April 2016, member of the Audit and Project Committees. MBA, HHS. Senior Investment Manager, Ministry of Enterprise, Energy and Communications. Former corporate analyst, Ministry of Enterprise, Energy and Communications and previously stock market analyst, CSFB, London. Member of the Boards of Directors of AB Bostadsgaranti, Fouriertransform AB and Apoteksgruppen Holding i Sverige AB.

ANNA-KARIN STENBERG (D.O.B. 1956), member of the Board of Directors since 2015, Chairman of the Audit Committee since April 2016, member of the Remuneration Committee since August 2016. Vice President Head of Corporate Control, Telia Company AB. Former CFO at Praktikertjänst AB, CFO at Vattenfall Nordic, Business Controller at Atlas Copco, Business Controller at ABB, within Corporate Research and other areas. MBA, International Economics/Marketing, Linköping University Member of the Nomination Committee to Skandia's assembly.

MARIE WESTRIN (D.O.B. 1958), member of the Board of Directors since 2011, member of the Project Committee. VP, Head of Product Performance, GF Strategy and Technology, Ericsson AB. MSc Applied Physics and Electrical Engineering, Data Technology, Linköping University Honorary Doctor at Linköping University Member of the Board of Directors in LIU Holding AB and ordinary member of the Board of Directors in Faculty of Science and Engineering, Linköping University

FREDRIK WINBERG (D.O.B. 1949), member of the Board of Directors since 2015, member of the Project Committee. Self-employed consultant. Former CEO of CEMENTA, Director Sales Northern Europe at Heidelberg Cement Group. MBA Chairman of the Boards of Directors of Swedish Building Material Producers Association and Biteam AB. Member of the Board of Directors of Oxeon AB and deputy member of the Board of Directors of the Confederation of Swedish Enterprise. Member of IVA's Business Executives Council.

SVEN WIRD (D.O.B. 1951), member of the Board of Directors since 2015, Chairman of the Board of Directors and Chairman of the Remuneration Committee July 2016 – January 2017, Chairman of the Project Committee since July 2016, former member. S Wird Consulting AB. Former Senior Vice President, Group Technology, Holmen AB. Master of Science Chemistry, Chalmers University of Technology. Member of the Boards of Directors of Sveaskog AB, Melodea Ltd and Nordiska Virkesbörsen AB.

Employee Representative, ordinary:

MATS LIDBECK (D.O.B. 1961), Employee Representative, member (ordinary) since April 2014. Auditor of management systems for environment and quality and verification of emission reports for carbon dioxide, RISE Certification. BSc Electrical Engineering, Measurement and Quality Technology, BSc Forest Management Member of Nejlikan 1 Parkerings AB, Deputy Chairman of Union club at RISE and member of the Regional Board SjuHall Unionen.

ÅSA RUDSTRÖM (D.O.B. 1959), Employee Representative, member (ordinary) since April 2016. Senior Researcher at RISE SICS. PhD Human-Machine Interaction, Stockholm University. Employee Representative on the Board of Directors for Swedish ICT Research AB and RISE SICS AB.

LAZAROS TSANTARIDIS (D.O.B. 1959), Employee Representative, member (ordinary) since April 2016. Researcher into timber construction, RISE Built Environment, Chairman of SP SACO union. MSc (Applied Physics, Linköping University), D.Tech. Construction Materials (KTH).

Employee Representative, deputy:

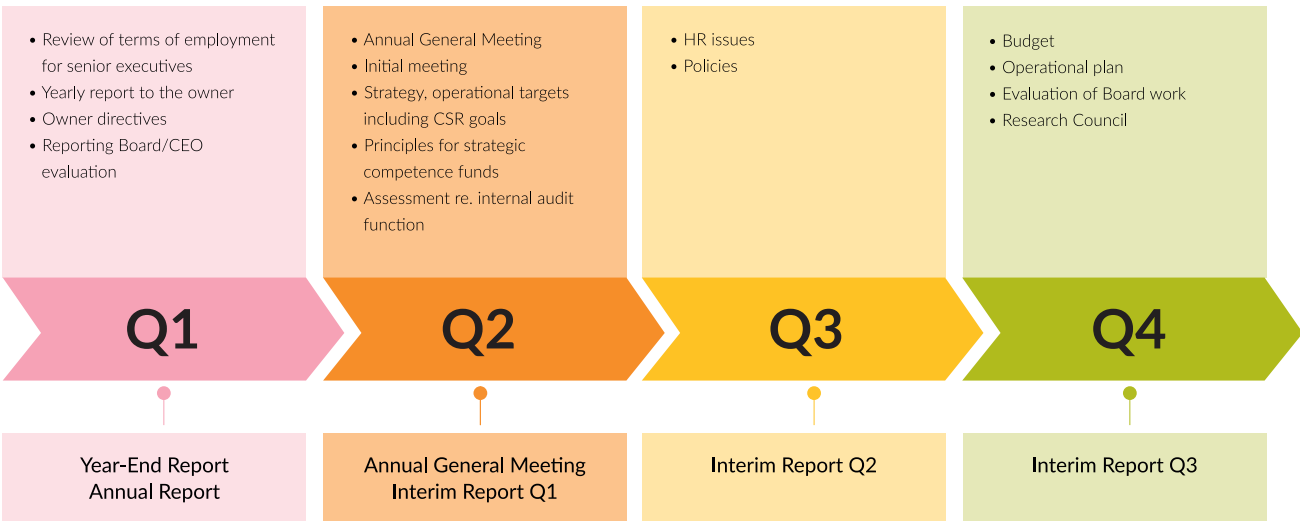
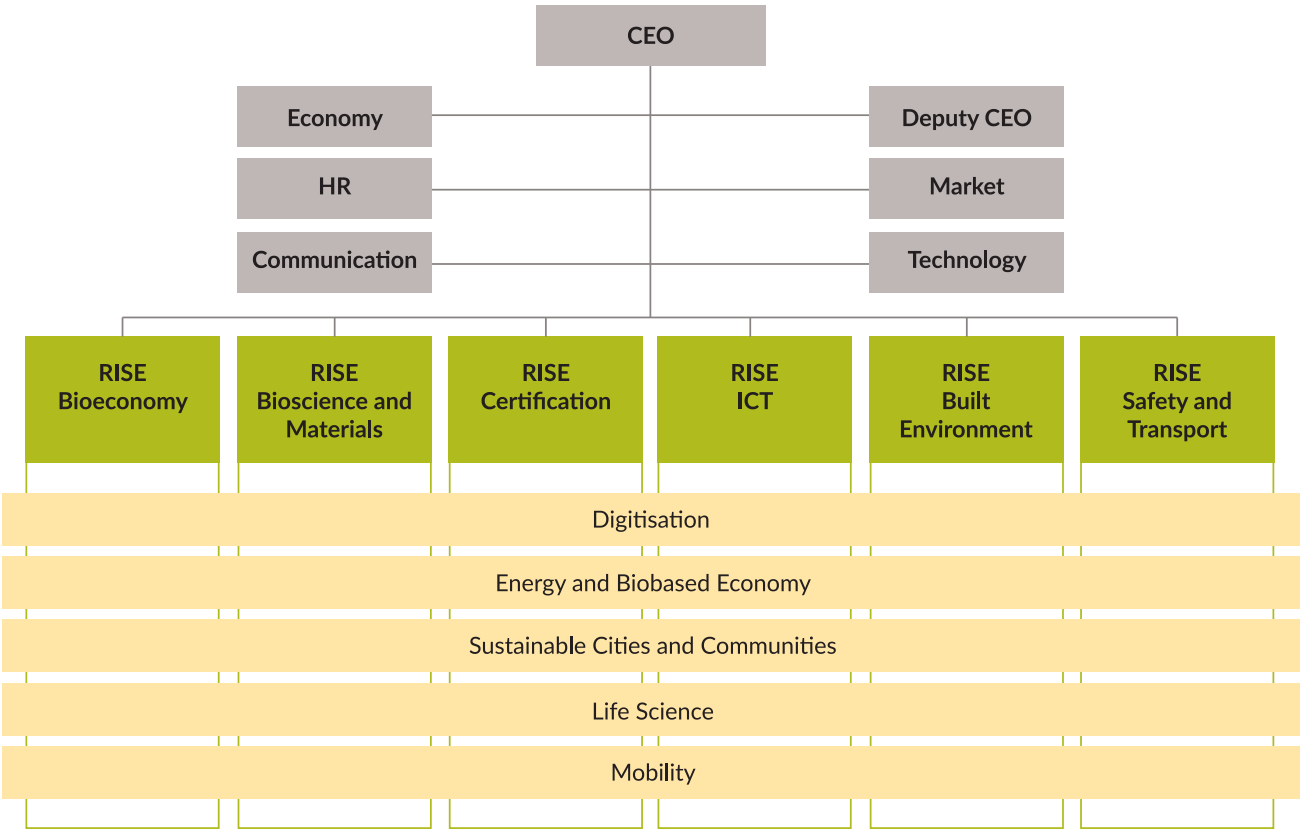
LINDA IKATTI (D.O.B. 1972), Employee Representative, member (deputy) since 2015. Testing Engineer in construction physics at RISE Built Environment, Chairman of Union club at RISE. Engineer, Sven Eriksonsgymnasiet, Borås. Chemistry, University of Borås. Deputy member of the Board of Directors of Borås Stad Textile Fashion AB, deputy member of the Borough Council, West, and second deputy Chairman of the Nursery School Commission, Borås.

EWA LIE (D.O.B. 1962), Employee Representative, member (deputy) since January 2017. Senior Researcher at RISE Bioeconomy, Product Safety group. MSc Chemical Engineering, Biotechnology, Lund University. PhD Biotechnology, Dissertation title 'Limiting factors in biological nutrient removal from wastewater', Lund University. Quality System Manager for accredited operations at Innventia. Employee Representative on the Board of Directors for Innventia AB. Board Representative in Harge Highway Association.

FREDRIK LINDBERG (D.O.B. 1974), Employee Representative, member (ordinary) since April 2016, former member (ordinary) since 2014. Senior Researcher in metallography at Swerea KIMAB AB. PhD Structural Chemistry, Stockholm University.

Employee Representatives having left the Board of Directors during the year are **ANNE ANDERSSON**, **ANNA MALMSTRÖM** and **LARS WALLBÄCKS**.

- RISE is organised into six Divisions.
- RISE's five Business and Innovation Areas span over all Divisions.



FORMAL WORK PLAN FOR THE BOARD OF DIRECTORS

The Board of Directors is to manage the affairs of the Company in the interests of the Company and its owners. In addition to applicable laws and recommendations, the work of the Board of Directors is governed by the formal work plan for the Board of Directors. The formal work plan is reviewed on an annual basis and adopted by means of a Board resolution.

The formal work plan regulates the division of responsibilities between the owner and the Board of Directors, between the Board of Directors and the CEO, and the form of Board work, the number of meetings, authorised signatories, authorisation hierarchy and information pertaining to the Board Committees.

Scheduled Board meetings are to be held in accordance with the outline plan stipulated in the formal work plan. This plan states the periods during which meetings are to be held, as well as the matters to be addressed at each respective meeting, such as the annual financial statements, interim financial statements, strategy issues, allocation principles for strategic competence funds, business plan and budget, as well as the overview and appointment of members of RISE's Research Council, which will begin its activities in 2017. Other matters to be addressed by the Board on an annual basis are HR issues and an overview of policy documents resolved on by the Board.

At least one ordinary Board meeting should, pursuant to the formal work plan, be convened at one of the operating facilities within RISE, and is to be combined with a visit to that facility.

Prior to the start of each calendar year, the Board of Directors is to establish a preliminary programme of meeting dates and locations. An initial meeting is held after the annual general meeting at which resolutions are passed on authorised signatories, the formal work plan for the Board of Directors, the terms of reference to the CEO, autho-

risation instructions and a plan for ordinary Board meetings during the year.

The Board of Directors is to propose to the annual general meeting guidelines for remuneration and other terms of employment for the CEO and senior executives. Any significant engagements held by the CEO outside the Company are subject to the approval of the Board of Directors. The CEO is responsible for ensuring that the Board of Directors is notified of any such engagements.

WORK OF THE BOARD OF DIRECTORS

The Board of Directors initiated in autumn 2014 a comprehensive analysis and strategy project together with the RISE Institute's joint owner which resulted in a consensus on a number of improvements and a new organisational and influence model. The purpose was to facilitate a strategic influence for industry at several levels, and to clarify the RISE Institute's offering. Swerea's joint owner elected not to take part in this project.

An agreement was reached to transfer the ownership of the institute and, on 1 April 2016, RISE purchased the shares in Innventia, Swedish ICT and the subsidiaries in SP (JTI, CBI and Glafo) from their former industrial owners.

Summary of the work of the Board of Directors during 2016

- Acquisition of the industrial owners' shares.
- Governance issues in the new Group.
- Resolutions on the new organisation, with Divisions, Business and Innovation Areas and shared Group functions.
- Sustainability work.
- Model for distributing State contributions.
- Group name and brand issues.

The Board of Directors convened 18 times during the year. Five of these were telephone meetings. In accordance with the formal work

plan for the Board of Directors, members are provided with printed supporting material concerning the matters to be addressed prior to every Board meeting. The material includes the CEO's written report on current operations. Executives within RISE Holding AB participate in Board meetings to report on specific points and as secretary.

ATTENDANCE AND BOARD FEES

Remuneration to the Board of Directors as resolved by the 2016 annual general meeting is SEK 120,000 per year to the Chairman and SEK 60,000 per year to other members. The Chairman of the Audit

Committee is paid a fee of SEK 30,000 per year and SEK 20,000 per year is paid to other members. The Chairman of the Project Committee is paid a fee of SEK 90,000 per year and SEK 60,000 per year is paid to other members. These fees remain unchanged compared with 2015. No fees are payable to employees of Government offices or to Employee Representatives. The total remuneration to the Board of Directors is presented in the Company's annual report.

Attendance at Board and Committee meetings is presented in the table below.

Attendance and Board fees for the Board of Directors 2016

Bord of Directors

Name	Function in the Board of Directors	Attendance	Fee
Pia Sandvik	Chairman Jan-June 2016	11/12	60 000
Sven Wird	Member Jan-June, Chairman July-Dec 2016	18/18	90 000
Anna Hultin Stigenberg	Member	17/18	60 000
Hasse Johansson	Member	15/18	60 000
Richard Reinius 1)	Member	16/18	
Anna-Karin Stenberg	Member	16/18	60 000
Marie Westrin	Member	17/18	60 000
Fredrik Winberg	Member	17/18	60 000
Mats Lidbeck 1)	Employee Representative	16/18	
Lazaros Tsantaridis 1,2)	Employee Representative	10/10	
Åsa Rudström 1,2)	Employee Representative	9/10	
Fredrik Lindberg 1)	Employee Representative, deputy from April 2016	16/18	
Anne Andersson 1,3)	Employee Representative	8/8	
Linda Ikatti 1)	Employee Representative, deputy	18/18	
Anna Malmström 1,3)	Employee Representative, deputy	7/8	
Lars Wallbäcks 1,4)	Employee Representative, deputy	16/18	
Total			450 000

1) No fees are payable to employees of Government offices or to Employee Representatives.
2) New Employee Representative as of 28 April 2016.
3) Relinquished role 21 April 2016.
4) Relinquished role 31 Dec 2016.

Committee

Name	Audit Committee, function	Attend- ance	Fee	Remuneration Com- mittee, function	Attend- ance	Fee 2)	Project Committee, function	Attend- ance	Fee
Anna-Karin Stenberg	Chairman Apr-Dec	5/5	20,000	Member Aug-Dec	1/1				
Anna Hultin Stigenberg	Member	7/7	20,000	Member Apr-Dec	3/3				
Richard Reinius 1)	Chairman Jan-Mar, Member Apr-Dec	7/7		Member Jan-Apr	0/0		Member	17/18	
Pia Sandvik				Chairman Jan-June	1/1		Chairman Jan-July	13/13	45,000
Sven Wird				Chairman July-Dec, Member Jan-Apr	3/3		Chairman Aug-Dec, Member Jan-July	16/18	72,500
Marie Westrin				Member Jan-Apr	0/0		Member	18/18	60,000
Fredrik Winberg				Member Jan-Apr	0/0		Member	16/18	60,000
Mats Lidbeck 1)							Member	13/18	
Total			40,000			0			237,500

EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS AND CEO

A regular and systematic evaluation forms the foundation for the assessment of the performance of the Board of Directors and CEO, and for the continued development of their work.

On the initiative of the Chairman an evaluation is undertaken each year of the work of the Board of Directors and CEO, enlisting assistance from external specialists if this is deemed necessary. The evaluation for 2016 took place with the help of an online survey tool. The Chairman has subsequently led the feedback and discussion process for the entire Board of Directors. The evaluation focuses on whether the Board of Directors concentrate on the most pertinent issues, and in the right manner, as well as on relationships, forms of work and competence. The evaluation aims to enhance the Board of Directors' forms of work and efficiency. The compiled results of the Board evaluation is reported to the Government offices. The CEO evaluation also took place with the help of an online survey tool. The Chairman has subsequently reported the results to the Board of Directors and provided feedback to the CEO.

AUDIT COMMITTEE

In order to improve and enhance the efficiency of work concerning risk assessments, internal control, external reporting and auditing, the Board of Directors has established an Audit

Committee. The Committee assists the Board of Directors in assuring the quality of the financial reporting. The Audit Committee is a preparatory organ whose proposals are submitted to the Board of Directors. The duties of the Audit Committee are detailed in the Formal work plan for the Board of Directors. The Audit Committee convened seven times during the year. Information from the Committee meetings is presented to the Board of Directors at the following Board meeting and the minutes are provided to all Board members. The members of the Committee are presented in the table above.

REMUNERATION COMMITTEE

A Remuneration Committee is responsible for the preparation of matters regarding guidelines for remuneration and other terms of employment for the CEO and other executives, as well as for preparing matters regarding general salary levels for senior executives. The so-called grandfather principle applies in the appointment of senior executives, i.e. the CEO consults with the Chairmen of the Remuneration Committee/Board of Directors.

The Remuneration Committee convened three times during the year. Information from the Committee meetings is presented to the Board of Directors at the following Board meeting and the minutes are provided to all Board members. The members of the Committee are presented in the table above.

1) No fees are payable to employees of Government offices or to Employee Representatives
2) No fees are payable to members of the Remuneration Committee

PROJECT COMMITTEE

The Project Committee is intended to serve as a support and preparatory function for integration work within RISE, which follows an overall plan approved by the Board of Directors. During the year, the Project Committee has played an active role in conjunction with efficiency work on the legal and organisational structure and with the implementation of the integration programme.

The Project Committee convened 18 times during the year. Information from the Committee meetings is presented to the Board of Directors at the following Board meeting and the minutes are provided to all Board members. The members of the Committee are presented in the table above.

RESEARCH COUNCIL

During 2016, the Board of Directors planned for the inauguration of a Research Council in RISE, the members and Chairman of which are to be appointed by the Board of Directors following proposals from RISE and industry. The main responsibilities and duties of the Research Council are to provide guidance to the Board of Directors in the establishment of cross-function venture projects, in the distribution of venture funds and in strategic issues regarding the direction of research, and in issues prioritised by trade and industry, as well as to provide advice and support and to manage certain contemporary research matters. The Research Council will begin its activities at the beginning of 2017. The Council is reviewed on an annual basis, usually in conjunction with RISE's final Board meeting for the year.

The Board of Directors is to monitor the work of the Research Council, with minutes of meetings being provided to Board members and presented at the following Board meeting.

MANAGEMENT

PIA SANDVIK (D.O.B. 1964), CEO. Former CEO at Länsförsäkringar Jämtland, President at Luleå University of Technology. MSc (Mechanical engineering, Linköping University) PhD and docent

in Quality Control Technology. Other engagements: Deputy Chairman of IVA's Business Executives Council. Member of the Board of Directors of the Swedish Entrepreneurship Forum.

OLOF SANDÉN (D.O.B. 1962), Deputy CEO. Former Senior Vice President at Bactiguard, Executive Vice President at Elekta, Trade Commissioner at Business Sweden and consultant at Boston Consulting Group. MSc (Chalmers/ETH, Zürich). Other engagements: Chairman of the Board of Directors of Scandidos AB. Member of the Boards of Directors of Micropos AB, Unisport-Saltex Oy and Swerea AB. Member of the Advisory Board, Wistrand Advokater.

JOHANNA FLANKE (D.O.B. 1975), Director of Human Resources. Former Vice President Human Resources at Volvo Group Sweden, HR Director at Volvo IT Sweden and several other HR management positions within the Volvo Group. Human Resource Management and Economics, Karlstad University. Other engagements: Member of the Board of Directors of International School of the Gothenburg Region.

MARIANNE GRAUERS (D.O.B. 1963), RISE Built Environment Division Manager. Former NCC AB, VTI (the Swedish National Road and Transport Research Institute), Swedish Transport Administration and CEO of Glafo AB (Glass Research Institute). PhD (Chalmers). Other engagements: Member of IVA's Building and Construction Division.

SYNNÖVE HELANDER (D.O.B. 1960), CFO. Former CFO at Sahlgrenska University Hospital, CFO at Pininfarina Sverige AB and a number of management roles within Volvo Cars. MBA, International (Gothenburg University).

LEIF LJUNGQVIST (D.O.B. 1953), RISE ICT Division Manager. Former CEO at Acreo, experience from a number of start-ups operating in the field of new technologies as working Chairman and Board member, as well as CEO positions in various sectors of Swedish industry. MBA (Uppsala University). Other engagements: Chairman/Partner in Spaden Affärsutveckling AB and Comstrat Consulting AB. Member of the Board of Directors of Tailtrade.

JOHN RUNE NIELSEN (D.O.B. 1968), CMO, RISE Certification Division Manager. Former Acting CEO at Sveriges Tekniska Forskningsinstitut AB, deputy CEO and CMO at SP and various other management and research positions at SP. PhD (NTNU/Sintef AS). Other engagements: Member of the Boards of Directors of University of Borås and Borås Näringsliv. Chairman of the steering committee of Science Park Borås.

YVONNE NÄSTRÖM (D.O.B. 1962), Director of Communications. Former Director of Trade & Industry at Uppsala Municipality, Director of Communications at AstraZeneca and Head of Global CSR at AstraZeneca. Previously various management positions within marketing and sales at AstraZeneca Sverige AB. Pharmacist (M.Sc. Pharmacy, Uppsala University). Other engagements: Member of the Board of Uppsala Innovation Centre.

MARGARET SIMONSON McNAMEE (D.O.B. 1965), CTO. Former Deputy CEO and CTO at SP Sveriges Tekniska Forskningsinstitut AB and various management positions at SP 1999-2014 and researcher at SP. PhD (Chalmers). Other engagements: Member of the Board of Directors of SIO Grafen, Foundation for Swedish Textile Research and STRIM. Member of the Science Council at the Swedish Civil Contingencies Agency. Secretary at IAFSS – The International Association for Fire Safety Science.

BIRGITTA SUNDBLAD (D.O.B. 1957), RISE Bioeconomy Division Manager, CEO of Innventia. Formerly various positions within the business community, SCA and Akzo Nobel with a focus on product development, research and innovation. MSC (Chemical Engineering, KTH). Other engagements: Member of the Boards of Directors of Stiftelsen Nils och Dorthi Troedsson Forskningsfond and Stiftelsen Gunnar Sundblads Forskningsfond. Member of the Boards of Directors of ETC, Processum, KTH Holding, Chairman at PFI, deputy Chairman of IVA's Division VIII.

PERNILLA WALKENSTRÖM (D.O.B. 1969), RISE Bioscience and Materials Division Manager. Former deputy CEO and Division Manager at Swerea IVF, various management positions at IFP Research AB, Swerea IVF AB and researcher at IFP Research AB. PhD (Chalmers) and adjunct professor at Swedish School of Textiles, University of Borås.

PETHER WALLIN (D.O.B. 1957), RISE Safety and Transport Division Manager. Former CEO at AstaZero, Aero Maintenance AB, Omninova Vehicle AB, Omni Nova Composite AB and EuroMaint AB, Head of Unit at Volvo Cars and deputy CEO at Hydro Raufoss Automobile. Civil Engineer (Chalmers). Other engagements: Chairman of the Boards of Directors of Consat Engineering AB and Tetrafix AB.

EXTERNAL AUDITORS

The auditors are assigned to review RISE's financial statements, accounting records and consolidated financial statements, as well as the management of the company by the

Board of Directors and CEO, on behalf of the shareholders. The Auditor-in-Charge also submits and auditor's report to the annual general meeting. According to the Articles of Association, RISE Holding AB is to engage one or two authorised public accountants, with or without deputy auditors, or a registered audit company to perform the audit activities on behalf of the shareholders.

The annual general meeting 2016 elected KPMG as the Company's auditor for a period of one year, ending in conjunction with the conclusion of the annual general meeting 2017, with Anders Malmeby as Auditor-in-Charge. Anders Malmeby, MBA, Authorised Public Accountant and Partner in KPMG.

INTERNAL CONTROL AND RISK MANAGEMENT REGARDING THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2016

The Board of Directors' responsibilities for internal control and governance are regulated in the Swedish Companies Act, the Swedish Annual Accounts Act and in the Code.

BOARD OF DIRECTORS' REPORT ON INTERNAL CONTROL

The Board of Directors' report on internal control for 2016 in the Corporate Governance Report describes the manner in which internal control is organised at the Parent Company level and in the Group.

The routines for the Board of Directors internal control comprise of the management system with organisation, decision-making channels, powers and responsibilities, which are reported in the governing documents for the Company and/or in the subsidiaries included in the Group. Active work with corporate governance is a part of the Board of Directors' control function.

The most important parts of the control environment with regard to financial reporting are addressed in governing documents/policies and processes regarding accounting and financial reporting. These governing documents are

regularly updated to ensure that all amendments to laws and accounting standards, e.g. IFRS, are applied within the Group. Certain policies are issued for the RISE Group (including the associate Swerea), such as the Government grant policy, IPR policy and Tech Transfer policy, while others, such as the VAT policy, are issued solely for the Group.

RISK ASSESSMENT

The RISE Group is exposed to both internal and external risks. One prerequisite to facilitate the assessment of these risks is that set goals have been determined. Risk assessment essentially entails identifying and analysing risks which may lead to difficulties in achieving the set goals. Overarching risk assessments are made on an ongoing basis, to enable the implementation of measures to manage any risks arising, whenever required.

CONTROL ACTIVITIES

Control activities consist of routines and processes ensuring that directives are performed and that set control goals are achieved in the management of material risks. With the exception of control of compliance with Group policies, control activities primarily take the form of active participation in the Group companies' Boards of Directors. The Parent Company's Deputy CEO and the respective Division Managers are members of the Boards of Directors in the subsidiaries and associates.

The Parent Company's Board of Directors continuously monitors the Company's financial situation and the financial reports for the Company, and consults with the auditors on complex accounting matters.

INFORMATION AND COMMUNICATION

In order to achieve an effective, accurate dissemination of information both internally and externally, all parts of the RISE Group are required to communicate and exchange relevant information. The sharing of appropriate information and communication is necessary

for the proper function of the internal control systems and to ensure that employees are able to perform their work duties well. In 2016, internal communication has placed extra focused on supporting the change and integration process. The Board of Directors, through the CEO, is responsible for ensuring that the external financial information is appropriate and accurately reported.

RISE's website, www.ri.se, constitutes a part of the Group's information sources, and represents a channel where relevant, up to date information is reported. Further information on RISE Holding AB's corporate governance is available from the website.

FOLLOW-UP

Compliance with and efficiency in internal controls is followed up on an ongoing basis by both the Board of Directors and management. Follow-up is an integral part of the continued operations and is an intrinsic constituent of management's work duties. Deficiencies in internal control are to be reported to an individual's immediate superior, with serious flaws reported to the Board of Directors. The Company's economic status and strategy with regard to its financial position is addressed at each Board meeting. The Audit Committee fulfils an important function by ensuring that control activities for material risk areas are in place.

INTERNAL AUDIT

The Company has a firmly established governance and internal control system, but does not have a separate internal audit function. With the assistance of the Audit Committee, the Board of Directors follows up the Company's assessment of internal control, by means including contact with the Company's auditors. The Board of Directors' assessment is that the follow-up procedures described above are sufficient to ensure the effectiveness of the internal control. The Board of Directors reassesses every year whether an internal audit function is deemed necessary.

CORPORATE GOVERNANCE REPORT

Stockholm, 21 March 2017

JAN WÄREBY
Chairman

ANNA HULTIN STIGENBERG
Board Member

MATS LIDBECK
Employee Representative

ÅSA RUDSTRÖM
Employee Representative

LAZAROS TSANTARIDIS
Employee Representative

FREDRIK WINBERG
Board Member

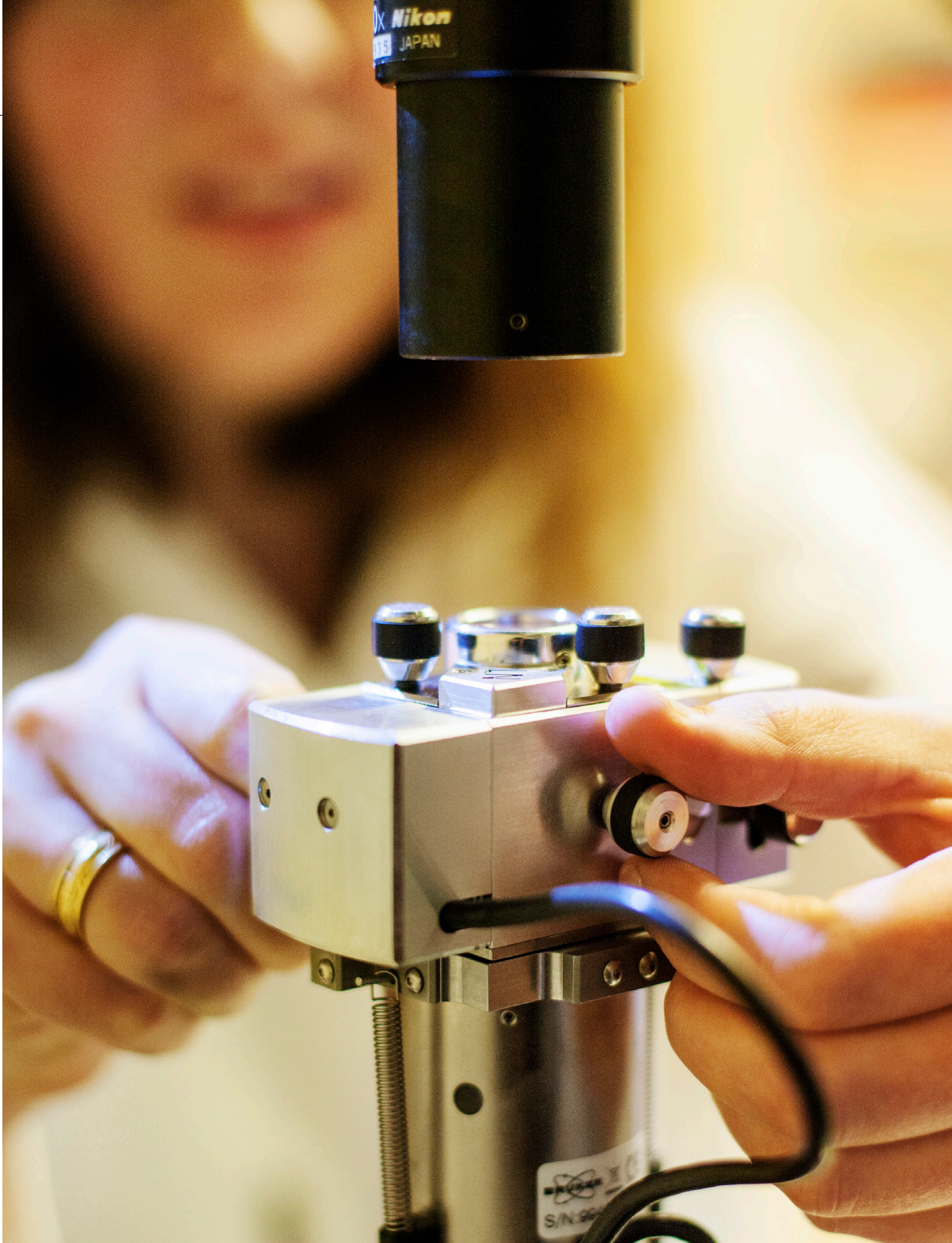
HASSE JOHANSSON
Board Member

RICHARD REINIUS
Board Member

ANNA-KARIN STENBERG
Board Member

MARIE WESTRIN
Board Member

SVEN WIRD
Board Member





SUSTAINABILITY REPORT >

About the report

The sustainability report refers to pages 18-21 and 46-61 of RISE's Annual report and sustainability report 2016.

REPORTING

This sustainability report has been prepared in accordance with Global Reporting Initiatives (GRI) G4 guidelines, Core level. For more information on the GRI frameworks, refer to www.globalreporting.org.

RISE Holding AB's most recent sustainability report was underpinned by the GRI guidelines. The report covered primarily the Parent Company, although a general overview of the subsidiaries' sustainability work and sustainability impact was also presented. Several of the subsidiaries also prepared their own sustainability reports.

The report for 2016 is the RISE Group's first common sustainability report. As there are no existing common reports, it has not been possible to present relevant comparative figures from previous years. The reporting routines will be improved during 2017.

Reporting is planned to take place on an annual basis, once per calendar year.

Given that the Parent Company, RISE, and some of the companies in the RISE Group have previously presented sustainability reports prepared according to GRI, the requisite routines are in place. The routines have long been improved and refined in the companies which have presented sustainability reports. However, as several companies have only reported to a general degree in RISE's sustainability report, there exist significant discrepancies in the reporting routines in place in different parts of the Group, those referring to travel data, for example, whereby certain parts of RISE are unable to specify the scope of travel within the respective company, or energy consumption, whereby certain parts of RISE which operate from rented

premises cannot provide specific data. Work to coordinate reporting procedures has been initiated during 2016, such as the collection of common data for calculating GRI indicators. This work will continue during 2017.

In order to achieve increased transparency and credibility, RISE has elected to submit the sustainability report to eternal review by KPMG.

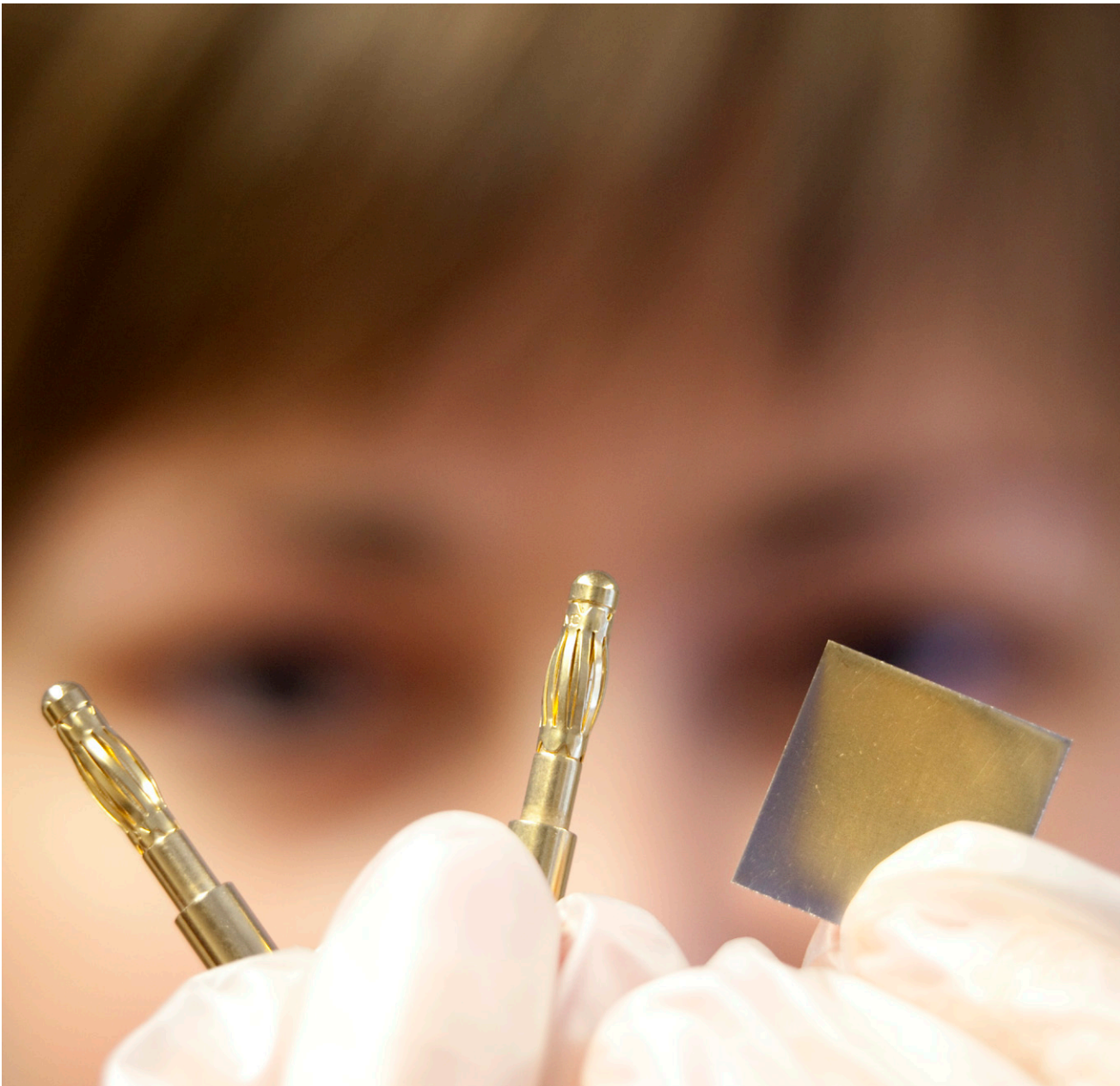
MAPPING AND PRIORITISATION OF CONTENT

The starting point for the content of the report is RISE's own assessment of which operations have the most substantial impact on society, economy and the environment. A key aspect of this is dialogue with stakeholders. The most important stakeholders: customers, research funders, collaboration partners, suppliers, owners and employees have, through various channels, been given the opportunity to state what they consider important in RISE's sustainability work. The final selection is then determined on the basis of a shared discussion in RISE's CSR group. This final selection also weighs in environmental enquiries and knowledge from previously reported GRI indicators. This is due to the importance of enabling an overview of changes over time.

This report does not include exhaustive details on operations conducted abroad. This pertains to, for example, reporting of waste, travel and energy consumption, although employee data such as number of employees is included. Small localisations with fewer than 15 employees, without laboratory operations, are also not included in the report.

CONTACTS

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Director of Human Resources
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RISE is primarily a service provider. The Group is mainly active in the Nordic region, above all in Sweden. Suppliers used are usually local actors. For larger purchases, potential suppliers for the specific deal are evaluated. Several of the companies within RISE have undertaken evaluations of their suppliers, although an overall evaluation has not yet been carried out for the Group

as a whole. At present, a project is under way for the procurement of systems support for supplier assessments. The project will be completed in 2017. The Swedish Public Procurement Act is applied by the Parent Company, RISE Holding AB. During 2017, the application of this Act will gradually be rolled out through the entire Group.

Stakeholder dialogue, ethics and governance

STAKEHOLDER DIALOGUE

The companies in the RISE Group have long worked with sustainability issues. The overall perception of stakeholder interests has been combined with previously conducted stakeholder dialogues. The materiality analyses carried out in all parts of the RISE Group have also formed the basis for the selection of significant indicators.

There are a variety of ways of carrying out stakeholder dialogues. In many cases, the companies within RISE have made use of different types of surveys such as customer surveys, employee surveys, supplier surveys, travel surveys and surveys to project managers. Certain other forms of stakeholder dialogues have also been carried out. RIOSE meets stakeholders in many contexts where sustainability issues are discussed, such as customer days, Board meetings, technical advice, etc. Recordings from such meetings have been evaluated in conjunction with the survey responses. This process has given RISE a clear picture of which areas of its sustainability work that our stakeholders believe we should prioritise.

Surveys and meetings are important, but it is in the course of our day-to-day activities in our various projects that we most often encounter our stakeholders and obtain valuable feedback. The table on the following page presents those identified as significant and their associated GRI indicator, together with whether they represent an internal or external impact. Examples of matters which are of importance for both internal and external stakeholders such as employees and customers are travel and chemicals. These are matters that RISE works continuously to address.

ETHICS

During the year, an important aspect of the sustainability work has been centred on values and ethics. A leadership day was held in autumn 2016, at which all managers and supervisors participated. The leadership day focused on RISE's guiding principles (Value creation, Collaboration and Independence) and values. All

employees in the Group participated in autumn in a dialogue focusing on the guiding principles.

During the fourth quarter, the RISE Board of Directors established a new ethics policy. The policy was drawn up by RISE's CSR group and was subject to discussion by Group management before being adopted by the Board of Directors. The policy will be implemented in spring 2017.

GOVERNANCE

RISE's sustainability work is implemented at several levels in the Group. RISE's Board of Directors bears the overall responsibility, which includes making decisions on sustainability goals and policies. Further policies linked to sustainability work are planned to be drawn up in 2017.

The CEO and Group management are responsible for, and govern, the more direct sustainability work, such as the decision to establish the RISE sustainability fund and managing the work of RISE's CSR group.

RISE's CSR group consists of representatives from the various Divisions, a representative from the central support functions and a representative from the associate Swerea. The Group works with RISE's shared sustainability issues. Example of such an issue are sustainability declarations for projects, sustainability goals and the ethics policy. The CSR Group reports to the CTO.

In addition to these groupings, sustainability work is implemented in all levels of the RISE Group. Sustainability work refers to everything from waste management to assisting new arrivals to enter the Swedish labour market. There are a large number of different sustainability initiatives within the Group. The companies place an emphasis on different matters, depending on the focus of the operations or the specific project, but the ambition is always to highlight the sustainability aspects in the project results. In general, the operations are carried out with the support and guidance of the management system, including follow-ups and ongoing improvements. This is particularly applicable in the area of sustainability. In RISE, we call this sustainable operations.

Significant aspect	Indicator	External/ internal	Description of why the aspect is significant, how it is managed and how it is followed up
Economy			
Financial performance	Direct economic value generated and distributed (EC 1), Financial assistance received from government (EC 4)	Internal	Financial performance is relevant to every organisation aiming to achieve sustainability.
Environment			
Energy	Energy consumption within the organisation (EN 3)	External	RISE consumes large amounts of energy through its use of equipment and premises. By implementing energy-saving measures in conjunction with any change, i.e. renovation, RISE makes efforts to reduce its energy consumption. This is followed up on an annual basis with the help of data provided by suppliers.
Emissions	Direct greenhouse gas (GHG) emissions (Scope 1) (EN 15), Energy indirect greenhouse gas (GHG) emissions (Scope 2) (EN 16), Other indirect greenhouse gas (GHG) emissions (Scope 3) (EN 17)	External	Climate change is a major threat to all of humanity, for which reason RISE takes responsibility for its emissions of greenhouse gases and makes every attempt to reduce these. We do so through energy-saving measures (see above) and smart travel arrangements. This is followed up using data from suppliers and gleaned through surveys.
Waste	Weight of transported, imported, exported, or treated waste deemed hazardous (EN 25)	External	Unfortunately, RISE generates large volumes of environmentally-hazardous waste. The amount is large relative to many other actors within research and development, and should therefore be considered significant. However, the waste is generated in a way which minimises airborne or water-borne emissions. This is followed up through regular inspections undertaken by the Municipality and third parties.
Terms of employment and working conditions			
Employment	Total workforce (G4-10)	Internal	For a knowledge company like RISE, employees are the absolute most important assets, for which reason it is necessary for RISE to have a sufficient number of competent employees. In order to achieve this, various types of operations are carried out, such as recruitment activities, which the HR department is responsible for. These operations also include activities to retain and provide skills development for employees.
Health and safety	Work-related injury and absence due to illness (LA 6)	Internal and external	A significant amount of work within RISE is undertaken in laboratories, and such work is often associated with an elevated level of risk to health and safety. In order to reduce risks in the working environment, comprehensive working environment work is undertaken, while preventive health care and medical checks are also means to decrease the risks.
Education and training	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category (LA 11)	Internal	See Employment.
Gender wage disparity	Ratio of basic salary and remuneration of women to men (LA 13)	Internal	It is important for RISE to be an attractive employer, which is a reason why it can be taken for granted that we refuse to allow any wage disparity between men and women. This is monitored in the payroll process as well as through regular salary mappings. In the event that unjustifiable salary discrepancies are identified, these are corrected.
Human rights			
Non-discrimination	Total number of incidents of discrimination and corrective actions taken (HR 3)	Internal	Employees are RISE's most important resource, and RISE operates on the international stage. It is therefore a basic tenet within the Group that all discrimination must be eradicated. There are various mechanisms to achieve this, such as systems for deviation reporting. In addition, the HR department works actively with such issues.
Product liability			
Labelling of products and services	Results of surveys measuring customer satisfaction (PR 5)	External	RISE has a large number of customers, and RISE's responsibilities include assisting and supporting these customers. In order to evaluate how well these responsibilities are complied with, regular customer satisfaction measurements are made. The results of these measurements have historically been very good and, in the event that a negative trend were identified, specific measures would be taken to rectify the situation by the company organisation.
The organisation's role in society			
Compliance with law	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations (SO 8)	External	RISE shall comply with all applicable laws and regulations pertaining to the manner in which the operations are managed. The responsibility for this falls primarily on the legal department, as well as on the quality and sustainability section. There exist functions which monitor laws and regulations within RISE's areas of operations as a support to this work.

Environmental responsibilities

PROJECTS CONTRIBUTING TO IMPROVED SUSTAINABILITY

The projects which RISE engages in have substantial impacts on our environment, primarily consisting of positive effects. In 2016, the work with sustainability declarations (each impact on sustainability identified in a project) of RISE’s project has continued. This work will be used to follow-up the responsibility goal, i.e. that the sustainability of 100 per cent of projects is to be declared by 2020.

ENVIRONMENTAL WORK WITHIN RISE

RISE shall act as a role model with its environmental work. In addition to external projects, RISE’s internal work is an ongoing, continuous process. Both the internal work and the project operations impact the environment. RISE strives to apply the prudence principle throughout its operations, such as by encouraging environmentally-friendly travel, by purchasing electricity produced via hydropower, by providing electric vehicles for business travel, by refraining from using hazardous chemicals wherever possible. RISE constantly participates in various activities within the framework of environmental work, such as Sol i Väst, a network for the expanded use of solar cells. RISE is also a member of different organisations operating in the field of the environment, such as the Swedish Association for Sustainable Business and CSR Väst.

MANAGEMENT SYSTEM

Several companies within RISE have management systems in place to support their environmental work. These environmental management systems fulfil the majority of the requirements stipulated in ISO 14001. Certain companies are certified, while others have identified deviations with the help of GAP analyses. RISE is currently in the process of building up its organisation for quality and sustainability, including environmental concerns. The work also

entails building up a Group-wide management system for quality and sustainability.

LICENSABLE OPERATIONS

RISE engages in operations subject to licence requirements under the Environmental Code. The Safety unit has a licence to engage in fire research and testing, which affects the external environment through the emission of exhaust gases and fabrication water. The licensing authority is the Västra Götaland County Council. The licence is valid until further notice. RISE reports every year on its licensable operations. RISE Process and Pharmaceutical Development engages in operations subject to licence.

SIGNIFICANT ENVIRONMENTAL ASPECTS

Impact on the environment can be both positive and negative. The analyzes show that the greatest environmental impact from RISE activity is occurring as a result of completed projects. In previous surveys, the project assessed projects mainly contribute to positive environmental impact. By creating a method for durability declare the project, an effort that started in 2016, we will both be able to demonstrate the positive impact of our projects in a clearer way and avoid the negative impact from them. RISE has been through internally conducted materiality analyzes and environmental studies also identified a number of additional significant environmental aspects. The most prominent negative environmental aspects are travel and transport, energy, waste and hazardous waste and chemicals management.

TRAVEL

Travel and transport have been identified as a very significant environmental aspect for RISE. In conjunction with the expansion of the RISE Group, the need for travel has also risen accordingly. RISE is working actively to reduce travel as much as possible. Many meetings are now held at a distance via video. Employees

are also now encourage to select more sustainable transport solutions, such as through policies and other means, for example that the internal booking system provides a notification when the user has not selected the most environmentally-friendly travel choice. In parts of the Group, electric vehicles are available for shorter business travel journeys. Although there are a significant number of business travel claims, travel to and from the workplace is the dominant factor. For this reason, efforts are being made to reduce the impact of travel to and from work. These include the opportunity to purchase public transport travel cards through net salary deductions. Wherever the operations allow, there is sometimes the possibility of working from another location.

ENERGY EFFICIENCY

Rise works on an ongoing basis to improve energy efficiency. In conjunction with conversions and renovations, an analysis is always undertaken to identify potential energy efficiency measures and actions with the potential to improve the working environment.

CHEMICALS

Chemicals are used to some extent in almost all of RISE’s operations. Often this use entails large amounts or highly toxic chemicals. This means that chemicals and their destruction are a significant environmental aspect for RISE. In order to improve the handling of these materials, a chemicals management system has been put into use in certain parts of the Group.

REPORTING OF RELEVANT ENVIRONMENTAL INDICATORS

Using the significant environmental aspects as a starting point, as well as the fact that many companies in RISE have previously reported according to GRI, a number of indicators have been selected for a more thorough description. For this reason, RISE monitors its energy consumption (EN 3) within the Group and its emissions of greenhouse gases (EN 15, EN 16, EN 17). In addition, RISE monitors the amount of

waste deemed hazardous is generates (EN 25). The locations in Norway and Denmark are not included in the reported environmental indicators. In addition, smaller locations (<15 employees) without laboratory operations have also been excluded. In certain cases where RISE hires its premises, it has been difficult to obtain the relevant data. RISE owns its facilities in Borås and Umeå, as well as certain premises in Stockholm and Gothenburg.

ENERGY CONSUMPTION WITHIN THE ORGANISATION (EN 3)

The two dominant types of energy consumed within RISE are electrical energy and thermal energy. In addition, energy from district heating (865,794 kWh) and steam (55,000 kWh) is consumed.

Energy consumption

District heating (kWh)	14,472,785
District heating (kWh) per employee	6,744
Electricity (kWh)	28,967,543
Electricity (kWh) per employee	13,498
Total (kWh)	43,440,328
Total (kWh) per employee	20,672

DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1) (EN 15)

RISE’s total direct emissions of carbon dioxide during 2016 amounted to 128,148 kg of CO₂ equivalent. The emissions are primarily attributable to incineration activities in Borås, 108.820 kg of CO₂ equivalent, or around 85 per cent of recorded emissions.

ENERGY INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2) (EN 16)

OTHER INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 3) (EN 17)

RISE’s total indirect emissions of greenhouse gases are caused by travel and transport, heating and electricity. Based on travel statistics, energy invoices, etc., the following emissions of carbon dioxide are estimated. The reported figures relating to travel do not include detailed information from the ICT Division.

Means of transport, type of energy	(kg CO ₂)
Train travel	4
Car travel	2,078,458
Air travel	1,896,409
Emissions from electricity	3,802,403
Emissions from district heating	797,603
Total travel	3,974,871
Total electricity and district heating	4,600,006
Total	8,574,877

This represents CO₂ emissions of 3,996 kg/employee.

A substantial portion of this derives from travel to and from the workplace, whereby total

travel has been estimated from the results of a survey undertaken in 2012, to which around 300 (approximately 50 per cent) of SP's employees responded.

WEIGHT OF TRANSPORTED, IMPORTED, EXPORTED, OR TREATED WASTE DEEMED HAZARDOUS (EN 25)

The weight of transported waste deemed hazardous amounted in 2016 to 150 tonnes, of which 0 per cent was transported internationally. The hazardous waste from RISE Research Institutes of Sweden's facilities in Borås constitutes a large proportion of the total weight of hazardous waste (>90%).

Social responsibility

RISE contributes to a more sustainable future through applied research. The majority of the research and innovation which takes place within RISE is directly linked to the major societal challenges of our time. These are endeavours which benefit both industry and society at large.

RISE complies with all applicable legislation pertaining to sustainability work, but its ambitions are set much higher – no matter whether this concerns the environment, employees or product liability. RISE was not involved in any legal conflict of any form during 2016, neither in connection with any of these issues nor competition law.

During the fourth quarter, the RISE Board of Directors established a new ethics policy. The policy was drawn up by RISE's CSR group and was subject to discussion by Group management before being adopted by the Board of Directors.

The RISE Group has not yet established and implemented all necessary policies. Examples of areas for which policy documents

or similar directives are required are: quality, working environment, general IT, environment, purchasing, drugs, safety, travel, equality, communication and salaries. Until such time as new common policies have been produced, the policies formerly applicable in the individual companies will remain in effect. The policies are available for employees in the management system on the intranet or similar.

The risk for corruption is discussed in the organisation as a part of sustainability work. The significance of independence and impartiality is discussed at all levels within the organisation.

RISE does not provide support nor contributions to political parties or their equivalents. Participation in the debate surrounding social policy may be considered when appropriate, within those areas in which RISE is deemed to have specialist expertise.

A leadership day in RISE was held in autumn 2016, at which all managers and supervisors participated. The leadership day focused on RISE's guiding principles (Value creation, Col-

laboration and Independence) and values. All employees in the Group participated in autumn in a dialogue focusing on the guiding principles. One of RISE's sustainability goals is its Attraction goal, or the "1 goal". This goal is that the Group shall, by 2020, be the most attractive employer in its category. This is a clear indication that RISE considers it to be extremely important to be an attractive employer and to be able to attract competent employees.

A mapping of the collective bargaining agreements and local agreements within the RISE Group which is currently under way has revealed that certain companies are lacking collective bargaining agreements. This refers to some of the companies within the ICT Division, affecting a total of around 180 employees. The HR function in RISE works on an ongoing basis to identify potential collective bargaining agreements for the entire RISE Group, as even those companies that do have collective bargaining agreements in place often do not have the same agreements. The ambition is that all companies in the RISE Group will be included in a collective bargaining agreement by the end of 2017.

NUMBER OF EMPLOYEES BY REGION AND GENDER (G4-10)

Following the merger of SP, Innventia and Swedish ICT into RISE, the number of employees amounts to 2,146. Approximately 35 per cent of this figure is women.

WORKFORCE BY TYPE OF EMPLOYMENT

	Total	Full-time	Part-time
Permanent employees	2,000	1,765	235
Temporary employees	146	84	62
Total	2,146	1,849	297

* calculated as days of absence due to illness/normal working days

** calculated as 60+ days/days of absence due to illness

WORK-RELATED INJURIES AND ABSENCE DUE TO ILLNESS (LA6)

RISE target is to create a sustainable environment on the basis of overarching goals and strategies, in which employees feel safe,

involved and motivated, and in which ill health and accidents are prevented to the greatest extent possible. Each employee is responsible for and contributes to their own and others' safety and working environment. Working environment work is a natural component of the day-to-day operations, whereby the main responsibility for the working environment falls on the line organisation. RISE's working environment work is based on a long-term perspective and working towards set goals. During the year, several parts of the Group have, among other activities, employed stress-prevention measures and provided training for managers in working environment issues.

All incidents and work-related injuries are registered, and working environment examinations are performed. Active information dissemination and training has led to increased awareness regarding the risks in the operations and the ongoing working environment work, in terms of both the physical and psychosocial working environment. Risk assessments of the various operations are undertaken regularly. The chemicals management system facilitates the risk assessment of chemicals which, in turn, leads to reduced usage and improved protective measures.

WORK-RELATED INJURIES

Number of employees	2,146
Number of deaths	0
Number of work-related injuries reported	41
Number of work-related illnesses	15

ABSENCE DUE TO ILLNESS

Total absence due to illness (days)	15,490
Total absence due to illness as a proportion of normal working hours (per cent)*	2.79
Long-term absence due to illness**	44.17 %

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (LA11)

The personal performance review, the PPR, is an important tool for the planning and follow-up of various education and training schemes. These are required to ensure that RISE always has competent employees, a prerequisite for us to undertake our mission. The aim for PPRs to be carried out at least once per year with each employee is shared in many parts of the Group.

A proportion of 93 per cent of employees took place in a performance review during 2016.

Within SP, these reviews take place during Q1, which means that new employees joining after 1 April do not usually take part in formally registered performance reviews. For this reason, these employees are not included in the relevant statistics. Performance reviews are not registered for the operations in Denmark and Norway.

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN (LA13)

A mapping of salaries has been or will be undertaken within all parts of the RISE Group. The various mappings have been carried out at different points in time for individual companies, and not for the Group as a whole. The mappings did not illustrate any general unjustifiable salary discrepancies.

TOTAL NUMBER OF INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN (HR 4)

One case of harassment has been reported to RISE during the year. The case is under investigation.

ROUTINES FOR CUSTOMER SATISFACTION (PR 5)

Customers are RISE's most important stakeholder group. Subsequently, all parts of the RISE Group regularly assess customer

satisfaction. However, the means of assessment differ among the RISE companies. The reason for this is that these assessments were previously made separately by the individual companies. During 2016, the RISE Group has developed a common customer survey. The survey will be distributed in spring 2017. However, this has entailed that many companies did not measure customer satisfaction in 2016. A general overview of the various companies' results is presented below.

Innventia's customers perceive a large or very large benefit in the quality of the finished result from the product/service Innventia offers, with this proportion amounting to 77 per cent in the most recent survey (2015).

In 2016, the ICT group carried out a joint customer survey for the third time. The results were very satisfying, with high values. The SCI for the entire ICT group was 73, in line with the result from 2015. One the whole, nine out of ten customers were satisfied.

SP measured customer satisfaction in 2015, and a clear majority, 81 per cent, responded that they were very satisfied (mark of 5) or satisfied (mark of 4).

Within the Group there are several companies that engage in accredited work and several with certified management systems. In both cases, these represent a form of quality assurance for the operations undertaken for customers and stakeholders.

NUMBER OF FINES AND OTHER PENALTIES/SANCTIONS (SO 8)

During 2016, SP has paid a sanction of SEK 500,000 for the improper use of Swedac's accreditation mark on a report. RISE has not paid any other significant fines or penalties related to sustainability work.

Financial responsibility

The economic dimension of the concept of sustainability refers to an organisation's impact on the financial circumstances of stakeholders and on the economic system. RISE has bases in over 30 locations, from Malmö in the south to Luleå in the north. This considerable local presence contributes positively to regional and local development.

RISE takes responsibility for economic sustainability through its long-term approach when making commercial decisions and in maintaining good relationships with key stakeholders.

RELEVANT INDICATORS OF ECONOMIC IMPACT

The indicators EC 1 and EC 4 are described in detail below.

The shares in RISE do not imply any automatic entitlement to dividends. The Company's profit shall, where not transferred to provisions, be used to advance the Company's operations. This entails that any retained economic value stays in the Company.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (EC 1)

The following is summarised from RISE's financial statements.

Indicator/category	Contents	Comments (AR = Annual Report)	Amount (kSEK)
a) Revenue	Net sales	Total sales in AR	2,515,103
	Financial revenue	Financial revenue in AR	6,141
Total direct economic value generated			2,521,244
b) Operating expenses	Other external expenses	Other external expenses in AR excl. social investments f) see below and excl. penalty fees to public authorities e)	733,229
	Non-strategic investments during the year *)	The value of investments made during the year which are not categorised as strategic, i.e. normal instruments, machinery, equipment, etc.	127,284
c) Employee salaries and benefits	Personnel costs	Personnel costs in AR	1,617,692
d) Payments to investors	Interest expenses	Interest expenses in AR	3,708
	Repayments of borrowings	From the accounts	16,800
e) Payments to public authorities	Taxes in Sweden	Tax on profit for the year in AR (including deferred tax)	6,740
	Penalty charges by country	Fines and similar charges paid to public authorities (by country)	50
f) Social investments		Voluntary contributions to charitable organisations and similar	64
Total economic value distributed			2,505,567
Remaining economic value			Directly generated - Distributed 15,677

*) Strategic investments may refer to e.g. new operations in the form of a subsidiary or line of business.

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT (EC4)

RISE presents an annual, verified account of public finances pursuant to the Act (2005: 590) on the transparency of certain financial relations, etc. The information below is taken from this report and the signed annual reports of subsidiaries. Funds received constitute compensation for completed activities/projects/assignments

concerning needs-based research, innovation and technical services.

(Amounts in kSEK)	
Strategic competence funds	477,457
Funds metrology Vinnova	26,700
Funds public authorities	476,046
EU	150,265

GRI INDEX

Indicator	Comment	Page(s)	Comments
G4-1	Statement from the CEO and Chairman about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	6-7, 30	
G4-3	Name of the organisation	64	
G4-4	Primary brands, products, and services	8-12, 71-72	
G4-5	Location of headquarters	64	
G4-6	Countries where the organisation operates	48	
G4-7	Ownership and legal form	64	
G4-8	Markets served	8-12	
G4-9	Scale of the organisation	9, 55, 76-78	The Group's financial information is presented on pages 76-78. The Group's testbeds and demonstration facilities are presented on page 9.
G4-10	Total number of employees by employment type, region and gender	55	Not specified by region, as RISE's personnel are almost exclusively concentrated in the Nordic region. Employment type not specified by gender. RISE Central and SICT not included.
G4-11	Percentage of total employees covered by collective bargaining agreements	55	
G4-12	The organisation's supply chain	48-49	RISE uses, to a large extent, suppliers located in the Nordic region, primarily Sweden. As RISE is first and foremost a service enterprise, no raw materials are supplied.
G4-13	Significant changes during the reporting period regarding the organisation or its supply chain	4, 6, 48	
G4-14	External regulatory frameworks, standards or principles which the organisation follows or supports	52	
G4-15	Memberships of sustainability initiatives	52	
G4-16	Memberships of organisations	52	
G4-17	All entities included in the organisation's consolidated financial statements	64, 116	
G4-18	Process for defining the report content and the aspect boundaries	48	
G4-19	Identified material aspects	48, 51	During 2017, RISE plans to implement additional materiality analyses.
G4-20	Aspect boundary within the organisation for each material aspect	51	
G4-21	Aspect boundary outside the organisation for each material aspect	51	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Not relevant	RISE, in its present form, has not previously published a sustainability report.
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	Not relevant	RISE, in its present form, has not previously published a sustainability report.
G4-24	Stakeholder groups	48,50	Through discussions at workshops and various meetings, e.g. Board meetings, the groups customers, employees and collaboration partners have been identified as significant. Other stakeholders also exist.
G4-25	Identification and selection of stakeholders	50	
G4-26	Stakeholder engagement	50	A customer survey is undertaken on an annual basis, and an employee survey is undertaken every other year.

Indicator	Comment	Page(s)	Comments
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	50	
G4-28	Reporting period	48	
G4-29	Date of most recent previous report	Not relevant	RISE, in its present form, has not previously published a sustainability report.
G4-30	Reporting cycle	48	
G4-31	Contact point for questions regarding the report or its contents	49	
G4-32	'In accordance' option the organisation has chosen, GRI Content Index and External Assurance	48, 58-59, 61	
G4-33	Policy and current practice with regard to seeking external assurance	48, 61	
G4-34	Governance structure of the organisation	28-45, 50	
G4-56	Values, principles, standards and norms of behaviour	50	
G4-EC 1	Direct economic value generated and distributed	57	
G4-EC 4	Financial assistance received from government	57	
G4-EN 3	Energy consumption within the organisation	53	For EN 3, information regarding electricity, district heating, remote cooling and steam is included for all offices where RISE has entered into agreements for these services. For EN 3, information regarding electricity is not included for premises where this is considered in the rental payment, i.e. RISE Interactive Institute's studios and certain of RISE Acreo's offices. The same applies for district heating, whereby offices for which this is considered in the rental payments is not included. Foreign offices/companies are not included in the reported figures.
G4-EN 15	Direct greenhouse gas (GHG) emissions (Scope 1)	53	For EN 15, emissions from incineration facilities controlled by RISE are included. The absolute majority of these emissions derive from RISE Fire Research in Borås (82 %). Foreign offices/companies are not included in the reported figures.
G4-EN 16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	53-54	EN16 include emissions from electricity and heat use as reported in EN3.
G4-EN 17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	53-54	
G4-EN 25	Weight of transported, imported, exported, or treated waste deemed hazardous	54	The majority is attributable to the facility in Borås.
G4-LA 6	Work-related injuries and absence due to illness	55	Not specified by gender or region, nor is number of sick days attributable to work-related injuries or work-related illnesses specified. No data from Swedish ICT or RISE Central.
GA-LA 11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	56	Not specified by gender or employment type. Swedish ICT and RISE Central not included.
G4-LA 13	Ratio of basic salary and remuneration of women to men	56	Swedish ICT and RISE Central not included.
G4-HR 3	Total number of incidents of discrimination and corrective actions taken	56	
G4-SO 8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	56	
G4-PR 5	Results of surveys measuring customer satisfaction	56	

DMA for material aspects are presented on pages 50-51

BOARD OF DIRECTORS' ASSURANCE

We confirm, to the best of our knowledge, that the sustainability report has been prepared in accordance with the guidelines of the GRI Global Reporting Initiatives, that the disclosures presented provide a true and fair view of the factual circumstances, and that no matters of material significance have been omitted which could affect the view of the Company created by the sustainability report.

Stockholm, 21 March 2017

JAN WÄREBY
Chairman

ANNA HULTIN STIGENBERG
Board Member

HASSE JOHANSSON
Board Member

MATS LIDBECK
Employee Representative

RICHARD REINIUS
Board Member

ÅSA RUDSTRÖM
Employee Representative

ANNA-KARIN STENBERG
Board Member

LAZAROS TSANTARIDIS
Employee Representative

MARIE WESTRIN
Board Member

FREDRIK WINBERG
Board Member

SVEN WIRD
Board Member

Auditor's review report regarding RISE's Sustainability Report

TO RISE RESEARCH INSTITUTES OF SWEDEN HOLDING AB

INTRODUCTION

We have been engaged by the Board of Directors of RISE Research Institutes of Sweden Holding AB (RISE) to review the content of RISE's Sustainability Report 2016. The Company has defined the scope of the sustainability report on page 48 of RISE's Annual report and sustainability report 2016.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND COMPANY MANAGEMENT FOR THE SUSTAINABILITY REPORT

The Board of Directors and the Company management are responsible for the preparation of the sustainability report in accordance with the applicable criteria. The criteria are detailed on page 48 of RISE's Annual report and sustainability report 2016, and comprise the parts of the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI) that apply for the sustainability report and of the accounting and measurement principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a sustainability report that is free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the sustainability report based on our review. We conducted our review in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A review consists of making inquiries, primarily of persons responsible for the prepa-

ration of the sustainability report, and applying analytical and other review procedures. The procedures performed in a review engagement vary in nature from, and are less in extent than for, an audit conducted in accordance with the IAASB's Standards on Auditing and Quality Control and generally accepted auditing standards in Sweden. The auditing company applies ISQC1 (the International Standard on Quality Control) and thus has an all-round system for quality control that includes documented guidelines and procedures for compliance with professional ethical requirements, standards for professional practice and the applicable requirements in laws and other regulations. The procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Hence, the conclusion based on our review does not comprise the same level of assurance as the conclusion of our audit.

Our procedures are based on the criteria defined by the Board of Directors and Company management as described above. We consider these criteria suitable for the preparation of the sustainability report.

We consider the evidence collected during our review to be sufficient and appropriate to support our conclusion below.

CONCLUSION

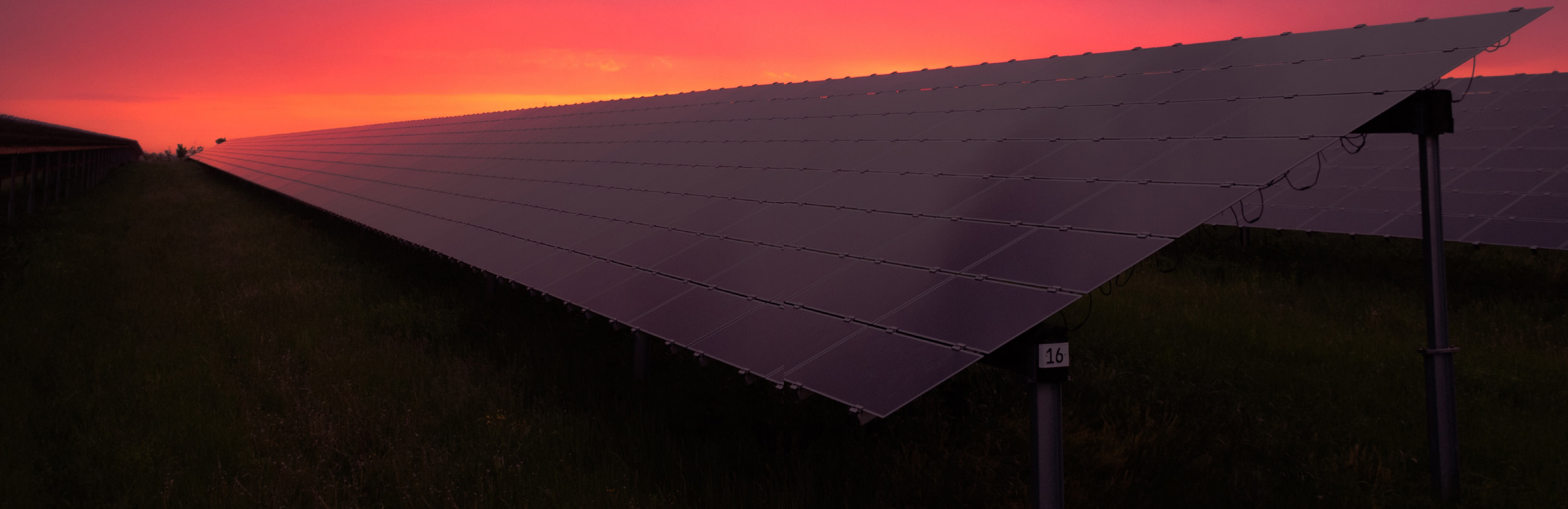
Based on the review we have performed, nothing has come to our attention that causes us to believe that the sustainability report is not prepared, in all material respects, in accordance with the above criteria defined by the Board of Directors and Company management.

Stockholm, 31 March 2017
KPMG AB

ANDERS MALMEBY
Authorised Public Accountant

TORBJÖRN WESTMAN
Specialist Member of FAR

ANNUAL REPORT >



Administration Report 2016

The Board of Directors and Chief Executive Officer of RISE Research Institutes of Sweden Holding AB (RISE Holding AB) hereby present the annual report and consolidated financial statements for the financial year 2016. The Company’s registered office is located in Gothenburg and its Corporate Identity Number is 556179-8520.

GENERAL INFORMATION REGARDING THE OPERATIONS

RISE Holding AB is wholly-owned by the Swedish State and its mission is to bring together the Swedish institutional sector and to strengthen its role in the innovation system through efficient ownership and governance and work with matters related to structure, efficiency and funding. The research institutes gathered under the RISE Holding AB umbrella shall be internationally competitive and facilitate sustainable growth in Sweden by strengthening competitiveness and innovation in the business community. The purpose of RISE Holding AB’s operations is not to generate profits for shareholders.

The RISE Group consists of RISE Holding AB, which owns all of the shares in RISE Research Institutes of Sweden AB (RISE AB) and which is, via RISE AB, owner of all of the shares in Swedish ICT Research AB and Innventia AB. RISE Holding AB is also joint owner of Swerea AB, which is an associate in the RISE Group and which is owned to 42.8 per cent. For further information on ownership participations in sub-groups, refer to the section Companies in the Group.

The research institutes in the RISE Group are commercial, for-profit research and innovation entities, wherein profit is not distributed but employed to improve competitiveness. The State invests strategic competence funds and funds for structural development in the institutes through RISE Holding AB. The purpose is to create value and competitiveness in both small and large companies which, in turn, contribute to growth and support the shift towards sustain-

able development throughout society. During the year, the former associate Innventia has been acquired and the minority interest in Swedish ICT has been bought off. The RISE Group is a strong research and innovation partner which collaborates in Sweden and internationally with academia, the business community and the public sector. For further information on Significant events during the year, refer to page 66

OVERVIEW OF PERFORMANCE AND FINANCIAL POSITION

GROUP Sales and profit 2016

The Group’s sales during the period January-December illustrates continued growth, with an increase of 17.2 per cent compared with the previous year. Net sales amounted to SEK 2,470 (2,107) million RISE AB and Swedish ICT also grew during the same period by 5 (8) and 12 (2) per cent, respectively. Innventia, acquired on 1 April, contributed sales during the period April to December amounting to SEK 224 million. The corresponding sales figure for Innventia for the full 12-month period decreased by 2 per cent between 2015 and 2016.

Operating profit amounted to SEK 57 (40) million. Operating profit amounted to SEK 28 million adjusted for accounting effects (fair value adjustment of SEK 29 million) arising when the Group increased its participation in Innventia from 29 per cent to 100 per cent. Profit after financial items amounted to SEK 59 (38) million, of which participations in associates contributed SEK -1.1 (3.0) million.



Definitions

Equity/assets ratio Adjusted equity as a percentage of total assets.

Return on equity Net profit as a percentage of adjusted equity.

Liquid ratio current assets excluding inventories and work in progress as a percentage of current liabilities.

Operating margin Operating profit/loss after depreciation and amortisation as a percentage of sales

Multi-year review	2016	2015	2014	2013	2012
Net sales, SEK m	2,470	2,107	1,977	1,807	1,676
Operating profit, SEK m	57	40	51	32	16
Profit after financial items, SEK m	59	38	58	41	25
Net profit for the year, SEK m	52	30	48	30	11
Equity, SEK m	962	957	927	875	806
Total assets, SEK m	2,570	2,119	2,046	1,807	1,431
Number of FTEs	2,014	1,745	1,673	1,586	1,449
Equity/assets ratio, %	37	45	45	48	54
Return on equity, %	5.4	3.2	5.1	3.4	1.4
Liquid ratio, %	106	95	124	105	154
Operating margin, %	2.3	1.9	2.6	1.8	0.9

Liquidity and cash flow

The Group's liquidity is good. As of the closing date, cash and bank balances together with short-term investments amounted to SEK 666 (524) million. Equity amounted to SEK 962 (957) million, with the Group's cash flow amounting to SEK 142 (37) million.

Investments

Investments during the financial year amounted to SEK 128 (111) million. Of this amount, intangible assets constituted SEK 0.5 (1.5) million and property, plant and equipment constituted SEK 127.3 (109.9) million. The cash flow effect of acquisitions of subsidiaries (Innventia AB) contributed SEK 166.3 million as a consequence of net acquired liquidity for a purchase price paid via promissory note. Payments from financial assets amounted to SEK 2.0 (0.8) million.

Related party transactions

No related party transactions, referring to purchases and sales within the Group between the Parent Company and subsidiaries/associates, have taken place during the year. Transactions with SC funds do not impact RISE Holding AB's statement of profit or loss and are therefore not treated as related party transactions.

Employees

The number of FTEs was 2,014 (1,745), of which 35 per cent (33) was women.

Dividend policy

According to the Articles of Association, the purpose of the operations is neither to generate profits for nor to distribute dividends to shareholders.

Parent Company

Sales and profit 2016

Sales in the Parent Company amounted to SEK 61 (50) million, with profit after financial items amounting to SEK 0.0 (0.1) million. As of the closing date, cash, bank balances and short-term investments amounted to SEK 69

(66) million. Cash flow in the Parent Company amounted to SEK 3 (18) million.

Equity as at the closing date was SEK 463 (463) million. Non-restricted equity during the period is unchanged, at SEK 0.0 (0.1) million.

Investments

Investments during the financial year amounted to SEK 0.0 (0.3) million, with SEK 0.0 (0.3) million referring to property, plant and equipment.

OTHER INFORMATION REGARDING THE OPERATIONS

Significant events during the year

The strategy project initiated by the Board of Directors has continued during 2016. The purpose of the project is to realise improvement potential within the institutional operations. The work has been undertaken in line with the letter of intent signed by all owner groups within SP, Swedish ICT and Innventia in 2014. The contract negotiations were completed during the first quarter of 2016, after which an agreement was signed on 1 April. This entailed that the purchase of the industrial owners' shares in Innventia, Swedish ICT (including Viktoria) and in SP's subsidiaries CBI, JTI and Glafo could be concluded during the second quarter. Swerea's joint owners elected not to take part in the strategy project at the current time.

Pia Sandvik assumed the role of new CEO at RISE on 1 July. During the latter part of the second quarter, the new organisational structure and management functions were also put into place.

In July, RISE was present at Almedalen Week, where researchers and representatives of the Group took part in both RISE-organised activities and as participants in others'. Among other things, seminars on innovation, digital competence and Life Science were arranged. The Group's collective expertise was in focus.

During the third quarter of the year, the Government presented its budget proposal for 2017, with investments totalling SEK 845 million on testbeds and innovation, with RISE playing a central role and with the opportuni-

ty to participate in several of the investment sub-areas. In addition, the proposal named an increase in the State contribution to RISE in the magnitude of SEK 100 million per year, beginning 2018.

During the autumn, the Government initiated five strategic collaboration programmes with the aim of meeting a number of the significant challenges facing society and the business community. An external collaboration group made up of representatives of trade and industry, the public sector and academia has been tied to each of the collaboration programmes. RISE is represented in two of these five groups, and has been delegated the overall responsibility for the development of the country's capacity in testbeds and demonstration facilities within all collaboration programmes.

A key aspect of RISE's strategy is cooperation with academia and the business world. During the year, RISE signed a letter of intent for increased cooperation with both Lund and Uppsala Universities. RISE intends to enter into similar agreements with more universities and colleges in 2017. In order to guarantee engagement from trade and industry in RISE's operations and to provide an additional platform for operators to influence the direction of the Group's research, RISE has also introduced an external research council made up of representatives from trade, industry and society. The Research Council will begin its activities in 2017.

RISE has a particular responsibility to develop the innovative capacities of small and medium-sized enterprises. In 2016, the offering to small and medium-sized enterprises (SMEs) has been strengthened through, among other ventures, a focus on nodes to serve the regional innovation system. In December RISE's first SME office opened in Skellefteå together with LTU Business AB (part of Luleå University of Technology).

In 2016, the focus on improving the development and accessibility of testbeds and demonstration facilities implemented in the RISE Group was concluded. The project, financed by Vinnova, was successful. The just

over 100 facilities within the Group have been mapped and training material produced to improve knowledge and awareness regarding these facilities and their availability. Although the project was concluded during the year, the work to improve accessibility to testbeds and demonstration facilities has continued. RISE will be establishing a Testbed and Demonstration Office in 2017, to continue the important work within the Group.

RISE continues to successfully play its part in the Horizon 2020 project (the EU's framework programme for research and innovation) which will distribute a total of around EUR 80 billion over a period of seven years. According to Vinnova's annual report for 2016, RISE continues to hold a leading position among Swedish organisations within the programme, with a total of around 60 ongoing projects, mainly falling under two of the programmes three pillars; Industrial Leadership and Societal Challenges.

Furthermore, RISE is a participant in four of the five ongoing EIT-KIC programmes (European Institute of Technology – Knowledge and Innovation Communities). These are: Innenergy, Raw Materials, Health and Digital. EIT Health and EIT Raw Materials were formed in late 2015 and have developed positively during 2016 with a number of varied activities focusing on industrial support and the implementation of technology.

The focus on strengthening research environments for the development of RISE's innovation capacity has previously taken place through various initiatives within the former organisations. In autumn 2016, this focus was transformed through the creation of a so-called Lighthouse and Collaboration Initiative. Such initiatives are a major driver of the development of necessary competence and this work will continue in 2017. During the autumn, RISE's Business and Innovation Areas were also established. The Areas will be implemented in full in 2017 and will bring about increased cross-discipline collaboration. The development of the new electronics laboratory AWITAR, Automotive Wireless Test and



Research Facility, continued according to plan. AWITAR is constructed to align with future technologies and requirements. The facility will provide a test environment for electronic disruption on the vehicles of the future, ensuring functionality and compliance with impending legal requirements.

The SICS ICE datacentre in Luleå was declared open on 8 April by the Minister for Higher Education and Research, Helene Hellmark Knutsson. SICS ICE, which stands for Infrastructure and Cloud datacentre test Environment, is a large-scale, national datacentre in Luleå for research and innovation within big data and cloud technology, key areas for digitalisation in industry and society.

In September the new Swedish Research Laboratory for Printed Electronics was opened in Norrköping, with over a hundred representatives of industry in attendance. The speakers included RISE's CEO, Pia Sandvik.

EXTERNAL ENVIRONMENT ANALYSIS

We live in a world where the pace of change is always rising. Sustainable operations, revolutionary technology, globalisation and urbanisation are but a few of the key trends in society that impact the conditions for sustainable development. In Sweden, the Smart Industry strategy reflects the business community's need for support linked to digitalisation, sustainability, competence and innovative power.

The industrial research institutes' assignment from their owners through research bill 2012/13:30 Research and Innovation is proposed as "being internationally competitive and facilitating sustainable growth in Sweden by strengthening competitiveness and innovation in the business community". Competitiveness is based on the capacity for renewal, i.e. innovation. We, as an industrial research institute, shall therefore be industry's innovation partner. As we have partners both within Sweden and outside the country, we work on both a domestic and international basis.

The industrial research institutes have a vaunted position in the innovation system, with

the unique capability to contribute to renewal, innovation and capacity in the business community, and an ability to offer cross-discipline competence. Testbeds and demonstration environments are needed to an ever higher degree to improve the efficiency of development processes, demonstrations and market introductions. The RISE institute runs the majority of the country's testbeds and demonstration facilities. The institutes have a defined capability to create benefits for their customers and partners through excellence in both individual competences and in combining cross-boundary competence.

It is critical to build long-term business relationships to create benefit and increase awareness. A professional, uniform approach to customer contacts, with good internal cooperation, is an important prerequisite to allow for an increase of the benefits which the institutes can create. It is also important that the institute sector has a professional system for managing IPR, to avoid ending up in competition with customers and collaborators. In 2016, the restructuring of the sector continued, with the aim of increasing customer benefit and collaborative capacity.

In order to create renewal and growth in Swedish industry and society, it is extremely important to improve innovative power. One means of doing so is to improve the innovative capacity of small and medium-sized enterprises (SMEs). The RISE Institute should be the go-to partner for SMEs, which requires structures that support collaboration. In addition, we promote collaboration throughout the entire innovation system, in a way that benefits society's capacity to embrace innovations, such as through innovation procurement. As an independent operator, the institute can offer support in evaluating innovations.

Digitalisation is considered to be the single largest change factor up to 2025. Knowledge and information are produced, processed, disseminated and stored digitally to an ever increasing extent. The transition towards digitalisation is explosive and has, in just a few years, had a decisive effect on both individual people

and companies and society in general. Physical goods have become digital services, and margin expenses for copying and distribution have tumbled towards zero. Access to connected sensors and analytical computational power is growing exponentially, which is a key base for development. Critical challenges are being linked to security issues, as ever more of society becomes connected and interconnected. RISE creates structures and builds competence to serve as Sweden's national industrial research institute for digitalisation.

FUTURE PROSPECTS

Our analysis of the external environment clearly indicates the potential for the institute to act as an important catalyst in accelerating innovation. In order to realise this potential, a common strategic agenda will be a critical tool. This common agenda should support the institute in daring to develop, to push existing boundaries on cooperation and to set the way for a common direction going forwards.

Investments in strategic skills development

The funds received by RISE Holding AB from the Swedish Government for the full year 2016 amounted to SEK 621 (616) million, in accordance with 2012/13:30 Research and innovation. Of these funds, the Board of Directors of RISE Holding AB resolved to set aside SEK 525 (500) million for strategic competence development (SC funds) and SEK 51 (76) million for structural development (structural funds), and to allocate SEK 40 (30) million as operational funds to the owner company, RISE Holding AB.

The purpose of allocating these strategic competence funds to the industrial research institutes within the RISE Group is for these institutes to develop strategic competence and to continue to be attractive collaboration partners for trade and industry in research and innovation work. By meeting the business segment's current and future requirements and challenges, the institutes will actively

contribute to strengthening Swedish industry's international competitiveness and will work towards sustainable development in industry and society. The purpose of support for structural development is to stimulate continued structural work in the institute sector, on the organisational plane and on the operational plane, thereby achieving increased efficiency.

Government grants for strategic competence development include all companies in the RISE Group, i.e. RISE Research Institutes of Sweden AB, Swedish ICT, Swerea and Innventia, with all of these companies subject to the same allocation terms, regardless of Government participation in the company. The allocation is undertaken with the application of defined criteria based on the institutes' operational sales adjusted for competing operations. The respective institute's Board of Directors is responsible for prioritising and distributing the competence funds according to the institute's internal strategies. Support for structural ventures is resolved on by RISE Holding AB's Board of Directors for each separate project.

Strategic competence funds are recognised in RISE Holding AB's statement of financial position, not in the statement of profit or loss. Only operational funds and financial revenue impact the income side of the statement of profit or loss. In subsidiaries and associates, strategic competence funds are recognised in the companies' statements of profit or loss.

EQUALITY AND DIVERSITY

RISE Holding AB's work on equality and diversity follows the stipulations of the State Ownership Policy. In the work with equality and diversity issues, a major emphasis is placed on meeting the Government's distinct ambitions. The Parent Company RISE Holding AB has achieved a 44/56 per cent gender distribution among its personnel, with a distribution of 36/64 in the Board of Directors. Of all employees in the Group, 35 (33) per cent is female, which represents an area in which additional efforts must be made to achieve a more equal distribution between men and

women. RISE Holding AB participates in the nomination processes for the various Boards of Directors within the RISE Group.

For more information on the Group's work with equality and diversity, refer to the sustainability report for the Group.

SUSTAINABLE DEVELOPMENT

RISE strives to meet its owner's ambitions for structured sustainability work that can be reported and evaluated. The Company follows the Global Reporting Initiatives (GRI) G4 guidelines, an international framework for reporting sustainability work.

RISE's mission is to contribute to long-term, competitive sustainable development in industry and society. Because this mission entails generating sustainable growth in Sweden through implementing a scientific basis to achieve international competitiveness, sustainability work is of critical importance. In 2015, the Board of Directors adopted three sustainability goals linked to the business (100-10-1); Responsibility goal (100 goal) – that 100 per cent of customer assignments are confirmed as sustainable by 2020, Business goal (10 goal) – that 10 per cent of new sales in 2020 are a consequence of sustainability work. Attraction goal (1 goal) – that RISE is ranked as the most attractive employer (No. 1) in its key target groups.

In 2016, the focus has been on building up an organisation and working practices for future sustainability work within RISE. Work also continued during the year on setting out concrete sustainability goals, primarily with regard to how these goals can be quantified. A method for measuring the 100 goal has been determined. The next step will be to develop a method for measuring the 10 goal.

The RISE Sustainability Fund was inaugurated during the fourth quarter. The sum budgeted for employee Christmas gifts was placed in this fund. As of 2017, employees can apply for financing from the fund to implement sustainability initiatives which are not covered by day-to-day operations.

During the fourth quarter, the RISE Board of Directors established a Group-wide ethics policy. The policy will be implemented in 2017.

Three shared guiding principles were adopted for RISE during the year: Value creation, Collaboration and Independence. In order to ingrain these guiding principles throughout the Group, an internal dialogue was undertaken, whereby all employees were given the opportunity to contributing to the content of these principles.

COMPANIES IN THE GROUP

RISE Research Institutes of Sweden AB (RISE AB), formerly SP Sveriges Tekniska Forskningsinstitut AB

RISE's research, innovation and services are to contribute to value creation in trade and industry and sustainable social development. RISE AB has also taken on the responsibility for the national physical and chemical metrology.

The Group includes the subsidiaries SMP Svensk Maskinprovning AB (100 per cent), SP Process Development AB (100 per cent), CBI Betonginstitutet AB (100 per cent), Glafo AB (100 per cent) and JTI – Institutet för jordbruks- och miljöteknik AB (100 per cent), SP Sveriges Tekniska Forskningsinstitut A/S, operating in Denmark, (100 per cent), AstaZero AB (61,33 per cent), SP Processum (60 per cent), SP Fire Research AS, operating in Norway, (70 per cent) and SP Energy Technology Center AB (100 per cent).

RISE Holding AB holds 100 per cent of the shares in RISE Research Institutes of Sweden AB (RISE AB).

RISE ICT AB

RISE ICT works to promote sustainable growth and increased competitiveness in Sweden by contributing to the digitalisation of the business community and society. The operations consist of applied research and development within ICT (Information and Communication Technologies) in close cooperation with Swedish industry, society and academia. The Group includes the Parent Company RISE

ICT AB (formerly Swedish ICT Research AB) and four subsidiaries; RISE Acreo AB, RISE SICS AB, Interactive Institute Swedish ICT AB and RISE Viktoria AB. RISE SICS AB is the majority owner in the i subsidiaries RISE SICS East AB (91 per cent), RISE SICS Västerås AB (100 per cent) and RISE SICS North AB (100 per cent). The RISE ICT Group also includes dormant subsidiaries: Swedish ICT Innovation AB and Ogemi AB. RISE ICT (formerly Swedish ICT) was formed on 13 October 2004. RISE AB has held 100 per cent of the shares in Swedish ICT Research AB since 1 April 2016.

Innventia AB

Innventia generates and distils research results and concepts based on raw materials from the forestry sector, for the benefit of customers at all stages in the value chain. An important part of the operations is work with new materials and biofuels. The Innventia Group includes LignoBoost Demo AB (100 per cent), PFI AS in Norway (95 per cent) and Innventia UK Ltd (100 per cent).

RISE AB has held 100 per cent of the shares in Innventia AB since 1 April 2016.*

Swerea AB

The Swerea Group creates, refines and distributes research results within the fields of materials, production and product development, to contribute to sustainable industry. The objective is to create commercial advantages for members and other customers. The Company's work is also to contribute to the strengthening of competitive and innovative capacity in Swedish industry. The Swerea Group includes the subsidiaries Swerea IVF AB, Swerea KIMAB AB, Swerea SICOMP AB, Swerea SWECAST AB and Swerea MEFOS AB (all 100 per cent).

RISE Holding AB holds 42.8 per cent of the shares in Swerea AB. The remaining shares are held by Stiftelsen svensk järn- och metallforskning (Swedish Iron and Metal Research Foundation) 19.8 per cent, Swedish Foundry

Association 8.2 per cent, Intressenföreningen för Korrosionsforskning (Interest Association for Corrosion Research) 6.3 per cent, Swerea IVFs Intressenförening (Swerea IVF's industry group) 11.8 per cent and Metallurgiska forskningsbolaget i Luleå AB 11.2 per cent.

Significant risks and factors of uncertainty

Risk-taking and the management of risks is a natural element of all business operations. Through its operations, the Rise Group is exposed to a number of risks. Financial risk management is described in Note 3.

The financing of research operations constitutes a risk, as ever more funding bodies require co-financing, which consequently ties up an ever increasing proportion of SC funds, thus reducing RISE's potential for skills development.

Difficulties in recruiting and keeping qualified personnel represent a risk factor for several of the institute's within the RISE Group. Within certain industries, the relevant competence is simply not available, which in turn leads to an increased degree of international recruitment. The institutes work actively to remain an attractive employer with the ability to recruit and keep competent personnel.

In 2016, RISE implemented a restructuring, whereby several former joint-owned subsidiaries became wholly-owned, and the internal structure was transformed from three wholly or joint-owned institutional groups to six Divisions. The change work was implemented with the aim of increasing the organisation's capacity to meet the requirements of society and the industrial sector. In the short-term, the change does however entail a risk, as the operations' focus is firmly on the creation of the new structure and the associated integration requirements rather than the external environment.

WORK AND COMPOSITION OF THE BOARD OF DIRECTORS DURING THE YEAR

For a description of the Board of Directors and information regarding the work of the



Board, refer to RISE Holding AB's Corporate Governance Report for 2016.

Remuneration to senior executives and description of incentives

RISE Holding AB follows the national guidelines for remuneration to senior executives. For more information regarding remuneration, refer to Note 10 and RISE Holding AB's Corporate Governance Report for 2016.

PROPOSED APPROPRIATION OF PROFITS

The Board of Directors proposes that the available funds of SEK 461,641,046 be appropriated as follows:

- Profit brought forward from the previous

- year 461,613,189
- Net profit for the year 27,857
- Retained earnings at year end of 461,641,046 will be carried forward.
- Equity attributable to owners of the Parent Company in the Group amounts to SEK 916 (871) million.

According to the Articles of Association, the purpose of the operations is not to generate profits for shareholders. No dividends are paid out.

For further information regarding the Company's results and financial position, refer to the following statements of profit or loss and statements of financial position, with associated comments on the financial statements.

An aerial photograph of a two-lane asphalt road that curves through a dense, lush green forest. A blue car is visible on the road, moving away from the viewer. The trees are thick and vibrant green, creating a textured canopy. The lighting suggests a bright day, with some highlights on the road and the car.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in kSEK	Note	2016	2015
Net sales	6, 8	2,470,285	2,107,339
Other operating revenue	7, 14	44,818	20,694
Other external expenses	8, 9	-733,343	-608,813
Personnel costs	10	-1,616,182	-1,388,331
Depreciation and amortisation of property, plant and equipment and intangible assets	17, 18	-107,818	-93,421
Share of profit of associates	19	-1,090	3,031
Operating profit		56,670	40,499
Financial revenue	11, 14	6,141	1,709
Finance expenses	11, 14	-3,684	-3,977
Financial items - net		2,457	-2,268
Profit before tax		59,127	38,231
Income tax expense	13	-7,072	-8,128
Net profit for the year		52,055	30,103
Owners of the Parent Company	15	43,727	24,265
Non-controlling interests		8,328	5,838
Earnings per share*			
Basic and diluted earnings per share (SEK)	15, 16	2,655	1,473
Average number of basic and diluted shares		16,470	16,470

*Earnings per share, calculated as profit attributable to owners of the Parent Company during the year (expressed as SEK per share).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in kSEK	Note	2016	2015
Net profit for the year		52,055	30,103
Other comprehensive income			
Items that have been or that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		1,953	-514
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net retirement benefit obligation	31	-1,510	934
Tax effect of the above	13	332	-205
Other comprehensive income for the year		775	215
Total comprehensive income for the year		52,830	30,318
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		44,353	24,480
Non-controlling interests		8,477	5,838

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in kSEK	Note	31 Dec 2016	31 Dec 2015
ASSETS			
Non-current assets			
Intangible assets	18		
Capitalised development expenses		2,624	3,383
Patents and licences		5,006	4,337
Goodwill		19,954	2,890
Total intangible assets		27,584	10,610
Property, plant and equipment	17		
Land and buildings		517,870	421,859
Leasehold improvements		38,867	40,135
Equipment, tools, fixtures and fittings		338,683	301,963
Non-current assets under construction		31,428	7,263
Total property, plant and equipment		926,848	771,220
Financial assets			
Participations in associates	19	141,767	177,598
Available-for-sale financial assets	20, 24	524	464
Deferred tax assets	21	4,134	235
Other long-term receivables	23, 24	4,271	309
Total financial assets		150,696	178,606
Total non-current assets		1,105,128	960,436
Current assets			
Inventories	25	6,840	5,069
Accrued, uninvoiced revenue	26	296,225	253,082
Advance payments to suppliers		154	171
Trade receivables	24, 27	344,842	270,792
Tax assets		37,163	40,595
Other receivables	24, 28	44,446	14,615
Prepaid expenses and accrued revenue	24, 29	69,304	49,932
Cash and cash equivalents	24, 30	666,188	524,397
Total current assets		1,465,162	1,158,653
TOTAL ASSETS		2,570,290	2,119,089

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONT.

Amounts in kSEK	Note	31 Dec 2016	31 Dec 2015
EQUITY			
Equity attributable to owners of the Parent Company			
Share capital		1,647	1,647
Other paid-in capital		428,129	428,129
Reserves		1,149	-655
Retained earnings including net profit for the year		484,949	441,749
Total equity attributable to		915,874	870,870
Owners of the Parent Company			
Non-controlling interests		45,708	86,608
Total equity	41	961,582	957,478
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	40	238,333	226,800
Other liabilities		5,605	5,000
Deferred tax liabilities	21	41,682	16,138
Retirement benefit obligation	31	35,577	19,486
Other provisions	31	5,658	-
Total non-current liabilities		326,855	267,424
Current liabilities	3		
Liabilities to credit institutions	24.40	21,667	16,800
Advance payments from customers		647,644	365,959
Trade payables	24	137,948	87,394
Current tax liabilities		481	523
Other liabilities	24.32	315,967	169,540
Accrued expenses and deferred revenue	33	158,146	253,971
Total current liabilities		1,281,853	894,187
TOTAL EQUITY AND LIABILITIES		2,570,290	2,119,089

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in kSEK	Note	Attributable to owners of the Parent Company					Non-con-trolling interests	Total equity
		Share capital	Other paid-in capital	Transla-tion reserve	Retained earnings including net profit for the year	Total		
Opening balance at 1 January 2015		1,647	428,129	-141	417,915	847,550	79,610	927,160
Comprehensive income for the year								
Net profit for the year					24,265	24,265	5,838	30,103
Other comprehensive income for the year				-514	729	215	0	215
Comprehensive income for the year				-514	24,994	24,480	5,838	30,318
Contributions from and value transfers to owners								
Not proportional to paid-in capital					-1,160	-1,160	1,160	0
Total contributions from and value transfers to owners					-1,160	-1,160	1,160	0
Closing balance at 31 December 2015	41	1,647	428,129	-655	441,749	870,870	86,608	957,478
Opening balance at 1 January 2016		1,647	428,129	-655	441,749	870,870	86,608	957,478
Comprehensive income for the year								
Net profit for the year					43,727	43,727	8,328	52,055
Other comprehensive income for the year				1,804	-1,178	626	149	775
Comprehensive income for the year				1,804	42,549	44,353	8,477	52,830
Contributions from and value transfers to owners								
Non-controlling interests in acquired subsidiaries						0	910	910
Total contributions from and value transfers to owners					0	0	910	910
Transactions with owners of the Group								
Acquisitions of participating interest from non-controlling interests					651	651	-50,287	-49,636
Total transactions with owners of the Group					651	651	-50,287	-49,636
Closing balance at 31 December 2016	41	1,647	428,129	1,149	484,949	915,874	45,708	961,582

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in kSEK	Note	2016	2015
Cash flows from operating activities			
Operating profit before financial items		56,670	40,499
Depreciation and amortisation of property, plant and equipment and intangible assets	17.18	107,818	93,421
Other non-cash items	37	-25,998	-2,236
Interest received	11	6,154	1,108
Interest paid	11	-3,696	-3,977
Income taxes paid		-3,661	-9,800
Cash flows from operating activities before changes in working capital		137,287	119,015
Cash flows from changes in working capital			
Increase/decrease in operating receivables		-168,138	-19,601
Increase/decrease in operating liabilities		131,239	55,341
Total changes in working capital		-36,899	35,740
Cash flows from operating activities		100,388	154,755
Cash flows from investing activities			
Payments for intangible assets	18	-530	-1,511
Payments for property, plant and equipment	17	-127,284	-109,909
Proceeds from disposal of property, plant and equipment		100	969
Investments in associates		-108	-98
Effect from acquisitions of subsidiaries	39	166,339	-
Increase/decrease in other financial assets		1,965	765
Cash flows from investing activities		40,482	-109,784
Cash flows from financing activities			
Proceeds from borrowings		33,227	-
Repayment of borrowings		-16,800	-8,400
Payment to non-controlling interests		-15,506	
Cash flows from financing activities		921	-8,400
Cash flows for the year		141,791	36,571
Cash and cash equivalents at the beginning of the year	30	524,397	487,826
Cash and cash equivalents at the end of the year	30	666,188	524,397

PARENT COMPANY STATEMENT OF PROFIT OR LOSS

Amounts in kSEK	Note	2016	2015
Net sales	6.8	60,733	49,658
Other operating revenue	7	134	-
Other external expenses	9.36	-40,168	-29,452
Personnel costs	10	-20,627	-20,178
Depreciation of property, plant and equipment	17	-36	-22
Other operating expenses			-16
Operating profit		36	-10
Other interest revenue and similar profit/loss items	12	6	115
Interest expenses and similar profit/loss items	12	-14	-3
Profit after financial items		28	102
Tax on profit for the year	13	-	-
Net profit for the year		28	102

Net profit for the year is identical to comprehensive income, for which reason no separate statement of comprehensive income has been prepared.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

Amounts in kSEK	Note	31 Dec 2016	31 Dec 2015
ASSETS			
Non-current assets			
Property, plant and equipment			
Equipment, tools, fixtures and fittings	17	71	135
Total property, plant and equipment		71	135
Financial assets			
Participations in Group companies	22	429,276	434,446
Participations in associates	19	22,967	22,997
Other long-term receivables	23	51	51
Total financial assets		452,294	457,494
Total non-current assets		452,365	457,629
Current assets			
Short-term receivables			
Current tax assets		239	395
Receivables from Group companies		5,200	-
Other receivables	28	-	2
Prepaid expenses and accrued revenue	29	157	620
Total short-term receivables		5,596	1,017
Cash and bank balances	30	69,111	66,233
Total current assets		74,707	67,250
TOTAL ASSETS		527,072	524,879

PARENT COMPANY STATEMENT OF FINANCIAL POSITION CONT.

Amounts in kSEK	Note	31 Dec 2016	31 Dec 2015
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	15	1,647	1,647
Statutory reserve		105	105
Total restricted equity		1,752	1,752
Non-restricted equity			
Retained earnings		461,613	461,511
Net profit for the year	42	28	102
Total non-restricted equity		461,641	461,613
Total equity		463,393	463,365
Current liabilities			
Trade payables		4,632	2,814
Other liabilities	32	57,314	54,560
Accrued expenses and deferred revenue	33	1,733	4,140
Total current liabilities		63,679	61,514
TOTAL EQUITY AND LIABILITIES		527,072	524,879
Pledged assets	34	None	None
Contingent liabilities	35	None	None

PARENT COMPANY CHANGES IN EQUITY

Amounts in kSEK	Note	Share capital	Restricted reserves	Non-restricted equity	Total equity
Opening balance at 1 January 2015		1,647	105	461,511	463,263
Net profit for the year				102	102
Closing balance at 31 December 2015	41	1,647	105	461,613	463,365
Opening balance at 1 January 2016		1,647	105	461,613	463,365
Net profit for the year				28	28
Closing balance at 31 December 2016	41	1,647	105	461,641	463,393

Net profit for the year is identical to comprehensive income.

PARENT COMPANY STATEMENT OF CASH FLOWS

Amounts in kSEK	Note	2016	2015
Cash flows from operating activities			
Operating profit		35	-10
Adjustment for non-cash items		36	39
Interest received		6	115
Interest paid		-14	-3
Income taxes paid		156	-
Cash flows from operating activities before changes in working capital		219	141
Cash flows from changes in working capital			
Increase/decrease in operating receivables		466	-110
Increase/decrease in operating liabilities		2,165	18,245
Total changes in working capital		2,631	18,135
Cash flows from operating activities		2,850	18,276
Investing activities			
Payments for property, plant and equipment	17	-	-299
Proceeds from disposal of property, plant and equipment		28	204
Payments for financial assets		-	-51
Cash flows from investing activities		28	-146
Cash flows from financing activities			
Cash flows for the year		2,878	18,130
Cash and cash equivalents at the beginning of the year	30	66,233	48,103
Cash and cash equivalents at the end of the year	30	69,111	66,233

NOTE 1 GENERAL INFORMATION

RISE Research Institutes of Sweden Holding AB's mission is to bring together the Swedish institute sector and to strengthen its role in the innovation system through efficient ownership and governance and work with matters related to structure, efficiency and funding. The research institutes gathered under the RISE Holding AB umbrella shall be internationally competitive and facilitate sustainable growth in Sweden by strengthening competitiveness and innovation in the business community.

The RISE Group consists of the Parent Company RISE Research Institutes of Sweden Holding AB and its wholly-owned subsidiaries RISE Research Institutes of Sweden AB (RISE AB), RISE ICT AB and Innventia AB. The Group also includes the associate Swerea AB, which is owned to 42.8 %. RISE Holding AB is wholly-owned by the Swedish Government.

The Parent Company is a company of the designation "aktiebolag" (roughly equivalent to "limited company"), registered in Sweden and with its head office in Gothenburg Municipality. From May onwards, the visiting address of the head office will be Lindholmospiren 7 A, SE-417 56 Gothenburg.

This annual report and associated consolidated financial statements were approved for publication by the Board of Directors and CEO on 21 March 2017. The annual report will be presented for adoption at the annual general meeting of shareholders due to be held on 21 April.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES

2.1 BASIS OF PREPARATION

The consolidated financial statements for the RISE Research Institutes of Sweden Holding AB Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Regulations for Groups has been applied.

Assets and liabilities have been recognised in accordance with the purchase method, with the exception of certain financial instruments measured at fair value through profit or loss. The most important accounting principles applied in the preparation of these consolidated financial statements are described below. These principles have been applied consistently for all years presented, unless stated otherwise. Non-current assets and non-current liabilities are comprised, in all material respects, of the amounts expected to be recovered or paid later than twelve months after the closing date. Current assets and current liabilities are comprised, in all material respects, of the amounts expected to be recovered or paid within twelve months after the closing date.

The preparation of financial statements in accordance with IFRS requires the application of a number of important estimations for accounting purposes. Furthermore, management is required to make certain assessments when applying the Group's accounting principles. The areas that involve a high degree of assessment, which are complex, or in which estimations and assumptions are of material importance for the consolidated financial statements, are described in Note 4.

The Parent Company's financial statements have been prepared in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, and the Swedish Annual Accounts Act. Those cases in which the Parent Company applies accounting principles deviating from those of the Group are presented separately at the end of this Note under the heading "Parent Company accounting principles".

All amounts have been rounded off to the nearest thousand, unless stated otherwise. Information in parentheses refers to the previous year.

Changes in accounting principles and disclosures

A number of new or revised IFRS standards will become effective for the coming financial year and have not been early adopted in preparing these financial statements. New or revised standards effective in the future are not planned to be early adopted.

IFRS 9 "Financial Instruments" deals with the classification, measurement and recognition of financial assets and liabilities. The standard replaces IAS 39. IFRS 9 retains a mixed measurement model, but simplifies certain aspects. There will be three measurement categories for financial assets; amortised cost, fair value through other comprehensive income and fair value through profit and loss. The classification of an asset is based on the entity's business model and the characteristics of the instrument's contractual cash flows. Investments in equity instruments are to be measured at fair value through profit or loss, although the option exists for initial recognition of the instrument at fair value through other comprehensive income. In the event that this option is exercised, no reclassification to the statement of profit or loss is permitted upon the sale of the instrument. IFRS 9 also introduces a new model for the calculation of credit loss reserves which is based on anticipated credit losses. As RISE's credit losses amount to a low total, our preliminary assessment is that this will only have a minor effect on profit. For financial liabilities, there is no change to classification or measurement, with the exception of cases where a liability is recognised at fair value through profit or loss on the basis of the fair value alternative. Changes in value attributable to changes in the entity's own credit risk should be recognised in Other comprehensive income. Hedging documentation has also been changed slightly compared with documentation prepared pursuant to IAS 39. The standard is effective for financial years beginning on or after 1 January 2018. Early adoption is permitted. The Group has not yet evaluated the effects of introducing the standard.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers" regulates the accounting of revenue. The principles on which IFRS 15 is based are intended to give users of financial statements more valuable information about a company's revenue. Under the expanded disclosure requirements, information on the type of revenue, date of settlement, uncertainties associated with the recognition of revenue and cash flows attributable to the company's contracts with customers must be disclosed. Under IFRS 15, revenue should be recognised when a customer receives control over the sold good or service and is able to use or obtains a benefit from the good or service. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts", as well as associated SIC and IFRS Interpretations Committee. IFRS 15 is effective for financial years beginning on or after 1 January 2018. Early adoption is permitted. The Group has not yet fully evaluated the effects of introducing the standard. Revenues in the Group are generated principally from Government grants and rendered services from research and development projects. Refer to section 2.15 for the Group's current revenue recognition principles.

IFRS 16 Leases

IFRS 16 is effective for financial years beginning on or after 1 January 2019. The comparative figures are to be recalculated to comply with the new standard. The implications of

the new standard are that the principle for finance leases and operating leases is withdrawn for lessees and replaced with a model entailing that all leases are recognised as both an asset and a liability. Leases exempted from this treatment are those of a lesser value or with a tenor under 12 months. The effect of the standard will be a higher recognised operating profit/loss, a larger total assets, increased debt/equity ratio and decreased equity/assets ratio. Operating cash flow is expected to increase commensurate to operating profit/loss.

The full effects of IFRS 16 are yet to be established. Generally speaking, the effects of the new standard are mainly linked to the rental of premises and the leasing of vehicles. None of the other IFRS or IFRIC interpretations yet to enter into force are expected to have any material impact on the Group.

2.2 CONSOLIDATED FINANCIAL STATEMENTS

2.2.1 Subsidiaries

Subsidiaries are all companies (including structured entities) over which the Group exercises a controlling influence. The Group is considered to exercise control over a company when it is exposed to or is entitled to variable returns on the basis of its participation in the company and is able to impact this return through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from the financial statements from the date on which control is relinquished.

The purchase method is applied in reporting the Group's acquisitions of subsidiaries. The purchase price for the acquisition of a subsidiary is comprised of the fair value of the transferred assets, issued equity instruments and liabilities assumed or arising as per the date of transfer. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value on acquisition date, regardless of the extent of any non-controlling interest. The amount by which the purchase price and the fair value of the Group's share identifiable acquired assets, assumed liabilities and contingent liabilities is recognised as goodwill. If the purchase price is less than the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities, the difference is recognised directly in the statement of profit or loss.

Intra-Group transactions, items in the statement of financial position and unrealised gains and losses on transactions between Group companies are eliminated. The accounting principles of subsidiaries have been changed where necessary to ensure consistency with the principles adopted by the Group.

All acquisition-related transaction costs are recognised as expenses. These costs are recognised in the consolidated statement of profit or loss in the item Other external expenses. Costs recognised in this item are transaction costs, any remeasurement of supplementary purchase price and and remeasurement to fair value of previously acquired participations from sequential acquisitions.

2.2.2 Change in participation in a subsidiary with no loss of control

Transactions with non-controlling interests in subsidiaries which do not entail a loss of control are treated as equity transactions, i.e. as transactions with owners in their role as owners. For any purchases from non-controlling interests, the difference between the fair value of the purchase price paid and the acquired proportion of the carrying amount of net assets in the subsidiary is recognised in equity. Gains or losses on sales to non-controlling interests are also

recognised in equity.

2.2.3 Sales of subsidiaries

When the Group no longer exercises control, any remaining participation is recognised at fair value from the date on which control is relinquished. Changes in the carrying amount are recognised in the statement of profit or loss. The fair value is applied as the initial carrying amount and forms the foundation for the continued recognition of the remaining participation as an associate, joint venture or financial asset. All amounts referring to the divested entity which were previously recognised in other comprehensive income are recognised as though the Group had directly divested the associated assets or liabilities. This may entail that amounts which were previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.4 Associates

Associates are companies in which the Group has a significant interest, but not control, usually associated with a shareholding of between 20 and 50 per cent of the voting rights. Participations in associates are recognised according to the equity method. The application of the equity method implies that the investment is initially measured at cost, with the carrying amount subsequently increasing or decreasing pursuant to the Group's share of the associate's profit or loss after the acquisition date. Dividends also impact the participation in the associate. The Group's carrying amount for participations in associates includes goodwill identified on acquisition.

If the participation in an associate decreases but the investment continues to be classified as an associate, only a proportional amount of the profit or loss which was previously recognised in other comprehensive income is reclassified to profit or loss.

The Group's share of profit arising after the acquisition is recognised in the statement of profit or loss, while its share of changes in other comprehensive income after the acquisition is recognised in other comprehensive income, with a corresponding change in the carrying amount of the participation. When the Group's share of losses in an associate equals or exceeds its participation in the associate, including any unsecured receivables, the Group does not recognise any further losses unless it has assumed legal or constructive obligations or made payments on behalf of the associate.

The Group assesses, at the end of each reporting period, whether there is objective evidence of an impairment requirement for an investment in an associate. If this proves to be the case, the Group calculates the amount of impairment required as the difference between the associate's recoverable amount and its carrying amount, and recognises this amount in the item Share of profit of associates in the statement of profit or loss.

2.3 SEGMENT REPORTING

Segment information is reported in the same manner as the internal reporting to the highest executive decision-making body. The highest executive decision-making body is the function responsible for the allocation of resources to, and evaluation of performance by, the operating segments. In the RISE Group, this function has been identified as the Board of Directors of RISE Research Institutes of Sweden Holding AB. RISE Holding AB has seven operating segments.

These seven segments are Bioeconomy, Bioscience and Materials, Certification, ICT, RISE, Built Environment and Safety and Transport. Further information is provided in the table in Note 5.

2.4 TRANSLATION OF FOREIGN CURRENCIES

2.4.1 Functional currency and presentation currency

Items in the individual financial statements for the various entities within the Group are measured in the currency of the primary economic environment in which the respective entity operates (functional currency). The consolidated financial statements are presented in Swedish krona (SEK), which is the presentation currency of the Group.

2.4.2 Transactions and items in the statement of financial position

Transactions in foreign currencies are translated to the functional currency using the exchange rates prevailing at the transaction dates or the date when the items are remeasured. Foreign exchange gains and losses arising from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate, are recognised in the statement of profit or loss.

Foreign exchange gains and losses attributable to loans and cash and cash equivalents are recognised in the statement of profit or loss as financial revenue or expenses. All other foreign exchange gains and losses are recognised in the item "Other gains/losses - net" in the statement of profit or loss.

2.4.3 Group companies

The results and financial positions of Group companies with a functional currency other than the presentation currency (none of which have a hyper-inflation currency as its functional currency) are translated to the Group's presentation currency according to the following:

- a. assets and liabilities in these entities' statements of financial position are translated at the closing rate
- b. items in these entities' statements of profit or loss are translated at the average exchange rate (unless this average rate constitutes a reasonable approximation of the accumulative effect of the applicable rates on the transaction date, otherwise revenues and expenses will be translated at the rate applicable on the transaction date), and
- c. all translation differences are recognised in other comprehensive income.
- d. Goodwill and adjustments to fair value arising on the acquisition of a foreign entity are treated as assets and liabilities attributable to this entity, and are translated at the closing rate. Translation differences are recognised in other comprehensive income.

2.5 INTANGIBLE ASSETS

2.5.1 Research and development

Expenditure incurred during the research phase is charged to expenses as incurred. Development costs are capitalised when a new product or a new product application has reached the stage in its development that, when it commences an industrialisation process - at which point is is considered to have reached the equivalent point as being launched as an independent product or an integrated component of an existing product - the expenditure is recognised as an asset. All such expenditure has previously been charged to expenses on an ongoing basis. Research costs previously recognised in expenses will not be recognised as assets during a subsequent period. Amortisation according to plan commences in conjunction

with the commercialisation of the respective product. The cost for internally-generated intangible assets includes all expenditure directly-attributable to the asset. This largely refers to salaries and other costs related to employment for personnel directly involved in the work to develop the product or application, as well as expenditure for external services.

2.5.2 Patents

Patents have a determinable useful life and are recognised at cost less accumulated amortisation. Amortisation is undertaken on a straight-line basis to distribute the cost of the patent over its estimated useful life of 10 years.

2.5.3 Goodwill

Goodwill arises on acquisitions of subsidiaries and is comprised of the amount by which the purchase price, any non-controlling interest and the fair value of any previous participation in equity as per the acquisition date exceeds the fair value of the acquired entity's identifiable net assets. If the amount is less than the fair value of the acquired subsidiary's net assets, in the event of a bargain acquisition, the difference is recognised directly in the statement of profit or loss.

Goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units expected to benefit from synergies arising from the acquisition, for the purpose of impairment testing. Each unit or group of units to which goodwill is allocated represents the lowest level in the Group at which the goodwill in question is monitored according to internal governance procedures. Goodwill is monitored at the operating segment level.

Goodwill is tested annually for evidence of an impairment requirement, or more often if events or changes in circumstances indicate the possibility of a decrease in value. The carrying amount of a cash-generating unit to which goodwill is allocated is compared with the recoverable amount, which is the higher of the value in use and fair value less selling expenses. In the event that an impairment requirement is identified, the impairment is recognised immediately as an expense and is not reversed.

2.6 PROPERTY, PLANT AND EQUIPMENT

Land and buildings are comprised mainly of factories, shops and offices. Property, plant and equipment are recognised at cost less depreciation. The cost includes expenditure that is directly attributable to the acquisition of the asset.

Additional expenditure is either added to the carrying amount of the asset or recognised as a separate asset, depending on whichever is the most suitable, although only when the future economic benefits associated with the asset will accrue to the Group and the asset's cost can be reliably measured. The carrying amount of any replaced component of an asset is removed from the statement of financial position. All other forms of repair and maintenance are recognised in the statement of profit or loss as expenses during the period in which they arise.

Land is not depreciated. Depreciation of other assets, to allocate their cost down to the estimated residual value over their estimated useful life, is undertaken on a straight-line basis according to the following:

Buildings	25-50 years
Computers	3 years
Equipment, tools, fixtures and fittings	5 years
Leasehold improvements	5 years

A gain or loss on the sale of an item of property, plant or equipment, comprised of the difference between the sale price and the carrying amount of the asset, is recognised in Other operating revenue or Other operating expenses in the statement of profit or loss.

2.7 IMPAIRMENT OF NON-FINANCIAL, NON-CURRENT ASSETS

Intangible assets with an indefinite useful life or intangible assets that are not ready for use, are not amortised but are, instead, tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an impairment requirement is identified, the amount of impairment is determined as the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. When assessing impairment requirements, the assets are grouped at the lowest level at which it is possible to identify independent cash flows (cash-generating units). Assets (other than goodwill) that have previously been impaired are tested on each closing date for possible reversal.

The useful lives and residual values of property, plant and equipment are reviewed, and adjusted if appropriate, at each closing date. If the carrying amount of an asset is greater than its estimated recoverable amount, the value of the asset is immediately written down to the recoverable amount.

The impairment amount is initially allocated to goodwill, after which a proportional impairment is undertaken on other assets included in the cash-generating unit.

2.8 FINANCIAL INSTRUMENTS

2.8.1 Classification

The Group classifies its financial assets and liabilities in the following categories: "financial assets at fair value through profit and loss", "loans and receivables", "available-for-sale financial assets" and "other financial liabilities". The classification depends on the purpose for which the financial asset or liability was acquired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial instruments held for trade. A financial asset is classified as belonging to this category when it is acquired with the primary objective to be sold within the short-term. Financial assets at fair value through profit or loss comprise short-term investments such as fixed income funds and index-linked bonds recognised as cash and cash equivalents in the statement of financial position. Assets in this category are classified as current assets if they are expected to be settled within twelve months; if not, the assets are classified as non-current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. These items are included in current assets, except for those with maturities greater than 12 months after the closing date, which are classified as fixed assets. Loans and receivables in the Group are comprised of other long-term receivables, trade receivables, other receivables and accrued revenue in the statement of financial position. Cash and cash equivalents are also included in this category.

Trade receivables are initially recognised at fair value and thereafter at amortised cost, with the application of the effective interest method, less any provision for reductions in value. Trade receivables maturing less than 12 months after the closing date are recognised at nominal value, which corresponds to fair value.

A provision for the impairment of trade receivables is made when there is objective evidence that the Group will not receive all overdue amounts according to the original terms of the receivable. The amount of the provision consists of the difference between the asset's carrying amount and the present value of estimated, discounted future cash flows, discounted with the original effective rate of interest Expected and confirmed bad debt losses are recognised in the item Other operating expenses in the statement of profit or loss. The reversal of amounts previously written off is credited to the item Other operating expenses in the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and short-term investments maturing within three months of the acquisition date.

Trade payables

Trade payables are obligations to pay for goods and services acquired from suppliers in the course of the Group's normal operating activities. Trade payables are classified as current liabilities if they mature within one year (or within the course of one operating cycle, if this is longer than one year). Otherwise, these are recognised as non-current liabilities.

Borrowings

Borrowings are initially recognised at fair value, net after transaction costs. Borrowings are recognised thereafter at amortised cost, with any difference between the received amount (net after transaction costs) and the amount to be repaid recognised in the statement of profit or loss over the tenor of the loan, using the effective interest method.

Fees which are paid for loan commitments are recognised as transaction costs for borrowing to the degree it is probable that portions of or the entire credit facility will be utilised. In such cases, the fees are recognised when the credit facility is utilised. When there is no evidence to suggest that it is probable that portions of or the entire credit facility will be utilised, the fees are recognised as an advance payment for financial services and are allocated over the tenure of the loan commitment in question.

Preferential shares, for which redemption is obligatory at a specific point in time, are classified as liabilities. Dividends on these preferential shares are recognised as an interest expense in the statement of profit or loss.

Credit overdraft facilities are recognised as borrowings under Current liabilities in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets which have been identified as available for sale or which are not classified in any of the other categories. They are included in non-current assets if management does not intend to dispose of the asset within 12 months after the end of the reporting period. The Group classifies holdings of unlisted shares in this category.

Other financial liabilities

The Group's trade payables and other current liabilities are classified as other financial liabilities. Refer to the description above in section 2.8.1.

2.8.2 Recognition and measurement

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs, which applies to all financial assets not recognised at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, while the related transaction costs are recognised in the statement of profit or loss. Financial assets are removed from the statement of financial position when the right to receive cash flows from the instrument has expired or has been transferred, and when the Group has transferred all material risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are recognised after initial recognition at fair value. Loans and receivables are recognised after the acquisition date at amortised cost, using the effective interest method.

Gains and losses arising as a result of changes in the fair value in respect of the category financial assets at fair value through profit or loss are recognised in the period when they are incurred, and are included in statement of profit or loss item Other gains/losses - net. Dividend revenues from securities classified as available-for-sale financial assets at fair value through profit or loss are recognised in the statement of profit or loss under Other revenue when the Group's right to receive payment has been established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale financial assets are recognised in Other comprehensive income.

When securities classified as available-for-sale financial assets are sold or impaired, the accumulated adjustments to fair value are transferred from equity to the statement of profit or loss as gains or losses on financial instruments.

Interest on available-for-sale securities, calculated according to the effective interest method, is recognised in the statement of profit or loss under Financial revenue. Dividends on available-for-sale share instruments are recognised in the statement of profit or loss under Other revenue when the Group's right to receive payment has been established.

2.9 IMPAIRMENT OF FINANCIAL ASSETS

2.9.1 Assets at amortised cost

The Group assesses, at the end of each reporting period, whether there is objective evidence of an impairment requirement for a financial asset or a group of financial assets. A financial asset or a group of financial assets are impaired only if there is objective evidence of an impairment requirement as a result of one or several events having occurred after the initial recognition of the asset (a "loss event"), and if this event (or events) impacts the expected future cash flows from the financial asset or group of financial assets in a manner which can be reliably estimated.

Objective evidence of an impairment requirement includes, among other things, indications that a debtor or group of debtors are experiencing significant financial difficulties, that payments of interest or capital are not received or are delayed, that it is probable that a debtor or group of debtors will enter into bankruptcy or undergo some other form of financial reconstruction, or that there is observable data showing a measurable reduction in

expected future cash flows, such as changes in mature liabilities or other financial circumstances correlating to credit losses.

For the loans and receivables category, impairment is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows (excluding future credit losses which are yet to be confirmed), discounted to the financial asset's original effective interest. The asset's carrying amount is impaired, with the amount of impairment being recognised in the consolidated statement of profit or loss. If a loan or investment held to maturity incurs variable interest, the effective interest stipulated in the agreement is used as the discount rate when the impairment requirement is established. Alternatively, as a practical solution, the Group can establish the impairment requirement on the basis of the instrument's fair value, calculated with the help of an observable market value.

In the event that an impairment requirement is no longer deemed to be necessary in a subsequent period, and the change can be attributed to an event occurring after the impairment was recognised (for example, an improvement in a debtor's credit rating), the reversal of the impairment is recognised in the consolidated statement of profit or loss.

2.9.2 Assets classified as available-for-sale financial assets

The Group assesses, at the end of each reporting period, whether there is objective evidence of an impairment requirement for a financial asset or a group of financial assets.

If such evidence is identified for a debt instrument, the accumulated loss – calculated as the difference between the cost and the current fair value, less any previous impairment losses recognised in the statement of profit or loss – is removed from equity and recognised in the statement of profit or loss. If the fair value of an available-for-sale promissory note increases in a subsequent period, and the increase can be objectively attributed to an event occurring after the impairment was recognised, the reversal of the impairment is recognised in the statement of profit or loss.

For equity instruments, a significant or extended decrease in the fair value to a level below the instrument's cost is also deemed to constitute evidence of an impairment requirement. If such evidence is identified, the accumulated loss – calculated as the difference between the cost and the current fair value, less any previous impairment losses recognised in the statement of profit or loss – is removed from equity and recognised in the statement of profit or loss. Reversals of impairment previously recognised in the statement of profit or loss are not recognised in profit or loss.

2.10 INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost corresponds to the purchase price. The cost is determined using the first-in, first-out (FIFO) method. The net realisable value is the estimated sales price in the ongoing operations, with deductions for the applicable variable selling expenses. Inventories include both components (work on progress) and finished goods.

2.11 PROJECTS IN PROGRESS

The Group engages in three types of projects: research projects, partially commercial projects and fully commercial projects. Research projects are funded via grants from the Parent Company or collaboration partners. Revenues for these projects are recognised as expenses according to plan are incurred. Received grants are recognised as accrued revenue from work in progress until the expenses are incurred. When received grants

have been consumed, a decision is made as to whether the project is to be concluded or continued. Partially commercial projects refer to projects funded via both grants and commercial funding, i.e. sales to external parties. Revenue from these projects is recognised as expenses are incurred. A provision is made for estimated cost overrun. Commercial projects are funded exclusively via sales to external parties. The cost for these projects consists of direct salaries and other direct expenses. The net realisable value is defined as the estimated sales price less any estimated selling expenses. Expected and confirmed losses in a project are recognised in the item Other operating expenses in the statement of profit or loss. The reversal of amounts previously written off is credited to the item Other operating expenses in the statement of profit or loss.

2.12 SHARE CAPITAL

Ordinary shares are classified as equity. Transaction costs directly attributable to new share issues are recognised, net after tax, in equity as a deduction of the issue proceeds.

2.13 CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, with the exception of tax referring to items recognised in Other comprehensive income or directly in equity. For such items, the associated tax is also recognised in Other comprehensive income or directly in equity, respectively.

Current tax for the period is calculated on the basis of the tax laws enacted or substantively enacted as at the closing date in those countries in which the Parent Company and its subsidiaries operate and generate taxable income. Management evaluates, on an ongoing basis, the declarations presented in the income tax returns for those situations in which the tax regulations are subject to interpretation. Provisions are made, as deemed necessary, for amounts which are likely to be payable to the tax authorities.

Deferred tax is recognised on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are, however, not recognised if incurred as a result of the initial recognition of goodwill. Deferred tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination, which at the time of the transaction impacts neither the recognised nor fiscal results. Deferred income tax is calculated using tax rates (and laws) that have been enacted or substantially enacted as at the closing date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is likely that a future fiscal surplus will be available against which the temporary differences can be utilised.

Deferred tax liabilities are calculated in taxable temporary differences arising on participations in subsidiaries, associates and joint ventures, with the exception of those deferred tax liabilities for which the point in time of the reversal of the temporary difference can be determined by the Group and it is probable that the temporary difference will not be reversed within the foreseeable future. Under normal circumstances, the Group cannot determine the reversal of temporary differences referring to associates. This is only possible in cases in which an agreement has been entered into granting the Group the possibility of determining the reversal of temporary differences.

Deferred tax assets attributable to deductible temporary differences on participations in subsidiaries, associates and joint ventures are recognised only to the extent that it

is likely that the temporary difference will be reversed in the future and that a future fiscal surplus will be available against which the deduction can be utilised. Deferred tax assets and liabilities are offset when there is a legal right to offset the tax assets and tax liabilities in question, when the deferred tax assets and liabilities refer to taxes levied by one and the same tax authority and when they refer either to the same taxpayer or different taxpayers, and when there is the intention to settle the balances on the basis of net payments.

2.14 EMPLOYEE BENEFITS

Short-term benefits

Short-term employee benefits such as salaries, social security contributions, holiday pay, etc., are recognised in expenses during the earning period.

Defined contribution retirement benefits

Defined contribution retirement benefit plans are those plans under which the Company's obligations are limited to the fees the Company has committed to pay. The size of the employee's retirement benefits is dependent on the fees which the Company pays into the plan or to an insurance company and the return on capital generated by these fees. The Company's obligations with regard to fees paid into defined contribution plans are recognised as an expense in profit or loss at the rate they are vested through the employee rendering services on behalf of the Company for a defined period.

Defined benefit retirement benefit plans

The defining characteristic of a defined benefit retirement benefit plan is that it states an amount for the retirement benefit an employee receives upon retirement, usually based on one or more factors such as age, period of service and salary.

The liability recognised in the statement of financial position for defined benefit retirement benefit plans is the present value of the defined benefit obligation on the closing date less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary with the application of the projected unit credit method. The present value of the defined benefit obligation is determined through the discounting of the estimated future cash flows, applying the interest rate for Swedish mortgage bonds issued in the same currency as the currency in which the benefits will be paid, and with maturities comparable to the pension obligation in question.

Actuarial gains and losses due to experience-based adjustments and changes in actuarial assumptions are recognised in Other comprehensive income in the period they arise.

Expenses attributable to service during previous periods are recognised directly on the statement of profit or loss.

Termination benefits

Termination benefits are recognised directly when the Company has communicated an established plan for the termination and does not have a realistic possibility of withdrawing the plan. In the event that an employee is exempted from work during the notice period, a provision is made for the salary during the notice period directly. In the event that no such exemption is granted, the salary during the notice period is recognised in expenses during the notice period.

2.15 REVENUE RECOGNITION

Revenue comprises the fair value of the amounts received or which will be received for the sale of goods and rendering of services in the course of the Group's operating activities. The Group recognises revenue when the amount can be reliably measured, it is likely that future economic benefits will accrue to the Company and particular criteria have been met for each of the Group's operations as described below.

Grants

Received project grants are recognised in revenue at the pace they are qualified for.

Sales of services

The Group's revenue consists, in all material respects, of revenues from rendered services (research and development projects).

The time frames for the completion of these projects vary between 6-36 months. Projects are executed on both a current account basis and on a fixed price basis. The outcome of a fixed price assignment can be reliably estimated when the total assignment revenue can be reliably measured, when it is likely that the economic benefits associated with the assignment will accrue to the Group, when the degree of completion and total expenses as per the closing date can be reliably measured, and when all assignment expenses can be identified and reliably measured. An assignment undertaken on a current account basis can be reliably estimated when it is likely that the economic benefits associated with the assignment will accrue to the Group and when all assignment expenses can be identified and reliably measured.

All project-based assignments are recognised according to the percentage of completion method. This implies that all assignment revenue and assignment expenses are recognised relative to the assignment's degree of completion as per the closing date. The degree of completion of an assignment is established through an assessment of the relationship between hours worked as per the closing date and the estimated total hours required to complete the assignment. When it is likely that the total assignment expenses will surpass the total assignment revenue, the expected loss is recognised immediately in expenses. The Group recognises receivables from the principles of all ongoing assignments, for which assignment expenses and recognised profits (less deductions for recognised losses) exceed the invoiced amount, as assets. Partially invoiced amounts which have not yet been paid by the customer and amounts withheld by the principal are included in the item Trade receivables. The Group recognises as liabilities all liabilities to principals of ongoing assignments for which the invoiced amounts surpass the assignment expenses and recognised profits (less deductions for recognised losses).

Sales of goods

Sales of goods take place to a relatively minor degree. Revenues from sales of goods are recognised when all of the material risks and benefits associated with ownership have been transferred outside the Group, when the Group no longer exercises any real control over the sold goods, when the revenues and associated expenditure can be reliably measured and it is likely that the economic benefits associated with the sale of the items will accrue to the Group.

Rental revenue

Rental revenue received from the leasing out of surplus office space is recognised on a straight-line basis over the tenor of the lease.

Interest revenue

Interest revenue is recognised over its tenor with the application of the effective interest method.

2.16 LEASES

Lease agreements under which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made during the lease period (after deductions for any incentives granted by the lessor) are expensed in the statement of profit or loss on a straight-line basis over the tenor of the lease.

The Group's leases consist of rented office premises and cars, which are classified as operating leases.

2.17 PARENT COMPANY ACCOUNTING PRINCIPLES

The financial statements for the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. Consequently, the Parent Company applies the same accounting principles as the Group wherever applicable, with the exception of the instances described below.

Layout of the statement of profit or loss and statement of financial position

The statement of profit or loss and statement of financial position have been prepared in accordance with the layout specifications of the Annual Accounts Act. The layout used by the Parent Company entails differences compared with the consolidated financial statements, mainly referring to financial revenue and expenses, the statement of comprehensive income and provisions.

Participations in subsidiaries and associates

Participations in subsidiaries and associates are recognised at cost less any impairment. Any dividends received are recognised in financial revenue. Dividends which exceed the subsidiary's comprehensive income for the period, or which entail that the carrying amount of the subsidiary's net assets in the consolidated statement of profit or loss is below the carrying amount of the participation, constitute an indication of an impairment requirement. Acquisition expenses relating to participations in subsidiaries and associates are recognised as a part of the cost of acquisition.

If there is an indication that a participation in a subsidiary has decreased in value, the recoverable amount is calculated. In the event that this is lower than the carrying amount, the participation is written down to the recoverable amount. Impairment is recognised in the items Share of profit of Group companies and Share of profit of associates, respectively.

Employee benefits

Defined benefit plans

The Parent Company recognises defined benefit plans as defined contribution plans whenever retirement benefit premiums are paid to an insurance company, insurance association or similar.

The Parent Company applies different grounds for measuring defined benefit plans, which are financed through recognition as a liability in the statement of financial position, so-called unfunded plans, than those stipulated in IAS 19. The Parent Company follows the directives of the Pension Obligations Vesting Act and the regulations of the Swedish Financial Supervisory Authority, as this is a prerequisite for the right to fiscal deduction. The most important differences compared with the stipulations of IAS 19 are the manner in which the discount rate is determined, that the calculation of the defined benefit obligation is based on present salary level without assumptions regarding future salary increases, and that actuarial gains and losses are recognised in the statement of financial position.

Financial instruments

For the measurement of these instruments in the Parent Company, RISE applies the Swedish Financial Reporting Board's recommendation RFR 2. This recommendation allows companies which do not need to apply IAS 39, considering the link between accounting and taxation, to measure financial instruments on the basis of the cost of acquisition, pursuant to the stipulations of the Annual Accounts Act. Therefore, investments have been recognised at amortised cost plus accrued interest in the statement of financial position.

Receivables maturing later than 12 months after the closing date are recognised as non-current assets, others as current assets. Receivables are recognised in the amounts that, on the basis of individual assessment, are estimated to be received

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

Through its operations, the Group is exposed to various types of financial risks: Market risk (consisting of foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group applies a common risk management strategy for all entities. The description provided in this Note is therefore, in all material respects, also applicable for the Parent Company.

Risk management is undertaken by the CEO in accordance with the policies approved by the Board of Directors. The Board of Directors prepares a comprehensive finance policy for risk management, which features separate chapters for specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk, as well as the investment of surplus liquidity.

Market risk

Foreign exchange risk

The Group's operations are largely confined to Sweden, implying that foreign exchange risk is limited. During 2016 and 2015 only a few transactions in foreign currencies have taken place, with the foreign exchange differences recognised in the statement of profit or loss specified in Note 14.

Interest rate risk

As the Group does not have any significant interest-bearing financial assets or liabilities, the Group's profit or loss and cash flows from operating activities are largely independent of changes in market interest rates. Investments are made with very low interest rate risk.

Credit risk

Credit risk, or counterpart risk, is the risk that the counterpart in a financial transaction is unable to fulfil its obligations on the due date. Credit risk arises through bank balances, short-term investments in the form of e.g. holdings in fixed income funds and index-linked bonds (included in cash and cash equivalents in the statement of financial position), and trade receivables.

The primary financial risk in the Group is the credit risk associated with outstanding trade receivables. The risk is managed through regular credit monitoring and credit checks of both new and existing customers. The Group's credit checks entail that, before credit is granted, a credit agency is engaged to undertake a credit check. For existing or previous customers, the present payment situation and history is also analysed. In the event that a credit check or analysis of payment history indicates deficiencies, the Group does not normally grant credit, but instead offers other alternatives such as fulfilling the assignment upon the payment of an advance fee. Credit risk in the Group is managed at company level. There is no significant concentration of credit risks.

Liquidity risk

Liquidity risk is the risk that the Group lacks the requisite liquid funds for payment of its obligations regarding financial liabilities. The management of liquidity risk is characterised by prudence and is intended to ensure that the Group always has sufficient liquid funds. As per 31 December 2016, the Group has cash and cash equivalents of kSEK 666,188 (524,397), including bank balances and short-term investments in the form of holdings in fixed income funds and index-linked bonds, among others. These assets fulfil the requirements of the Group's finance policy, stating that the Group's liquid funds are to be invested in assets which are considered safe investments and which yield a reasonable return over time. Financial investments are always to be preceded by a thorough risk assessment, and the investment is to have a low credit risk and high liquidity.

The table below analyses the Group's financial liabilities according to the time remaining after the closing date until contractual maturity. The amounts in the table below are contractual, undiscounted cash flows.

Liquidity risk					
31 Dec 2016	Less than 3 months	From 3 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Longer than 5 years
Borrowings	5,417	16,250	21,667	65,027	157,244
Trade payables	137,948	-	-	-	-
Other liabilities	185,105	937,134	-	-	-
31 Dec 2015	Less than 3 months	From 3 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Longer than 5 years
Borrowings	-	16,800	226,800	5,000	-
Trade payables	87,394	-	-	-	-
Other liabilities	789,993	-	-	-	-

As the Group’s liquidity is good, this implies that investments can largely be financed with the Group’s own funds. Future liquidity pressure in general refers to payments of trade payables and other current liabilities. Future liquidity pressure is monitored carefully through ongoing plans and forecasts. For 2016, interest rates are expected to remain negative, entailing that no extra liquidity is expected to be recognised.

3.2 MANAGEMENT OF CAPITAL RISK

The Group is owned by the Swedish State. No dividends are paid, as specified in the Articles of Association.

The Group’s capital structure is assessed on the basis of the equity/assets ratio and return on equity. The KPIs are calculated as adjusted equity as a percentage of total assets and net profit as a percentage of adjusted equity. As per 31 December 2016, the equity/assets ratio was 37 (45) % and return on equity was 5.4 (3.2) %.

3.3 MEASUREMENT OF FAIR VALUE

The carrying amounts, after any possible impairment, of trade receivables and other receivables, as well as trade payables and other liabilities is assumed to be equivalent to their fair values, as these items are short-term in nature. The fair values of financial instruments traded on an active market are based on the quoted market prices on the closing date. The quoted market prices used for the Group’s financial assets are the current bid price. Financial assets at fair value in the Group comprise short-term investments (including fixed income funds, index-linked bonds, etc.) recognised as cash and cash equivalents in the statement of financial position. These instruments are at Level 1 in the fair value hierarchy.

NOTE 4 IMPORTANT ESTIMATES AND ASSESSMENTS

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events deemed to be reasonable under the prevailing circumstances.

IMPORTANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the application of a number of important estimations and assumptions for accounting purposes by the Board of Directors and management.

These estimations and assumptions impact both the statement of profit or loss and statement of financial position, as well as information disclosed about contingent liabilities. The areas involving a material amount of estimations and assumptions are as follows:

- Impairment testing of property, plant and equipment and other assets. This measurement takes place both on an ongoing basis and in conjunction with the preparation of the financial statements.
- Measurement of provision for doubtful debts. A provisions is made according to predetermined assessment criteria with consideration given to individual customers' capacity to pay.
- Measurement of pension liabilities. Reasonable potential changes in actuarial assumptions have no impact on the size of liabilities.

Net sales per Division refers to external revenues.
1) Innventia is included in Bioeconomy up to 1 April 2016, during which time it was classed as an associate and eliminated as a separate item.
2) The RISE column includes Group adjustments.

NOTE 5 SEGMENT INFORMATION

Company management has determined the operating segments on the basis of the information processed by the Board of Directors of RISE Research Institutes of Sweden Holding AB and which is used as the foundation for strategic decisions. No individual customer of the Group accounts for more than 10 % of revenues. An immaterial amount of revenues are generated abroad. Property, plants and equipment are located in Sweden, with an immaterial amount located abroad.

The segment information provided to Company management, referring to the segments for which information is to be provided, for the financial year 2016 is as follows:

Group	January-December 2016			January-December 2015		
Division	Net sales	Operating profit	Operating margin, %	Net sales	Operating profit	Operating margin, %
Bioeconomy 1)	403,703	-12,594	-3.1%	414,358	14,494	3.5%
Bioeconomy Innventia 1)	-74,476	-187	0.3%	-303,497	-1,654	0.5%
Bioscience and Materials	422,579	-24,630	-5.8%	410,888	-19,403	-4.7%
Certification	99,088	5,440	5.5%	92,176	5,107	5.5%
ICT	509,613	14,700	2.9%	455,850	11,225	2.5%
RISE 2)	60,733	27,843	45.8%	49,658	3,021	6.1%
Built Environment	413,163	8,313	2.0%	406,941	3,259	0.8%
Safety and Transport	635,882	37,786	5.9%	580,964	24,450	4.2%
RISE Group	2,470,285	56,670	2.3%	2,107,339	40,499	1.9%

NOTE 6 DISTRIBUTION OF NET SALES

Net sales by type of revenue:

Group	2016	2015
Revenue from trade and industry	1,336,454	1,179,345
Public research funding	509,630	413,445
SC funds (Strategic competence funds)	462,644	370,689
EU funds	147,288	143,860
Change in work in progress	14,269	
Group total	2,470,285	2,107,339

Parent Company	2016	2015
Administration fees	40,000	30,000
Project financing	20,733	19,658
Parent Company total	60,733	49,658

NOTE 7 OTHER OPERATING REVENUE

Group	2016	2015
Rental revenue	8,865	3,903
Foreign exchange gains/losses on operating receivables	1,384	1,290
Remeasurement of associate in conjunction with acquisition	28,897	-
Consolidated profit/loss from disposal of subsidiary	-	4,976
Other revenue	5,672	10,525
Group total	44,818	20,694

Parent Company	2016	2015
Rental revenue	46	-
Proceeds from disposal of property, plant and equipment	72	-
Foreign exchange gains	16	-
Parent Company total	134	-

NOTE 8 SALES AND PURCHASES BETWEEN THE PARENT COMPANY AND GROUP COMPANIES

No sales or purchases between the Parent Company and Group companies have taken place during the financial year or the preceding financial year.

NOTE 9 AUDIT FEES

Audit engagement refers to the audit of the annual report and accounting records, as well as the management of the Company/Group by the Board and the CEO, other tasks incumbent on the Company's auditor to perform, as well as advice or other assistance arising from observations made during the audit or the implementation of such other tasks. Everything else is other services.

Group	2016	2015
KPMG		
Audit engagement	4,525	2,508
Other auditing services	109	528
Tax advisory services	136	89
Other services	5,704	20
PricewaterhouseCoopers		
Audit engagement	256	1,156
Other auditing services	-	99
Tax advisory services	-	-
Other services	448	456
Group total	11,178	4,856

Parent Company	2016	2015
KPMG		
Audit engagement	1,530	550
Other auditing services	-	528
Other services	5,704	-
PricewaterhouseCoopers		
Audit engagement	-	120
Other auditing services	-	-
Other services	-	69
Parent Company total	7,234	1,267

NOTE 10 EMPLOYEE BENEFITS, ETC.

Group	2016	2015
Salaries and other remuneration to the Board of Directors	727	707
Salaries and other remuneration to the CEO	2,531	2,088
Salaries and other remuneration to other senior executives	12,472	7,433
Salaries and other remuneration to other employees	1,046,013	903,078
Social security contributions	351,319	306,115
Retirement benefit costs for the Board of Directors and CEO	754	627
Retirement benefit costs for other senior executives	3,804	1,465
Retirement benefit costs for other employees	146,158	114,972
Group total	1,563,778	1,336,485

Average number of employees	2016	2015
Men	1,312	1,162
Women	702	583
Group total	2,014	1,745

Average number of employees by country	2016	2015
Sweden	1,949	1,703
Denmark	8	8
Norway	57	34
Group total	2,014	1,745

Parent Company	2016	2015
Salaries and other remuneration to the Board of Directors	727	707
Salaries and other remuneration to the CEO	2,531	2,088
Salaries and other remuneration to other senior executives	1,100	-
Salaries and other remuneration to other employees	6,721	8,121
Social security contributions	4,933	3,357
Retirement benefit costs for the Board of Directors and CEO	754	627
Retirement benefit costs for other senior executives	329	-
Retirement benefit costs for other employees	2,012	1,749
Parent Company total	19,834	16,649

Average number of employees (all employees in Sweden)	2016	2015
Men	5	4
Women	4	3
Parent Company total	9	7

Fees to the Board of Directors	2016	2015
Fees to the Board of Directors	727	542
Social security contributions	229	143
Total	956	685

Subsidiaries	2016	2015
Of salaries and other remuneration in subsidiaries, amounts referring to CEOs	18,899	20,275
Boards of Directors	879	2,632
Retirement benefit costs for CEOs	5,204	6,919
Total	24,982	29,826

Group	2016	2015
Salaries for CEOs	21,534	22,363
Boards of Directors	1,606	3,174
Retirement benefit costs for CEOs	5,533	7,546
Total	28,673	33,083

The Group's Board of Directors is composed of 112 (97) members, of whom 64 (69) per cent are men. The Group has 12 (7) employees designated as senior executives, of whom 33 (57) per cent are men. The Parent Company's Board of Directors is composed of 11 (11) members, of whom 64 (55) per cent are men. The Parent Company's management is composed of 2 (1) members, of whom 50 (100) per cent are men.

TERMS AND CONDITIONS FOR THE CEO
In order to secure the retirement benefits due to the CEO, RISE transfers an annual amount equivalent to 30 % of the pensionable annual salary to an occupational pension insurance policy as directed by the CEO. The pensionable annual salary comprises monthly salary including a standard calculation of holiday pay (12.2 %).

REMUNERATION TO THE BOARD OF DIRECTORS, CEO AND OTHER SENIOR EXECUTIVES IN THE PARENT COMPANY

GUIDELINES

The Chairman and other members of the Board of Directors receive a fee as determined by the resolution of the annual general meeting.

The annual general meeting has resolved on the following guidelines applying to remuneration to Company management.

Remuneration to the CEO and other senior executives consists of basic salary, other benefits and retirement benefits. The Parent Company's management team consists of the CEO Pia Sandvik and Deputy CEO Olof Sandén.

Retirement benefits and other benefits to the CEO and other senior executives constitutes a part of total remuneration.

REMUNERATION AND OTHER BENEFITS TO THE BOARD OF DIRECTORS IN THE PARENT COMPANY 2016

Name	Salary, Committee and Board fees	Other benefits	Retirement benefit costs	Total
Pia Sandvik, Chairman of the Board of Directors January-June	105			105
Sven Wird, Board Member January-June, Chairman of the Board of Directors July-December	162			162
Anna Hultin Stigenberg, Board Member	80			80
Richard Reinius, Board Member*	-			0
Hasse Johansson, Board Member	60			60
Anna-Karin Stenberg, Board Member	80			80
Fredrik Winberg, Board Member	120			120
Marie Westrin, Board Member	120			120
Total	727	0	0	727

REMUNERATION AND OTHER BENEFITS TO THE BOARD OF DIRECTORS IN THE PARENT COMPANY 2015

Name	Salary, Committee and Board fees	Other benefits	Retirement benefit costs	Total
Pia Sandvik, Chairman of the Board of Directors	220			220
Thomas Johannesson, Deputy Chairman	27			27
Anna Hultin Stigenberg, Board Member	80			80
Richard Reinius, Board Member*	0			0
Hasse Johansson, Board Member	40			40
Ulf Säter, Board Member	55			55
Anna-Karin Stenberg, Board Member	5			5
Fredrik Winberg, Board Member	80			80
Sven Wird, Board Member	80			80
Marie Westrin, Board Member	120		* Ingen ersättning utgår till	120
Total	707	0	anställda i Regeringskansliet	707

REMUNERATION AND OTHER BENEFITS 2016

Name	Position*	Period*	Salary costs	Other benefits	Retire-ment benefit costs	Total
Pia Sandvik	Chief Executive Officer	July-December	1,486	0	431	1,917
Olof Sandén	Chief Executive Officer	January-June	1,045	0	323	1,368
Olof Sandén	Deputy Chief Executive Officer	July-December	1,100	0	329	1,429
John Rune Nielsen	CMO and Certification Division Manager	January-Decem-ber	1,691	0	418	2,109
Margaret Simonson McNamee	CTO	January-Decem-ber	1,228	0	379	1,607
Ann Fröström	Director of Communications pro tem	March-December	918	-	249	1,167
Leif Ljungqvist	ICT Division Manager	January-Decem-ber	1,302	76	434	1,812
Birgitta Sundblad	Bioeconomy Division Manager	April-December	1,953	104	590	2,647
Marianne Grauers	Built Environment Division Manager	January-Decem-ber	1,189	0	445	1,634
Pether Wallin	Safety and Transport Division Manager	January-Decem-ber	1,519	0	446	1,965
Pernilla Walkenström	Bioscience and Materials Division Manager	August-December	520	0	112	632
Anita Olson	Director of Human Resources	January-Decem-ber	1,052	0	403	1,455
Total			15,003	180	4,559	19,742

*: Period, salary, other benefits and retirement benefit costs correspond with period of service in the RISE Group.

Name	Position	Retirement age	Notice period in months (Employee/ company)	Severance pay in months
Pia Sandvik	Chief Executive Officer	65	6/6	18
Olof Sandén	Deputy Chief Executive Officer	65	6/6	12
John Rune Nielsen	CMO and Certification Division Manager	67	6/6	-
Margaret Simonson McNamee	CTO	67	6/6	-
Ann Fröström	Director of Communications pro tem	67	1/1	-
Leif Ljungqvist	ICT Division Manager	67	6/6	12
Birgitta Sundblad	Bioeconomy Division Manager	67	6/6	12
Marianne Grauers	Built Environment Division Manager	67	6/6	-
Pether Wallin	Safety and Transport Division Manager	67	6/6	12
Pernilla Walkenström	Bioscience and Materials Division Manager	67	6/6	6
Anita Olson	Director of Human Resources	67	6/12	-

NOTE 11 FINANCIAL REVENUE AND EXPENSES

Group	2016	2015
Financial revenue:		
Interest revenue on bank balances	744	645
Interest revenue on short-term investments at fair value through profit or loss	56	77
Profit on sales of short-term investments at fair value through profit or loss	-	386
Profit on sales of long-term receivables	2,029	-
Dividends	7	-
Foreign exchange gains/losses	3,305	601
Financial revenue	6,141	1,709
Finance expenses:		
Interest expenses on retirement benefit liability	-931	-512
Other interest expenses	-2,741	-3,465
Profit on sales of short-term investments at fair value through profit or loss	-12	-
Finance expenses	-3,684	-3,977
Financial items Group - net	2,457	-2,268

NOTE 12 OTHER INTEREST REVENUE, INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

Parent Company	2016	2015
Interest revenue and similar profit/loss items:		
Interest revenue	6	115
Interest revenue and similar profit/loss items	6	115
Interest expenses and similar profit/loss items:		
Interest expenses		-3
Foreign exchange gains/losses	-14	-
Interest expenses and similar profit/loss items	-14	-3
Financial items Parent Company - net	-8	112

NOTE 13 INCOME TAX/TAX ON PROFIT FOR THE YEAR

The difference between recognised tax expense and estimated tax expense based on applicable tax rates is as follows:

Group	2016	2015
Profit before tax	59,126	38,231
Income tax according to applicable tax rate for the Group 22 % (22 %)	13,008	8,411
Tax effect of following items		
Non-taxable revenue	-6,202	-2,146
Non-deductible expenses	2,049	1,035
Incremental taxable revenue	38	45
Utilised loss carry-forwards	-1,010	428
Adjustments referring to previous years	105	355
Miscellaneous	-916	-
Tax expense for the Group	7,072	8,128

Group/Other comprehensive income	2016	2015
Remeasurement of net retirement benefit obligation	1,510	934
Tax effect 22 % (22 %)	-332	-205
Tax expense for the Group	1,178	729

Parent Company	2016	2015
Profit before tax	28	102
Income tax according to applicable tax rate 22 % (22 %)	6	22
Tax effect of following items		
Non-deductible expenses	19	32
Utilised loss carry-forwards	-25	-54
Tax expense Parent Company	0	0

The average tax rate for the Group is 11.96 per cent (21.26 per cent). The average tax rate for the Parent Company is 0 per cent (0 per cent).

Deferred tax assets are recognised for tax loss carry-forwards to the extent that it is likely future taxable profits will be generated against which these tax loss carry-forwards can be utilised. The Group has accumulated loss carry-forwards amounting to kSEK 54,156 (57,333), on which deferred tax has been recognised on kSEK 7,798 (0) of the total loss carry-forwards. The Parent Company has accumulated loss carry-forwards amounting to kSEK 9,951. No deferred tax asset has been recognised for losses of kSEK 7,951 (8,064) which can be utilised against future taxable profits.

NOTE 14 FOREIGN EXCHANGE GAINS/LOSSES

Group	2016	2015
Other operating revenue	1,291	1,294
Financial revenue (exchange rate effects recognised at net value in the statement of profit or loss)	3,012	626
Finance expenses (exchange rate effects recognised at net value in the statement of profit or loss)	-14	-
Total foreign exchange gains/losses	4,289	1,920

NOTE 15 EARNINGS PER SHARE

	2016	2015
Earnings attributable to owners of the Parent Company	43,727	24,265
Weighted average number of outstanding basic shares (thousands)	16	16
Adjusted for:		
- Outstanding employee share options	-	-
Weighted average number of outstanding diluted shares (thousands)	16	16
Basic and diluted earnings per share	2,655	1,473

The Parent Company's share capital amounts to SEK 1,647,000, divided between 16,470 shares of varying types. The quotient value of each share amounts to SEK 1,000.

NOTE 16 DIVIDEND PER SHARE

The Group is owned by the Swedish State. No dividends are paid, as specified in the Articles of Association.

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

Group	Land and build ings, incl. land improvements	Leasehold improvements	Equipment, tools, fixtures and fittings	Non-current assets under construction	Total
Financial year 2015					
Opening carrying amount	434,000	40,736	279,124	2,023	755,883
Purchases	6,627	609	97,638	5,240	110,114
Sale/disposal	-	-	-984	-	-984
Immediate write-off against grants	-	-	-435	-	-435
Depreciation	-18,768	-1,210	-73,173	-	-93,151
Translation differences	-	-	-207	-	-207
Closing carrying amount	421,859	40,135	301,963	7,263	771,220
Per 31 December 2015					
Cost	552,154	41,424	1,282,846	7,263	1,883,687
Accumulated depreciation	-130,295	-1,289	-980,883	-	-1,112,467
Carrying amount	421,859	40,135	301,963	7,263	771,220
Financial year 2016					
Opening carrying amount	421,859	40,135	301,963	7,263	771,220
Via acquisitions of subsidiaries	106,000		24,249	5,392	135,641
Purchases	9,019	16	90,906	27,043	126,984
Reclassifications			8,270	-8,270	0
Sale/disposal			-43		-43
Immediate write-off against grants			-166		-166
Depreciation	-19,008	-1,284	-86,604		-106,896
Translation differences			108		108
Closing carrying amount	517,870	38,867	338,683	31,428	926,848
Per 31 December 2016					
Cost	667,176	41,441	1,484,088	31,428	2,224,133
Accumulated depreciation	-149,306	-2,574	-1,145,405		-1,297,285
Carrying amount	517,870	38,867	338,683	31,428	926,848

Parent Company	Equipment, tools, fixtures and fittings 2016	Equipment, tools, fixtures and fittings 2015
Opening cost	453	405
Purchases		299
Sales and disposals	-85	-251
Closing accumulated cost	368	453
Opening depreciation	-318	-327
Sales and disposals	57	31
Depreciation for the year	-36	-22
Closing accumulated depreciation	-297	-318
Closing carrying amount	71	135

NOTE 18 INTANGIBLE ASSETS

Group	Capitalised devel- opment expenses	Patents	Goodwill	Total
Financial year 2015				
Opening carrying amount	3,593	3,155	2,890	9,638
Purchases	-	1,511	-	1,511
Via sales of subsidiaries	-	-539	-	-539
Reclassifications	-	269	-	269
Depreciation	-210	-59	-	-269
Closing carrying amount	3,383	4,337	2,890	10,610
Per 31 December 2015				
Cost	3,761	4,963	2,890	11,614
Accumulated depreciation	-378	-626	-	-1,004
Carrying amount	3,383	4,337	2,890	10,610
Financial year 2016				
Opening carrying amount	3,383	4,337	2,890	10,610
Via acquisitions of subsidiaries	-	-	17,064	17,064
Purchases	-	1,407	-	1,407
Sales and disposals	-	-576	-	-576
Reclassifications	-	-	-	0
Depreciation	-759	-162		-921
Closing carrying amount	2,624	5,006	19,954	27,584
Per 31 December 2016				
Cost	3,933	5,230	19,954	29,117
Accumulated depreciation	-1,309	-224	-	-1,533
Carrying amount	2,624	5,006	19,954	27,584

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

The Group assesses, each year, if there is an impairment requirement as regards goodwill, in accordance with the accounting principle described under the heading Impairment of non-financial, non-current assets. The recognised goodwill is primarily attributable to the acquisition of Innventia AB on 1 April 2016.

The calculation is made on the basis of estimated future cash flows based on five-year period. Cash flows beyond the five-year period are extrapolated applying an estimated growth rate of 2 %. The discount rate applied for future cash flows is 10.4 % before tax.

KEY VARIABLES

Method for taxing values: The Market share and growth forecast is based on the budget and anticipated future growth. The total market is expected to grow during the forecast period.

Operating expenses: Operating expenses are estimated on the basis of the planned operations for the forecast period.

Discount rate: The discount rate is established through a weighted average cost of capital for the RISE Group and reflects current market-based assessments of the time

value of money and the risks specifically applying to the RISE Group.

The recoverable amount for Innventia AB exceeds the carrying amount. Company management deems that no reasonable changes in the important assumptions can lead to the recoverable amount falling below the carrying amount.

NOTE 19 PARTICIPATIONS IN ASSOCIATES

Group	2016	2015
Per 1 January	177,598	174,469
Acquisitions of associates	-	100
Acquisitions of associates within the Group	-34,683	-
Sales of associates	-48	-2
Reclassifications	-10	-2
Share of profit	-1,090	3,033
Per 31 December	141,767	177,598

Parent Company	2016	2015
Opening cost	22,997	22,997
Acquisitions of associates	-30	-
Closing carrying amount	22,967	22,997

Group Name	Corporate Identity Number	Registered office	Share of equity (%)	Number of shares	Carrying amount 2016	Carrying amount 2015
Swerea AB	556664-2228	Stockholm	42.8		141,000	142,297
Innventia AB	556603-1109	Stockholm	100.0		-	34,642
Ascatron AB	556860-3699	Stockholm	33.5	50,955	12	12
Vasasensor AB	556550-0541	Stockholm	21.7	36,000	0	0
LumiSigns AB	556891-9491	Norrköping	0.0	0	-	13
WeMeMove AB	556939-1526	Stockholm	0.0	0	-	14
Locusense AB	556948-1160	Stockholm	34.0	170,000	17	17
DigiWall Technology AB	556681-9990	Piteå	37.0	490	49	49
Interactive Productline AB	556633-2036	Stockholm	24.0	292	393	393
Interspectral AB	556980-5186	Norrköping	30.0	650	13	13
Prindit AB	559029-3865	Västerås	27.0	1,350,000	14	15
DP Pattering AB	556320-4139	Stockholm	15.4	1,096	201	133
Rocan System AB	556731-8810	Hallstahammar	30.0	425	53	-
Mavenoid AB	559057-5170	Stockholm	30.0	1,500,000	15	-
Total					141,767	177,598

Parent Company Name	Corporate Identity Number	Registered office	Share of equity (%)	Number of shares	Carrying amount 2016	Carrying amount 2015
Swerea AB	556664-2228	Stockholm	42.8		22,967	22,967
Innventia AB	556603-1109	Stockholm	100.0 (29)		-	30
Total					22,967	22,997

The Group's and the Parent Company's participations in significant associates are reported below to 100 %, regardless of the participation share. The remainder are insignificant and all are unlisted. Swedish ICT Research AB is reported only for the comparative year, as the company is classified as a subsidiary as of 2016.

	2016	2015	2016	2015
Name	Swerea AB	Swerea AB	Innventia AB	Innventia AB
Participating interest, %	42.8	42.8	100.0	29.0
Non-current assets	293,723	301,314	-	37,286
Current assets	425,545	381,786	-	165,085
Total assets	719,268	683,100	-	202,371
Non-current liabilities	-15,568	-18,347	-	-18,508
Current liabilities	-357,671	-316,075	-	-63,590
Total liabilities	-373,239	-334,422	-	-82,098
Net assets	346,029	348,678	-	284,469

CONDENSED INFORMATION FROM STATEMENTS OF PROFIT OR LOSS AND STATEMENTS OF COMPREHENSIVE INCOME

	2016	2015	2016	2015
Name	Swerea AB	Swerea AB	Innventia AB	Innventia AB
Revenues	680,695	709,858	-	303,497
Profit/loss for the year from continuing operations	-4,270	7,192	-	1,890
Profit/loss after tax from discontinued operations	0	0	-	0
Other comprehensive income	1,621	0	-	0
Total comprehensive income	-2,649	7,192	-	1,890
Dividends received from associates	0	0	-	0

CONDENSED STATEMENT OF CASH FLOWS

	2016	2015	2016	2015
Name	Swerea AB	Swerea AB	Innventia AB	Innventia AB
Cash flows from operating activities	-26,488	58,010	-	2,434
Cash flows from investing activities	-21,178	-40,641	-	-12,139
Cash flows from financing activities	336	-2,219	-	-
Cash flows for the year	-47,330	15,150	-	-9,705
Cash and cash equivalents at the beginning of the year	194,286	179,136	-	127,546
Cash and cash equivalents at the end of the year	146,956	194,286	-	117,841

NOTE 20 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group	2016	2015
Per 1 January	464	1,268
Purchases	-	-
Sales	-	-804
Impairment losses	-	-
Reclassifications	60	-
Per 31 December	524	464

Available-for-sale financial assets refer to participations in unlisted companies whose fair value cannot be reliably measured. These participations are thus measured at cost less any impairment.

NOTE 21 DEFERRED TAX

Group	2016	2015
Deferred tax expense on temporary differences	1,620	-1,671
Miscellaneous	74	
Total deferred tax in the statement of profit or loss	1,694	-1,671

Deferred tax assets and liabilities are distributed as follows:

Group	2016	2015
Deferred tax assets which will be utilised after more than 12 months		
Opening carrying amount	235	-
Acquired balances	1,366	
Change for the year	2,533	235
Total deferred tax assets	4,134	235
Deferred tax liabilities which will be utilised after more than 12 months		
Opening carrying amount	16,138	14,117
Acquired balances	23,320	
Change for the year	2,224	2,021
Total deferred tax liabilities	41,682	16,138
Deferred tax liabilities (net)	37,548	15,903

Changes in deferred tax assets and liabilities during the year, with no consideration given to offsetting undertaken within one and the same tax jurisdictions, are presented below:

Group	2016	2015
Deferred tax liabilities		
Accelerated depreciation	5,818	1,906
Tax allocation reserve	-3,594	116
Total deferred tax liabilities	2,224	2,022

Deferred tax liabilities in the Group refer to untaxed reserves. Deferred tax liabilities in untaxed reserves are dissolved in conjunction with changes in the value of untaxed reserves in the companies included in the Group.

Group	2016	2015
Deferred tax assets		
Tax assessment value of loss carry-forwards	1,715	235
Deferred tax on retirement benefit provisions	836	-
Temporary differences	1,583	-
Total deferred tax assets	4,134	235

Deferred tax assets in the Group refer to loss carry-forwards. Deferred tax assets are dissolved in conjunction with changes in the value of loss carry-forwards in the companies included in the Group.

NOTE 22 PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2016	2015
Opening cost	434,446	434,446
Sales within the Group	-5,170	
Closing carrying amount	429,276	434,446

THE PARENT COMPANY AND ITS SUBSIDIARIES HAVE PARTICIPATIONS IN THE FOLLOWING SUBSIDIARIES:

Name	Corporate Identity Number	Registered office	Number of shares	Number of ordinary shares direct-ly-owned by the Parent Company (%)	Number of ordinary shares owned by the Group (%)	Carrying amount 2016	Carrying amount 2015
RISE ICT AB	556668-2976	Stockholm	1,000	0	100	36,299	5,170
RISE SICS AB	556587-0119	Stockholm	1,000		100	100	100
RISE Viktoria AB	556542-4339	Gothenburg	100		100	91	91
Interactive Institute Swedish ICT AB	556557-3077	Stockholm	1,000		100	100	100
RISE Acreo AB	556534-9007	Stockholm	155,000		100	1,530	1,530
Ogemi AB	556564-6865	Gothenburg	10,000		100	0	0
Swedish ICT Innovation AB	556539-5448	Stockholm	1,000		100	1,570	1,570
RISE Research Institutes of Sweden AB	556464-6874	Göteborg	364,000	100	100	429,276	429,276
SITAC AB	556469-0120	Karlskrona	5,000		100	600	600
SMP Svensk Maskinprovning AB	556529-6836	Lomma	5,000		100	11,079	11,079
SIK – Institutet för Livsmedel och Bioteknik AB	556536-9369	Gothenburg	50,000		100	16,272	16,272
YKI – Ytkemiska Institutet AB	556558-0338	Stockholm	1,000		100	13,500	13,500
CBI Betonginstitutet AB	556352-5699	Stockholm	5,000		100	13,339	4,539
Glafo AB	556111-6855	Växjö	1,000		100	5,496	2,400
JTI – Institutet för jordbruks- och miljöteknik AB	556772-8026	Uppsala	500		100	12,066	6,000
SP Sveriges Tekniska Forskningsinstitut A/S	34,224,080	Copenhagen	500		100	592	592
SP Process Development AB	556196-9204	Södertälje	5,000		100	500	500
Astra Zero AB	556802-4946	Borås	61,330		61.33	52,550	52,550
SP Processum AB	556641-7357	Örnsköldsvik	600		60	240	240
SP Fire Research AS	982,930,057	Trondheim	910,000		70	7,903	7,903
SP Energy Technology Center AB	556992-6651	Piteå	2,000		100	5,250	5,250
Innventia AB	556603-1109	Stockholm	110	0	100	219,813	-
LignoBoost Demo AB	556139-9485	Stockholm	1,000		100	100	-
Papir- og fiberinstuttet AS	986,164,901	Trondheim	190		95	201	-
Innventia UK Ltd	6,270,672	London	1		100	0	-

During the year, the participation in the subsidiary SP Sveriges Tekniska Forskningsinstitut A/S has been impaired in an amount of kSEK 2,500 (previous year 0).

The percentages of voting rights are consistent with the participations.

The Group is owned by the Swedish State. Dividends are not paid by the subsidiaries to the Parent Company, with the exception of SMP Svensk Maskinprovning AB. Operations: All of the companies in the Group are considered to be research institutes, with the exception of SMP Svensk Maskinprovning AB, which is a testing company. No ordinary shares are held by non-controlling interests, and there are no preferential shares held by the Group.

CONDENSED INFORMATION FROM THE STATEMENTS OF FINANCIAL POSITION

RISE ICT AB is reported as an associate in 2015. As of 2016, RISE ICT AB is a subsidiary, and no separate financial information is presented.

	2016	2015
Name	Swedish ICT Research AB	Swedish ICT Research AB
Participating interest, %	100.0 %	60.0 %
Non-current assets	-	31,026
Current assets	-	305,465
Total assets	-	336,491
Non-current liabilities	-	-364
Current liabilities	-	-258,148
Total liabilities	-	-258,512
Net assets	-	77,979

CONDENSED INFORMATION FROM STATEMENTS OF PROFIT OR LOSS AND STATEMENTS OF COMPREHENSIVE INCOME

	2016	2015
Name	Swedish ICT Research AB	Swedish ICT Research AB
Revenues	-	462,514
Profit/loss for the year from continuing operations	-	9,832
Net profit for the year attributable to non-controlling interests		155
Total comprehensive income	-	9,832
Total comprehensive income attributable to non-controlling interests	-	155

CONDENSED STATEMENTS OF CASH FLOWS

	2016	2015
Name	Swedish ICT Research AB	Swedish ICT Research AB
Cash flows from operating activities	-	29,501
Cash flows from investing activities	-	-16,636
Cash flows from financing activities	-	-
Cash flows for the year	-	12,865
Cash and cash equivalents at the beginning of the year	-	136,348
Cash and cash equivalents at the end of the year	-	149,213

*) With regards to bank balances and short-term investments (cash and cash equivalents), the Group accepts only banks and financial institutions with a minimum credit rating of AAA/ Aaaa/AAA.

NOTE 23 OTHER LONG-TERM RECEIVABLES

Group	2016	2015
Opening cost	309	257
Acquired balances	5,987	
Sales	-223	
Provision for future retirement benefits	3,058	
Payments made during the year	-4,860	52
Closing carrying amount	4,271	309

Parent Company	2016	2015
Opening cost	51	-
Change for the year	-	51
Closing carrying amount	51	51

Other long-term receivables in the Group refer to an endowment insurance policy, and in the Parent Company to a rental guarantee. None of the long-term receivables are due for payment or require impairment.

NOTE 24 FINANCIAL INSTRUMENTS BY CATEGORY

As borrowing terms are based on variable interest and the assessment is that there is no material difference in the Group's credit rating as per 31 December 2016 compared with the date for the raising of borrowings, the fair value of borrowings is consistent with the carrying amount.

Group 31 Dec 2016	Financial assets at fair value through profit or loss	Availa-ble-for-sale financial assets	Loans and receiva-bles	Total
Assets in the statement of financial position				
Available-for-sale financial assets		524		524
Other long-term receivables			4,271	4,271
Trade receivables			344,843	344,843
Receivables from associates			0	0
Other receivables			44,446	44,446
Accrued revenue			69,304	69,304
Cash and cash equivalents			666,188	666,188
Total	-	524	1,129,052	1,129,576

Group 31 Dec 2016			Other finan-cial liabilities	Total
Liabilities in the statement of financial position				
Liabilities to credit institutions			260,000	260,000
Trade payables			137,948	137,948
Other liabilities			315,967	315,967
Total			713,915	713,915

Group 31 Dec 2015	Financial assets at fair value through profit or loss	Availa-ble-for-sale financial assets	Loans and receivables	Total
Assets in the statement of financial position				
Available-for-sale financial assets		464		464
Other long-term receivables		309		309
Trade receivables			270,792	270,792
Receivables from associates			75	75
Other receivables			14,615	14,615
Accrued revenue			147	147
Cash and cash equivalents*			524,397	524,397
Total	-	773	810,026	810,799

Group 31 Dec 2015			Other finan-cial liabilities	Total
Liabilities in the statement of financial position				
Liabilities to credit institutions			243,600	243,600
Trade payables			87,394	87,394
Other liabilities			174,539	174,539
Total			505,533	505,533

PARENT COMPANY

The Parent Company's financial assets are mainly comprised of participations in Group companies and associates, which are recognised at cost.

The Parent Company's financial liabilities are comprised of trade payable and other current liabilities, which are recognised at cost.

NOTE 25 INVENTORIES

Group	2016	2015
Raw materials and consumables	5,787	4,598
Finished goods	1,053	471
Total	6,840	5,069

NOTE 26 ACCRUED, UNINVOICED REVENUE

As per 31 December 2016, the RISE Group recognises an amount of SEK 296 (253) million of accrued, uninvoiced revenue referring to work in progress in projects. These projects are recognised at amortised cost, net after provisions for expected and confirmed losses.

NOTE 27 TRADE RECEIVABLES

Group	2016	2015
Trade receivables	345,964	271,801
Less: provision for bad debts	-1,122	-1,009
Trade receivables – net	344,842	270,792

Maturity analysis	2016	2015
Not yet mature	286,357	217,539
Overdue 0-3 months	52,457	44,991
Overdue > 3 - 6 months	4,694	7,253
Overdue > 6 months	1,334	1,009
Total	344,842	270,792

NOTE 28 OTHER RECEIVABLES

Group	2016	2015
Receivables from associates	0	75
Receivables from employees	63	60
Various offset payments	181	201
VAT receivable	3,106	3,687
Receivable related to acquired operations	-	-
Receivable from Irnova	-	5,497
Receivable related to retirement benefit obligation	7,654	4,489
Other items	33,442	606
Group total	44,446	14,615

Parent Company	2016	2015
Other items	-	2
Parent Company total	-	2

NOTE 29 PREPAID EXPENSES AND ACCRUED REVENUE

Group	2016	2015
Prepaid lease fees	14,325	15,007
Prepaid rent for premises	19,701	15,128
Prepaid licence fees	7,614	780
Accrued revenue	2,230	-
Other items	25,434	19,017
Group total	69,304	49,932

Parent Company	2016	2015
Other items	157	620
Parent Company total	157	620

NOTE 30 CASH AND CASH EQUIVALENTS/CASH AND BANK BALANCES

Cash and cash equivalents in the statement of financial position and statement of cash flows includes the following components:

Group	2016	2015
Cash and bank balances	521,863	443,936
Short-term bank deposits	144,325	80,461
Group total	666,188	524,397

Parent Company	2016	2015
Cash and bank balances	69,111	66,233
Parent Company total	69,111	66,233

NOTE 31 RETIREMENT BENEFIT OBLIGATIONS

Group	2016	2015
Obligations in the statement of financial position for defined benefit plans	34,450	19,486
Direct retirement benefit commitments	1,127	-
Total liability in the statement of financial position	35,577	19,486
Recognised in finance expenses for defined benefit plans	462	512
Recognised in other comprehensive income for remeasurement of defined benefit plans	1,510	-934

Group	2016	2015
At the beginning of the year	19,486	21,656
Acquired balances	15,830	-
Benefits paid	-2,320	-1,748
Interest expenses	462	512
Remeasurement of losses(+)/gains(-)	2,119	-934
At the end of the year	35,577	19,486

DEFINED BENEFIT RETIREMENT BENEFIT PLANS

Within the Group there are a number of defined benefit retirement benefit plans under which the employee is entitled to post-employment benefits based on their final salary and period of service.

Retirement benefit obligations for retirement pensions and family pensions related to the defined benefit ITP 2 plan for salaried employees in Sweden are secured through insurance with Alecta. According to a statement made by the Swedish Financial Accounting Council, UFR 10 Classification of ITP plans financed by insurance in Alecta, this is a defined benefit plan covering several employers. For the financial years 2016 and 2015, the Company did not have access to information which would enable it to report its proportional share of the plan's obligations, plan assets and expenses, implying that it has not been possible to report this plan as a defined benefit plan. The ITP 2 pension plan which is secured through insurance with Alecta is, therefore, reported as a defined contribution plan. The premium for the defined benefit retirement and family pension is calculated on an individual basis and is dependent on factors such as the salary, previously vested pension and expected remaining length of service of the employee. The expected fees for the next reporting period for ITP 2 insurance with Alecta amount to SEK 66.2 million for 2017. For 2016, the fees amounted to SEK 62.2 million, and for 2015 to SEK 54.9 million The Group's share of the total contributions to the plan constitutes an immaterial share of the total contributions.

The collective funding ratio corresponds to the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 155 per cent. If Alecta's collective funding ratio is less than 125 per cent or greater than 155 per cent, measures shall be taken in order to create the conditions for the funding ratio to return to the normal range. At low consolidation, a measure can be to raise the agreed price for new issues and to expand existing benefits. At high consolidation, one measure could be to introduce premium reductions. At the end of 2016 and 2015, respectively, Alecta's surplus in the form of the collective funding ratio amounted to 149 per cent (31 Dec 2014: 153 per cent).

The change in the defined benefit obligation during the year is as follows:

At the time of the most recent measurement, the present value of the defined benefit obligation consisted of approximately kSEK 35,577 (19,486) attributable to retirees covered by the plan.

The most important actuarial assumptions are as follows:

Group	2016	2015
Discount rate, %	1.6	2.5
Inflation	1.5	1.5

NOTE 32 OTHER LIABILITIES

Group	2016	2015
Property tax	1,127	1,127
Payroll tax	21,602	19,748
Employee withholding tax	22,085	18,282
Social security contributions	20,191	18,564
Tax on returns	17	52
VAT liability	17,067	22,588
Restructuring funds	-	702
Project funds	147,739	49,991
Remaining funds	69,544	2,600
Other items	16,595	35,886
Group total	315,967	169,540

Parent Company	2016	2015
Restructuring funds	-	702
Project funds	56,502	49,991
Remaining funds	-	2,600
Employee withholding tax	495	691
Other items	317	576
Parent Company total	57,314	54,560

NOTE 33 ACCRUED EXPENSES AND DEFERRED REVENUE

Group	2016	2015
Deferred revenue	3,847	1,600
Personnel-related items	127,077	105,229
Prepaid project grants	-	128,022
Other items	27,222	19,120
Group total	158,146	253,971

Parent Company	2016	2015
Personnel-related items	1,052	1,146
Other items	681	2,994
Parent Company total	1,733	4,140

NOTE 34 PLEDGED ASSETS

Group	2016	2015
Property mortgages	45,000	45,000
Floating charges	-	17,000
Group total	45,000	62,000

Parent Company	2016	2015
Parent Company total	None	None

NOTE 35 CONTINGENT LIABILITIES

Group	2016	2015
Guarantee commitment	None	None
Warranty	842	-
Retirement benefit commitment	1,423	-
Group total	2,265	None

Parent Company	2016	2015
Parent Company total	None	None

NOTE 36 COMMITMENTS

INVESTMENT COMMITMENTS

Commitments relating to operating leases

The Group and the Parent Company lease various types of vehicles, machinery and office equipment under terminable/non-terminable operating leases.

Future leasing fees for non-terminable operating leases mature for payment as follows:

Group	2015	2015
Within 1 year	109,674	63,159
Between 1 and 5 years	157,787	144,913
Later than 5 years	70,002	65,140
Group total	337,463	273,212
Lease fees charged to expenses for the year	107,212	79,128

Parent Company	2016	2015
Within 1 year	-	43
Between 1 and 5 years	-	11
Later than 5 years	-	-
Parent Company total	-	54
Lease fees charged to expenses for the year	-	1,235

NOTE 37 OTHER NON-CASH ITEMS

Group	2016	2015
Share of profit of associates	-1,090	-3,031
Remeasurement of share of equity in conjunction with sale	28,897	-
Change in provisions	-1,809	-
Sales	-	16
Impairment losses	-	705
Translation difference	-	-515
Foreign exchange gains/losses	-	601
Miscellaneous	-	-12
Group total	25,998	-2,236

NOTE 38 RELATED PARTY TRANSACTIONS

The Swedish State owns 100 per cent of the shares in the Parent Company and exercises a controlling influence over the Group. Other related parties are all members of the Board of Directors for the Parent Company and Company management. For further information, refer to the information on remuneration presented in Note 10.

NOTE 39 BUSINESS COMBINATIONS

In April 2016, Innventia AB and its subsidiaries were acquired. Innventia AB was previously owned to 29 % and accounted for as an associate. Innventia is an R&D company operating within the fields of pulp, paper, graphic products, packaging and biorefinery.

The total consideration for the acquisition amounted to SEK 156 million. In the preliminary purchase price allocation, goodwill amounts to SEK 17 million. The goodwill recognised for the acquisition reflects that the company operates in a growing market and is well-positioned to grow in line with or at a faster rate than the market.

Innventia has contributed to the Group's net sales in an amount of SEK 224.3 million during the period of ownership, and to profit before tax in an amount of SEK -5.4 million. For the period January to December 2016, sales amounted to SEK 298.9 million and profit before tax to SEK -5.4 million.

A description of the business combination and its effects on the consolidated financial statements is presented below.

Group	2016	2015
Purchase price paid via promissory note	156,067	-
Fair value as associate	63,746	-
Recognised amounts of identifiable assets and assumed liabilities		
Cash and cash equivalents	166,339	-
Property, plant and equipment and financial assets	142,994	-
Trade receivables and other receivables	38,944	-
Trade payables and other liabilities	-144,617	-
Total identifiable net assets	203,660	-
Non-controlling interests	-910	-
Goodwill	17,063	-
Cash flow effect from acquisitions	166,339	-

NOTE 40 BORROWINGS – CREDIT INSTITUTIONS

GROUP

Borrowings incur variable interest with a fixed interest margin, STIBOR 3 months. Collateral for the bank loan is comprised of a guarantee from the Parent Company equivalent to 61.33 per cent of the current liability and a guarantee from the Chalmers University of Technology Foundation equivalent to 38.67 per cent of the current liability.

As borrowing terms are based on variable interest and the assessment is that there is no material difference in the Group's credit rating as per 31 December 2016 compared with the date for the raising of borrowings, the fair value of borrowings is consistent with the carrying amount.

NOTE 41 SPECIFIC DISCLOSURES REGARDING EQUITY

MANAGEMENT OF CAPITAL

Capital refers to equity and borrowings. The Group's objective for its management of capital is to safeguard the Group's continuing operations and discretion to act. The division of equity and borrowed capital shall ensure that the Group maintains a good balance between risk and returns. The capital structure can be adapted where necessary to changes in the economic landscape and other external factors. In order to maintain and adapt the capital structure, the Group can, for example, increase or decrease its level of liabilities. According to the Articles of Association, the purpose of the operations is not to generate profits for shareholders. No dividends are paid out.

The consolidated statement of financial position presents the Group's liabilities and equity. The statement of changes in equity presents the various components of equity, while this Note presents a specification of the various components includes in the Group's reserves.

GROUP

Other paid-in capital

Refers to equity contributed by the owner. Includes a premium of a new share issue of kSEK 428,129.

RESERVES

Translation reserve

The translation reserve encompasses all foreign exchange differences arising on the translation of financial statements from foreign entities which present their financial statements in a currency different from the currency in which the consolidated financial statements are presented Both the Parent Company and the Group present their financial statements in the Swedish krona.

Retained earnings and net profit for the year

Retained earnings including net profit for the year constitutes earned profits in the Parent Company together with its subsidiaries and associates.

PARENT COMPANY

Share capital

The Parent Company's share capital amounts to SEK 1,647,000, divided between 16,470 shares of varying types. The quotient value of each share amounts to SEK 1,000. All shares are paid-up in full. No shares are held by the Company or its subsidiaries.

Restricted and non-restricted equity

Restricted equity may not be decreased through the distribution of profits. Restricted equity consists of share capital of kSEK 1,647 and a statutory reserve of kSEK 105. Non-restricted equity consists of paid-in capital from owners, a share premium reserve, profit brought forward and net profit for the year.

NOTE 42 APPROPRIATION OF PROFITS

The Board of Directors proposes that the available funds of SEK 461,641,046 be appropriated as follows:

Profit brought forward from the previous year	461,613,189
Net profit for the year	27,857
Retained earnings at year end will be carried forward.	461,641,046

According to the Articles of Association, the purpose of the operations is not to generate profits for shareholders. No dividends are paid out.

NOTE 43 EVENTS AFTER THE CLOSING DATE

The Parent Company has changed its business name from RISE Research Institutes of Sweden AB, with its registered office in Stockholm, to RISE Research Institutes of Sweden Holding AB, with its registered office in Gothenburg. This change was registered with the Swedish Companies Registration Office on 28 February.

The Group's statement of profit or loss and statement of financial position will be presented for adoption at the annual general meeting of shareholders to be held on 21 April 2017.

The Board of Directors and CEO hereby certify that the consolidated financial statements have been prepared in accordance International Financial Reporting Standards, IFRS, as adopted by the EU and give a true and fair view of the Group's financial position and performance. The annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the Parent Company's financial position and performance.

The administration report for the Parent Company and the Group provides an accurate depiction of both the Parent Company's and the Group's operations, financial position and performance and describes significant risks and factors of uncertainty facing the Parent Company and the companies in the Group.

Stockholm, 21 March 2017

JAN WÄREBY Chairman	HASSE JOHANSSON Board Member
ANNA HULTIN STIGENBERG Board Member	RICHARD REINIUS Board Member
MATS LIDBECK Employee Representative	ANNA-KARIN STENBERG Board Member
ÅSA RUDSTRÖM Employee Representative	MARIE WESTRIN Board Member
LAZAROS TSANTARIDIS Employee Representative	SVEN WIRD Board Member
FREDRIK WINBERG Board Member	
PIA SANDVIK Chief Executive Officer	

Our audit report was submitted on
KPMG AB

ANDERS MALMEBY
Authorised Public Accountant





Revisionsberättelse

Till bolagsstämman i RISE Research Institutes of Sweden Holding AB, org. nr 556179-8520

Rapport om årsredovisningen och koncernredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen och koncernredovisningen för RISE Research Institutes of Sweden Holding AB för år 2016 med undantag för bolagsstyrningsrapporten på sidorna 32-44. Bolagets årsredovisning och koncernredovisning ingår på sidorna 64-128 i detta dokument.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av moderbolagets finansiella ställning per den 31 december 2016 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Koncernredovisningen har upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av koncernens finansiella ställning per den 31 december 2016 och av dess finansiella resultat och kassaflöde för året enligt International Financial Reporting Standards (IFRS), så som de antagits av EU, och årsredovisningslagen. Våra uttalanden omfattar inte bolagsstyrningsrapporten på sidorna 32-44. Förvaltningsberättelsen är förenlig med årsredovisningens och koncernredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för moderbolaget och för koncernen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Annan information än årsredovisningen och koncernredovisningen

Detta dokument innehåller även annan information än årsredovisningen och koncernredovisningen och återfinns på sidorna 4-31, 48-60, 62-63 samt 134. Det är styrelsen och verkställande direktören som har ansvaret för denna andra information.

Vårt uttalande avseende årsredovisningen och koncernredovisningen omfattar inte denna information och vi gör inget uttalande med bestyrkande avseende denna andra information.

I samband med vår revision av årsredovisningen och koncernredovisningen är det vårt ansvar att läsa den information som identifieras ovan och överväga om informationen i väsentlig utsträckning är oförenlig med årsredovisningen och koncernredovisningen. Vid denna genomgång beaktar vi även den kunskap vi i övrigt inhämtat under revisionen samt bedömer om informationen i övrigt verkar innehålla väsentliga felaktigheter.

Om vi, baserat på det arbete som har utförts avseende denna information, drar slutsatsen att den andra informationen innehåller en väsentlig felaktighet, är vi skyldiga att rapportera detta. Vi har inget att rapportera i det avseendet.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen och koncernredovisningen upprättas och att de ger en rättvisande bild enligt årsredovisningslagen och, vad gäller koncernredovisningen, enligt IFRS så som de antagits av EU. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning och koncernredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på fel.

Vid upprättandet av årsredovisningen och koncernredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets och koncernens förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Styrelsens revisionsutskott ska, utan att det påverkar styrelsens ansvar och uppgifter i övrigt, bland annat övervaka bolagets finansiella rapportering.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen och koncernredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på fel, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller fel och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen och koncernredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen och koncernredovisningen, vare sig dessa beror på oegentligheter eller på fel, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på fel, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till



omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.

- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.

- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen och koncernredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets och koncernens förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen och koncernredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen och koncernredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för

revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag och en koncern inte längre kan fortsätta verksamheten.

- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen och koncernredovisningen, däribland upplysningarna, och om årsredovisningen och koncernredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.
- inhämtar vi tillräckliga och ändamålsenliga revisionsbevis avseende den finansiella informationen för enheterna eller affärsaktiviteterna inom koncernen för att göra ett uttalande avseende koncernredovisningen. Vi ansvarar för styrning, övervakning och utförande av koncernrevisionen. Vi är ensamt ansvariga för våra uttalanden.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen och koncernredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för RISE Research Institutes of Sweden Holding AB för år 2016 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets och koncernens verksamhetsart, omfattning och risker ställer på storleken av moderbolagets och koncernens egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets och koncernens ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.



Revisorns granskning av bolagsstyrningsrapporten

Det är styrelsen som har ansvaret för bolagsstyrningsrapporten på sidorna 32-44 och för att den är upprättad i enlighet med årsredovisningslagen.

Vår granskning har skett enligt FARs uttalande RevU 16 Revisorns granskning av bolagsstyrningsrapporten. Detta innebär att vår granskning av bolagsstyrningsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för våra uttalanden.

En bolagsstyrningsrapport har upprättats. Upplysningar i enlighet med 6 kap. 6 § andra stycket punkterna 2-6 årsredovisningslagen samt 7 kap. 31 § andra stycket samma lag är förenliga med årsredovisningens och koncernredovisningen övriga delar samt år i överensstämmelse med årsredovisningslagen.

Stockholm den 31 mars 2017

KPMG AB

Anders Malmeby
Auktoriserad revisor



DEFINITIONS AND GLOSSARY

Business and Innovation areas	RISE's business and innovation areas have been established to meet the challenges of the future. They span over RISE's six Divisions.
Basel convention	A regulatory framework on international trade in hazardous waste.
CSR	Corporate Social Responsibility, the concept that an entity should take responsibility for how it impacts society, from an economic, environmental and social perspective.
Divisions	RISE is organised into six Divisions.
R&D	Research and development.
GRI	Global Reporting Initiative, an international framework for sustainability reporting.
Horizon 2020	The EU's eighth framework programme for research and innovation.
Innventia	Innventia AB, subsidiary of RISE Research Institutes of Sweden AB (RISE AB).
KIC	Knowledge and Innovation Communities (EU).
KOFI Inquiry (Committee for the restructuring and strengthening of industrial research institutes)	In 1997 the KOFI Inquiry presented its final report, Att utveckla industriforskningsinstituten (To develop the industrial research institute (SOU 1997:16), together with a criteria list for a well-functioning institute. KOFI recommended the commercialisation of existing institutes to increase transparency and professionalism.
RISE Holding AB	RISE Research Institutes of Sweden Holding AB is the Parent Company of the RISE Group.
The RISE Group	RISE Holding AB owns all of the shares in RISE Research Institutes of Sweden AB (RISE AB) and is, via RISE AB, owner of all of the shares in Swedish ICT Research AB and Innventia AB. RISE AB is also joint owner of the associate Swerea AB.
RISE groups	The groups are presented to 100 per cent, regardless of participation share, i.e. RISE Holding AB, RISE AB, Swedish ICT Research AB, Innventia AB and Swerea AB.
SC funds	Strategic competence funds distributed according to the distribution model.
SME	Small and Medium-sized Enterprises
SP	SP Sveriges Tekniska Forskningsinstitut AB, which changed its name on 16 March 2017 to RISE Research Institutes of Sweden AB (RISE AB), is a subsidiary of RISE Holding AB.
Structural funds	Strategic competence funds distributed to specific projects.
Swedish ICT	Swedish ICT Research AB, which changed its namn to RISE ICT AB, is a subsidiary of RISE Research Institutes of Sweden AB (RISE AB).
Swerea	Swerea AB, associate of RISE Holding AB. Participation 42.8 per cent.
UN Global Compact	International principles in human rights, issues concerning labour law, environment and corruption aimed at commercial enterprises. Formed on the initiative of the UN's General Secretary Kofi Annan in 1999.
Vinnova	Sweden's innovation authority Mission: To promote sustainable growth by improving the conditions for innovation, as well as funding needs-driven research.



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