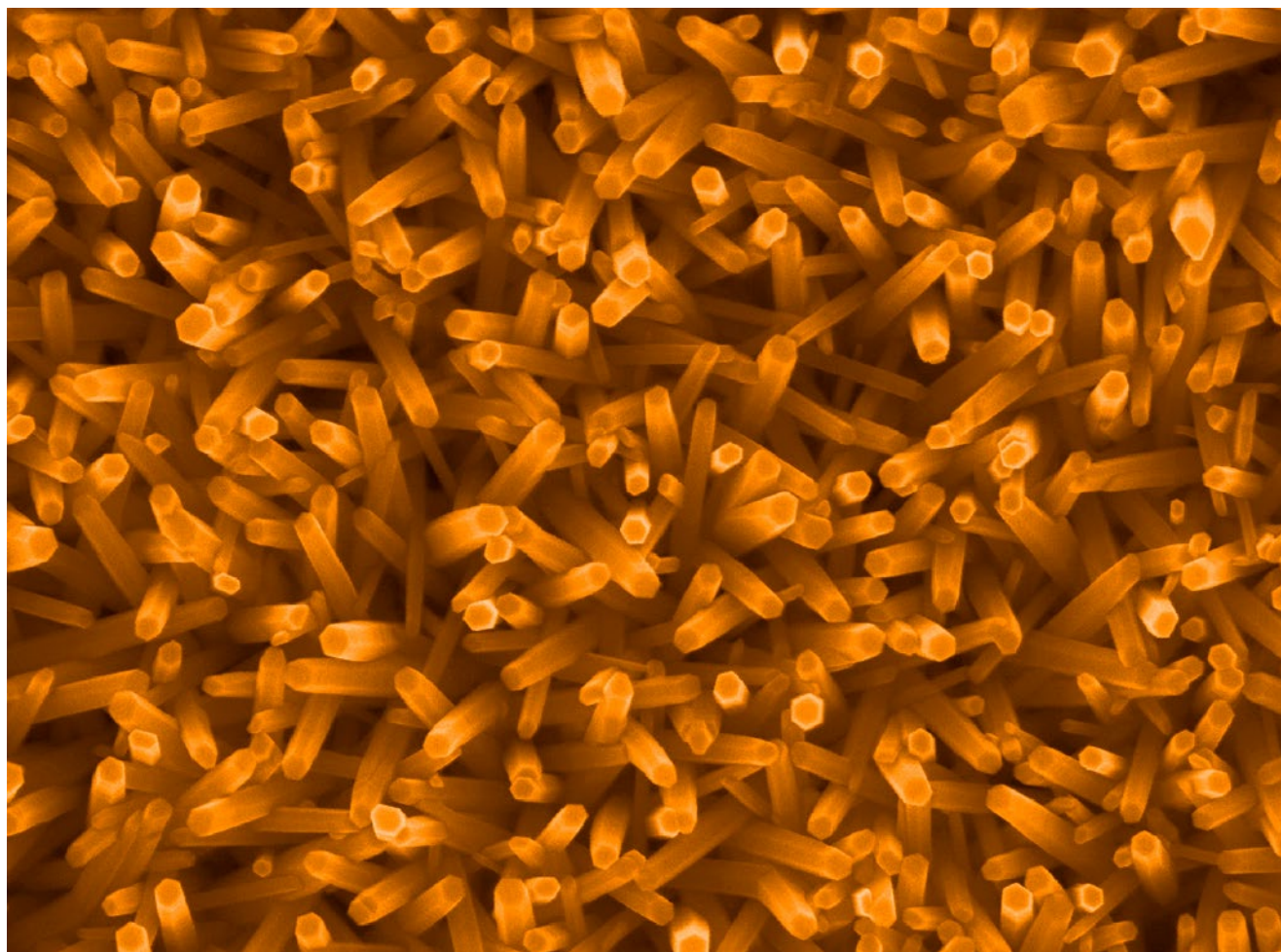




Research Institutes of Sweden

Annual Report and Sustainability Report 2017





RISE Research Institutes of Sweden

RISE is Sweden's research institute and innovation partner. Through our international collaboration programmes with industry, academia and the public sector, we ensure the competitiveness of the Swedish business community on an international level and contribute to a sustainable society. Our 2,300 employees engage in and support all types of innovation processes. RISE is an independent, State-owned research institute, which offers unique expertise and over 100 testbeds and demonstration environments for future-proof technologies, products and services. www.ri.se



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The cover picture shows zinc oxide nanothreads. Coloured scanning electron microscope image of nanothreads seen from above.

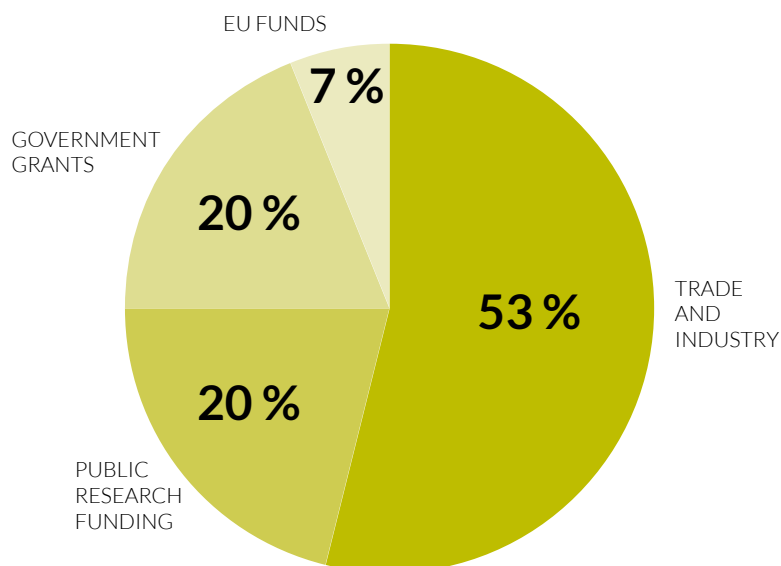
Important events during the year

- Awitar, RISE's new testing facility for electromagnetic compatibility in Borås, was completed. Awitar is an important investment enabling RISE to remain a strong innovation partner to the Swedish automotive industry. The facility, opened in January 2018, was designed and developed in close cooperation with four industrial partners: Volvo Cars, Volvo Group, Scania and NEVS.
- On 27 April, RISE signed an agreement with EKTOS A/S regarding the takeover of SP Sveriges Tekniska Forskningsinstitut A/S in Denmark. EKTOS acquired all shares in the company as well as all agreements in force, which included all personnel.
- In May, RISE began to produce a proposal for a national research environment within electromobility. In the third quarter, the Government presented a planned electromobility initiative worth a billion Swedish kronor. During the fourth quarter, work continued on the development of the necessary conditions for the electromobility testbed which RISE and Chalmers intend to share ownership of.
- In November, RISE was commissioned by the Government to start up a substitution centre. The centre, which will be located in Borås, will improve knowledge regarding hazardous substances and, in doing so, contribute to their phasing out.
- RISE took a strategic decision to support opening up access to the research facilities MAX IV and, in the long term, the neutron facility ESS. These provide Swedish industry with further opportunities to lead the way in the development of new, sustainable materials, products and processes.
- RISE opened its pilot slurry hydrocracker facility in Piteå for forestry based green fuels.
- The implementation of sustainability declarations of projects was initiated. RISE's ambition is to declare the sustainability of all customer assignments by 2020 at the latest, in order to clarify how they contribute to one or more of the UN's Sustainable Development Goals.
- The almost year-long programme for the integration and development of common strategies and working practices within RISE was concluded on 31 March. Development work took place during the year in the line organisation according to plan.

Multi-year review	2017	2016
Net sales, SEK m	2,696	2,470
Operating profit, SEK m	14	57
Profit after financial items, SEK m	27	59
Net profit for the year, SEK m	27	52
Equity, SEK m	980	962
Total assets, SEK m	2,518	2,570
Equity/assets ratio, %	39	37
Operating margin, %	0.5	2.3

RISE in figures

DISTRIBUTION OF SALES

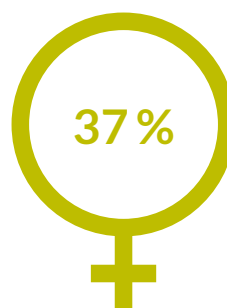


NET SALES SEK 2,696 MILLION

NUMBER OF EMPLOYEES



PERCENTAGE OF WOMEN



PERCENTAGE OF MEN



EMPLOYEES WITH RESEARCH DEGREE

RESEARCH STUDENTS

SCIENTIFIC PUBLICATIONS

■ A WORD FROM THE CEO

2017 was a good year for RISE. We experienced good growth, with more assignments and more projects. Our testbeds and demonstration facilities were used more than ever and we continued to collaborate with the business community to develop new leading testbeds and demonstration environments. To provide our customers and collaboration partners with access to these environments is a prerequisite for us to achieve our vision of being an internationally leading innovation partner.

Access to testbeds and demonstration facilities is becoming increasingly important for both the business community and the public sector. To be able to test and evaluate early in the innovation process is a way to increase speed and reduce risk in the development of new products and services. Through collaboration with academia and by linking RISE's own research expertise to our facilities, we create research-intensive testbeds and demonstration facilities. RISE has established a Testing and Demonstration Office to coordinate and strengthen the offering to business and society. We have also, together with the Association of Swedish Engineering Industries and the EU Commission's Joint Research Centre (JRC), taken the initiative to arrange a European conference on how the utilisation of testbeds and demonstration facilities can be maximised in Europe.

In conjunction with the State visit from Germany at the beginning of February, a number of round table discussions with representatives of industry and the institute sector, addressing such topics as smart industry, and testing and demonstration facilities. Following the State visit, RISE has continued to work on creating bilateral collaborations between Sweden and Germany. Our intention is to create the conditions for a value-creating cooperation with strengthened European competitiveness as our ultimate goal.

2017 was also a year during which RISE continued the integration process initiated in conjunction with the merger in 2016. We worked to establish a new organisation, a common culture and new way of working,

with the aim of becoming an even stronger innovation partner. A research council, composed of well-known members representing trade and industry, academia and the public sector, has been set up to guide RISE in future research initiatives.

We established 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 is crucial if we are to remain relevant when future-oriented solutions require the integration of various technologies.

Digitalisation is one of the most significant forces to impact society in our time. Intelligent management of data is taking on ever more importance and RISE is increasingly allocating more resources to Data Science and Artificial Intelligence. At the end of the year we had more than 75 AI projects in progress and over 60 active AI researchers. RISE has made major investments in the area of AI through, among other things, the competence platform Data Science Center, and we also undertake many assignments on behalf of industry and the public sector. For the Swedish Public Employment Service, we develop AI systems for the smart matching of jobseekers with open job positions. For the Tax Agency, we have used our research findings to develop the virtual tax expert, in which the initial focus is to support caseworkers. A learning system for auto-



mated sign language recognition is another example. RISE has teamed with a number of partners to start the Digilyftet project to support small and medium-sized enterprises. The goal is for at least 1,000 small and medium-sized industrial companies to start their digital journey with the support of Digilyftet.

We launched the RISE brand during the year. A distinct brand makes it easier for new and existing customers to find us and is a strength when we recruit skilled employees. We welcomed many new employees to RISE and have formed a Group management team which focuses on advancing a stronger Swedish innovation climate and sustainable conversion.

To contribute to sustainable development is a central part of RISE's operations. We have established sustainability goals for RISE and our ambition is to declare the sustainability of all customer assignments by 2020 at the

latest, in order to clarify how they contribute to one or more of the UN's Sustainable Development Goals. One example is how RISE has contributed to a breakthrough in the development of the biofuels of the future. This breakthrough was made in the BioLi 2.0 research project, where pilot equipment succeeded in producing biofuel based on lignin that could work in standard engines and be produced in existing oil refineries.

With a good year behind us, I would like to thank RISE's customers and partners for our successful partnerships. It would never have been possible without the sterling efforts of our enthusiastic and skilled employees. Now I look forward to a new year in which we will make more investments to improve competitiveness and sustainability in Sweden.

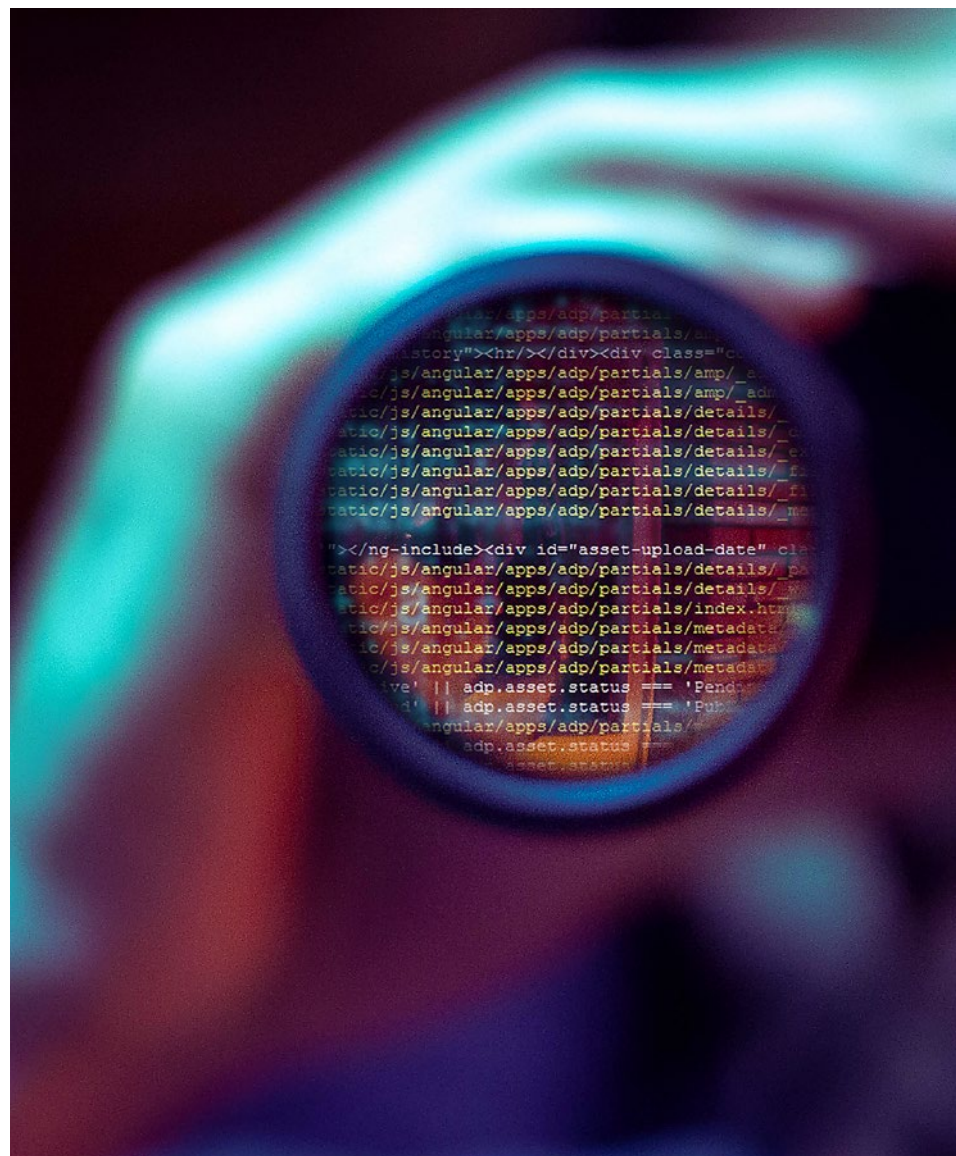
PIA SANDVIK
President and CEO

A changing world

The world is changing. Several global trends are changing the conditions that govern countries, communities, and markets across all continents. Digitalisation, urbanisation, globalisation and the need to transition towards sustainable development pose challenges both for business and society as a whole. We need to think and act differently compared to how we have in previous years.

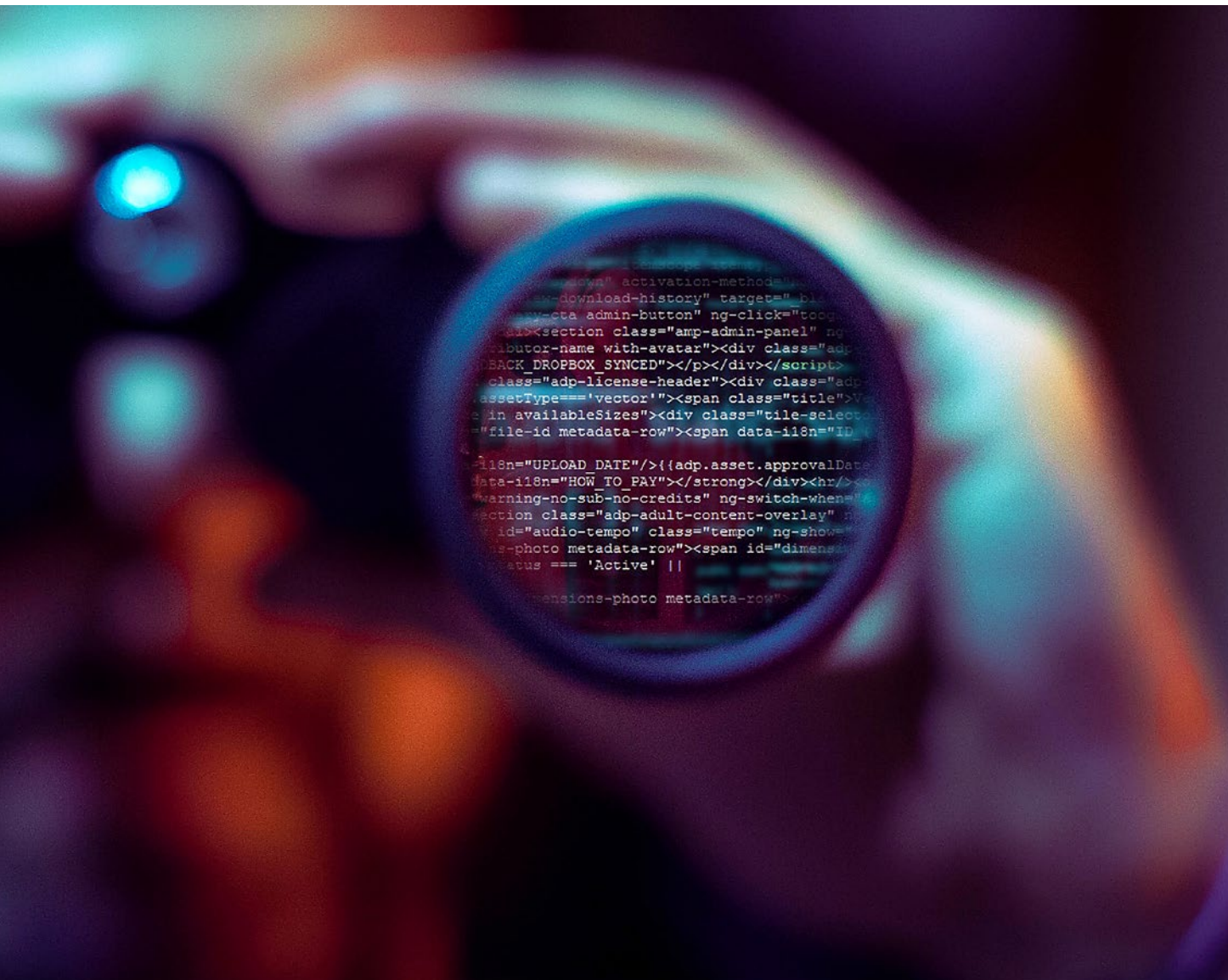
The global economy is expected to double in size by the year 2050. Economic growth is driven by the increased productivity made possible by technological development and is significantly outpacing population growth. Growing economies in countries such as China, India, Indonesia and Brazil continue to be the driving forces in the global economy, while Europe's share of the world's GNP is expected to decrease significantly. At the same time, there is a trend for research and innovation initiatives to drift towards Asia, but both the EU and Sweden are implementing definitive actions to retake the initiative. This development is a challenge for Sweden, which is an export-dependent country. In order to create renewal and growth, Sweden and its business and industry have to improve their capacity for innovation. In this context, RISE has a critical role to play. Through the formation of RISE as a unified, strong research institute and substantial basic funding of 100 million Swedish kronor per year, we can contribute to enhancing and improving the entirety of the Swedish innovation system.

Of course, the major global changes also impact RISE's customers. For example, the public sector is facing major challenges, such as increased digitalisation across the globe, the development towards a fossil-independent transport system and increased urbanisation, all of which bring with them new requirements, including the need for sustainable increases to development densi-



ty and healthcare planning. Both the service sector and basic industry are being tested by, among other things, changes in business models in the wake of the rapid pace of technological development. Small and medium-sized enterprises need to become more innovative in order to create renewal and growth for Sweden and the Swedish private sector.

The global changes means major potential, for Sweden as a country, and also for RISE. We can be part of solution, a catalyst in the development that can contribute to finding



new solutions to respond to the challenges implied by the global megatrends. As guidance for RISE's future research investments, in 2017 a research council was formed, composed of representatives from trade and industry, academia and the public sector. The research council is tasked with providing advice on strategic issues regarding the direction of the research and the issues prioritised by trade and industry.

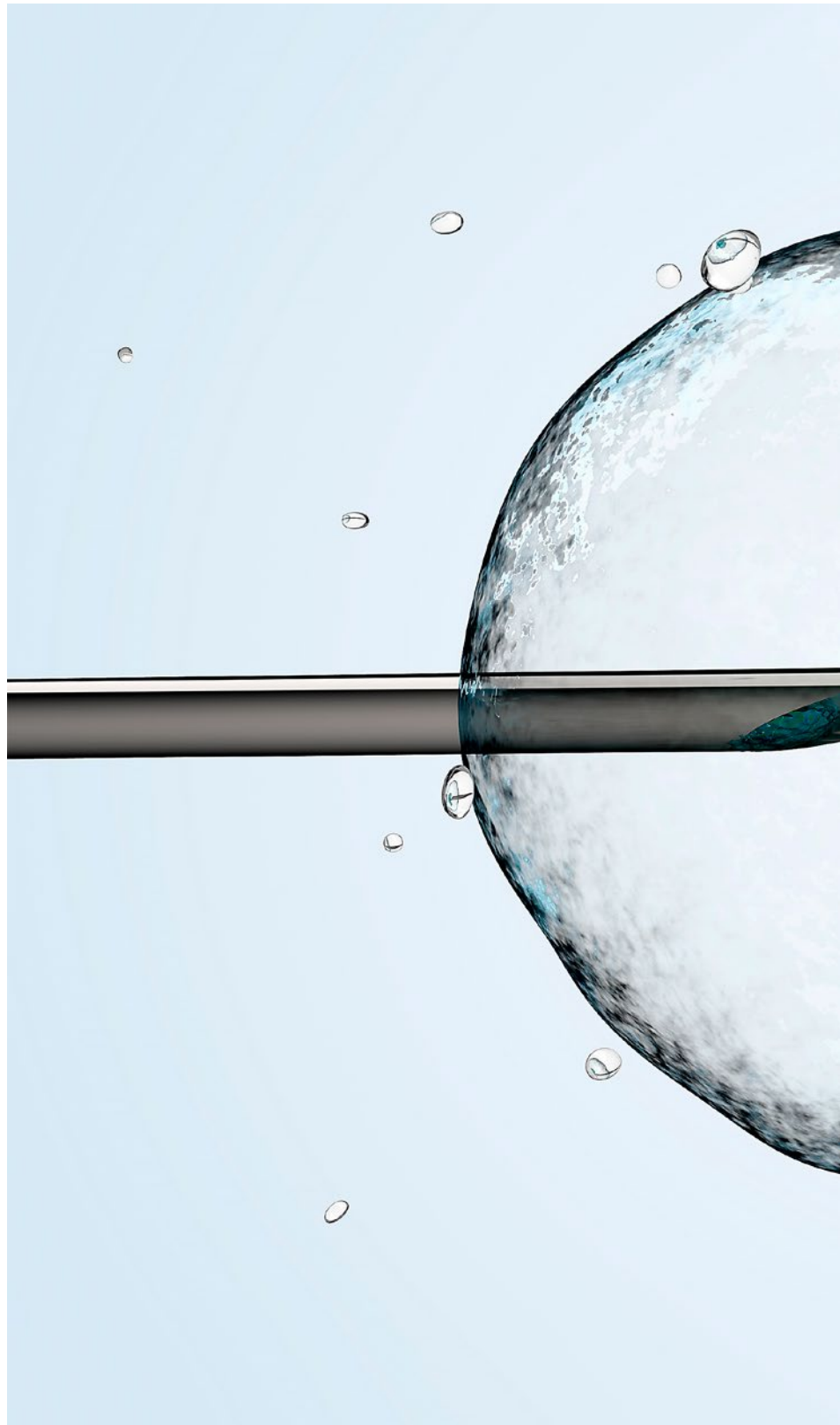
An important starting point for our strategic direction is the UN resolution for a sustainable future adopted in 2015. The

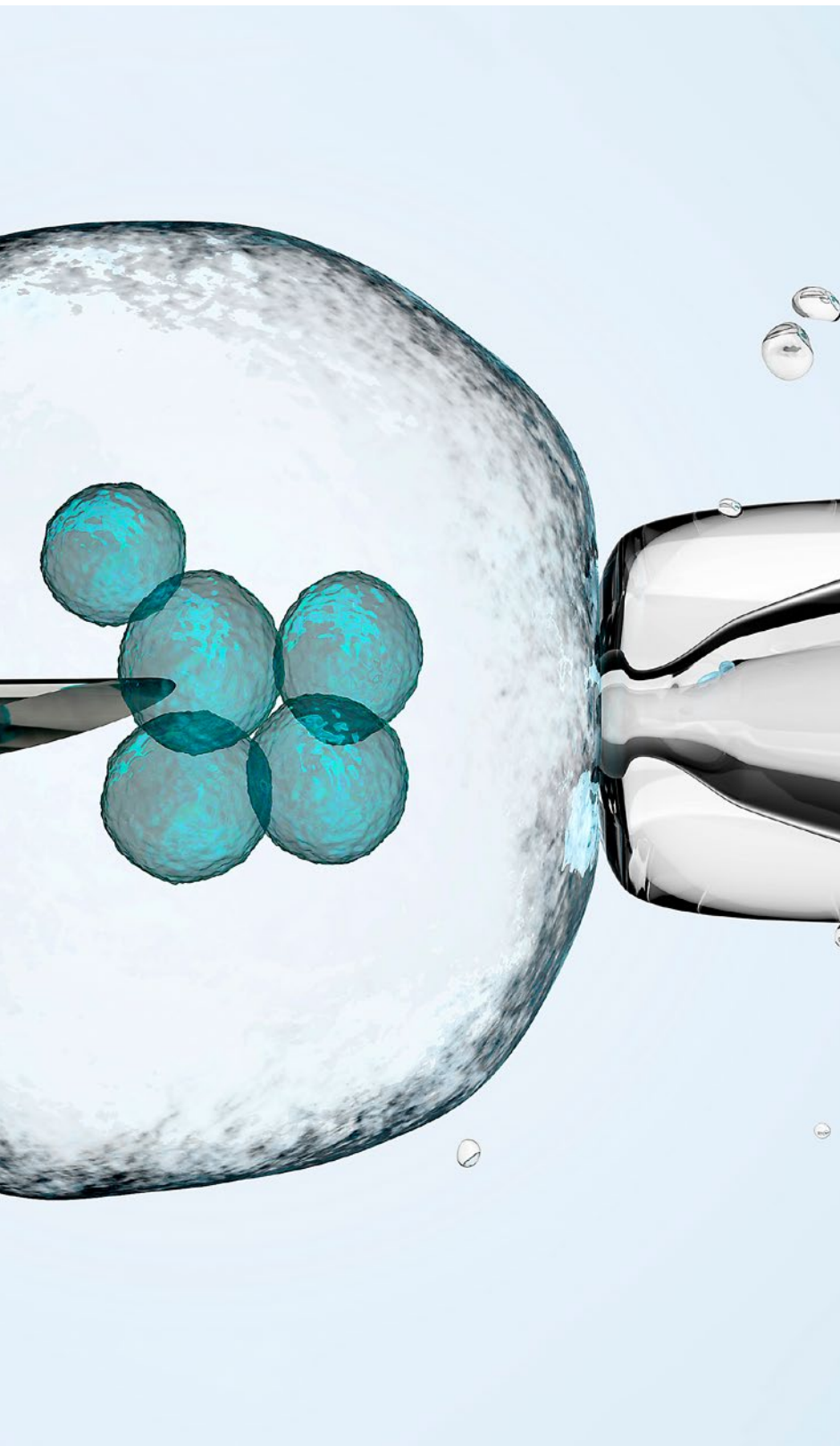
resolution has resulted in the 17 global goals which impact the conditions for all business operations in the future, not least how the industrial research institute should perform its role of "facilitating sustainable growth in Sweden by strengthening competitiveness and renewal" (as it is expressed in the research bill 2016/17:50). The Government has set as its goal that Sweden shall achieve greenhouse gas emissions neutrality by the year 2045. RISE's operations will be of the utmost importance if this and other goals for a sustainable society are to be achieved.

New business opportunities in broad cooperation

Complex challenges require cross-boundary solutions – and a multi-disciplinary perspective. We are convinced that the best way to solve problems is to view them from a number of perspectives. Therefore, we have collected all our innovation infrastructure into five challenge-driven Business and Innovation Areas: Digitalisation, Energy and Biobased Economy, Health and Life Science, Sustainable Cities and Communities, and Mobility.

Through these Business and Innovation Areas, we offer both cutting-edge and broad operations, national and international innovation networks and more than a hundred unique testbeds and demonstration facilities. As an independent innovation partner, we bring together both expert competences and a mix of actors to achieve cross-disciplinary quality, sustainable solutions through broad collaboration. We combine applied research with industry experience and cooperate with trade and industry and the public sector, with small and large companies, in bilateral projects and in large consortiums.





DIGITALISATION

Sweden must increase the application of digital technologies to increase its competitiveness and to ensure the maintenance of a democratic society. We support the business community and society in sustainable digital renewal.

HEALTH AND LIFE SCIENCE

New solutions will be required to meet the increased demands imposed on the care system. Sweden also needs to develop new therapies to increase its competitiveness. We support innovation work directed towards improving health.

MOBILITY

Automation, electrification and digitalisation are revolutionising how we transport people and freight. We support the business community and society in the shift towards sustainable mobility.

ENERGY AND BIOBASED ECONOMY

Energy efficiency, resource management and a biobased economy are essential to reducing our impact on the climate. We support the business community and society in the shift towards a fossil-free world.

SUSTAINABLE CITIES AND COMMUNITIES

Smart integrated systems, climate adaptation and digital functions with people and the environment in focus. We support the development of vibrant, sustainable cities and communities.



THE MINIBUS THAT CAN MOVE A WHOLE COMMUNITY

Since the 1950s, Swedish city planning has centred around the car. We have literally built society on the understanding that most people own a car and need to use it. One consequence – aside from the harm to the environment – has become that parking spaces dominate a significant portion of street scenes. These parking spaces have been impediments to urban development, as they take up space that could be used for other purposes: residences, offices, retail.

But how can parking spaces be removed without compromising people's ability to transport themselves? One way is to replace individual cars with a shared minibus. Or in any case, a minibus can serve as a supplement. The minibuses could be used to transport people in the first or last part of the journey between the home and the workplace. Or between their parking spaces (located at

the outskirts of town) and their homes.

This is a solution that RISE and Autonomous Mobility are now testing together with 13 other public and private sector actors in Gothenburg. With hundreds of parking spaces set to disappear in connection with the new construction at Chalmers Lindholmen, self-driving, electrically powered minibuses will shuttle between Chalmers Lindholmen and a car park a little further away. The project is a part of the Government's collaborative programme "The Next Generation of Travel and Transport" and Drive Sweden.

In the long run, the self-driving minibuses will open the door to more than just the transport of people. This type of sustainable transport solution facilitates opportunities for people to take the step from ownership to sharing – and for entire communities to adapt and improve.



Proteins to fight resistant bacteria

Ever more bacteria are developing resistance to antibiotics, meaning that even seemingly simple infections can lead to death. Antibiotic resistance is a growing problem and time is of the essence for developing new, effective treatments. Perhaps antimicrobial peptides are the future. Peptides are a part of our immune system and rapidly exterminate bacteria in the body by puncturing its cell walls, which subsequently break up, kill-

ing the bacteria. Unfortunately, peptides are highly sensitive, which has made it difficult to use them in pharmaceuticals – until now. The EU project FORMAMP, coordinated by RISE, has succeeded in stabilising peptides and even made them more effective with the help of various nanoformulations. The next step is to see whether the results from the FORMAMP project can be advanced to usable pharmaceuticals in new projects.

The food making the elderly healthier

Many elderly people do not get enough energy and proteins. This undernourishment leads to muscle wastage, weight loss and general weakness which, in turn, often results in the person in question no longer being able to live a proactive social and independent life. They can end up in hospital for very simple ailments and recovery often takes time. Undernourishment is, above all, a cause of personal suffering and a decline in quality of life, but is also an expensive and growing social problem. In Sweden alone, healthcare costs for elderly, undernourished citizens is estimated to cost SEK 9 billion



every year, a sum which is growing in line with the increasing proportion of elderly people in the population. For this reason, RISE, along with industry and a Japanese research group, is developing energy-rich, tasty and easily eaten food adapted especially for the needs of the elderly.

Sweden's research institute and innovation partner

At RISE, we cultivate good concepts and ideas into materials, products, processes and services that satisfy future needs – always in collaboration with customers and partners. Depending on the challenge and the assignment, we fulfil different roles within the innovation system and develop new ones when necessary. We contribute innovation in all its forms, whether gradual, radical or systemic. As an independent research institute and innovation partner, we support individual companies and public sector actors, regional businesses and industrial clusters. Our goal is to improve the innovative rate, providing a competitive boost to trade and industry, and underpinning a sustainable society.

Our total offering is divided into three service areas that may be combined and cross-referenced in any number of ways, depending on the customer's needs and the challenge at hand.

1. APPLIED RESEARCH AND DEVELOPMENT

Research and innovation

Applied research and innovation is the core of our 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. Together with our customers and partners, we identify development needs and produce new solutions to both shared challenges and unique problems. We work closely with universities and other higher education institutions in research and innovation projects, shared services or doctoral projects, for example. We have technological expertise, a network spanning the entire globe, we are an independent actor have good insight into the conditions applying to operators in trade and industry. This gives us the ideal platform to coordinate and lead complex research and innovation projects.

Service design and design processes

Service design and design methodologies are becoming ever more important in enabling the development of new services

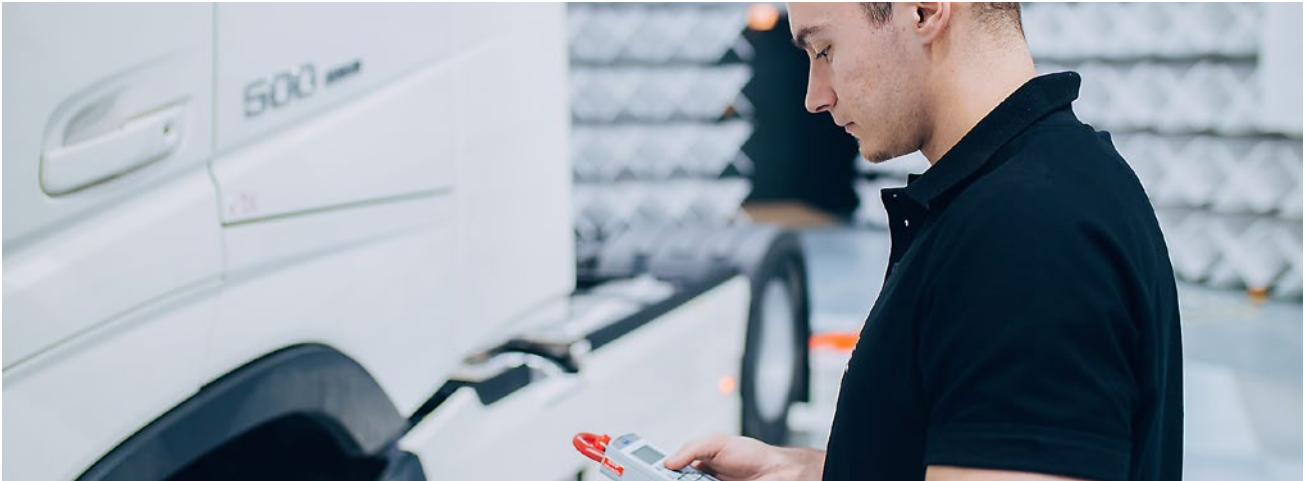
and functionalities by the business community and public sector. We use design methodologies to analyse and visualise users' connections, behaviours and motivations, and develop customised solutions in close cooperation with our customers. Processes often need to be formulated as cross-industry, cross-sector arrangements with input from innovation, research and business development.

Expert assistance

RISE has the competences needed for a successful innovation process, with experts within a large number of technical disciplines and other important areas of knowledge. Expert knowledge that can be combined in a cross-disciplinary approach or individually, depending on customer needs and the complexity.

Innovation support for small and medium-sized enterprises

Renewal for increased competitiveness and sustainable conversion is a challenge for lots of small and medium-sized enterprises (SMEs). RISE SME offers adapted support and competence, regardless of where in the development curve a company finds itself.



2. INDUSTRIALISATION AND VERIFICATION

Testbeds and demonstration environments

RISE either owns or is partner in over 100 unique testing and demonstration facilities open to industry, academia, SMEs and the public sector. These facilities allow for future materials, products, services and processes to be tested under simulated or realistic conditions for faster market introductions.

Technical evaluation and verification

The verification of processes or services is an important part of the development work tied to 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, even 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.

3. 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.

Calibration and inspection

We offer technical measurement services to both the industrial and commercial spheres. Such services refer to the calibration and regular reading of various measurement instruments. We also provides a range of services relating to inspections.

Metrology

RISE is Sweden's national measurement standards laboratory (National Measurement Institute) for the central quantities in the SI system. As a national institute, we fulfil industry and society's needs for traceable measurements and immediate access to technical measurement skills.

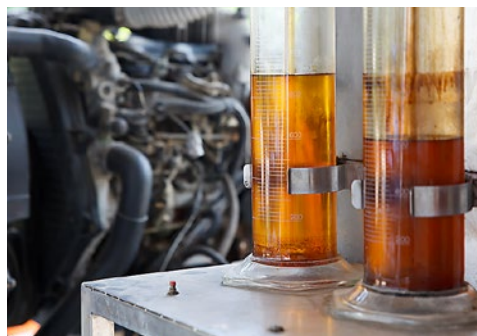
FLYING WITH WOOD IN THE TANK

Developing a biobased aviation fuel is a huge challenge for the aviation industry. There is a definite will to identify green alternatives and to reduce dependence on fossil fuels. But biofuels are often expensive to produce. With technology-intensive research and vast expertise within service design, we have good conditions both for creating a green aviation fuel – and for the formation of a new market for this fuel.

Among other things, we have led a Swedish-Brazilian cooperation with Karlstad Airport and the Brazilian pulp company Fibria. Together, this partnership has investigated the possibilities of using lignin as aviation fuel. Lignin was long seen as merely a low-value, residual product from the paper production process, but the results of RISE's research show that oil from lignin could serve as a cost-effective base for green aviation fuel – and thus a key piece of the puzzle in both the conversion of the aviation indus-

try and the ambition to achieve the goal of a fossil-free Sweden by the year 2050.

There remains a step to take before a finished product can be brought to market, but in terms of raw materials, the conditions for a lignin-based aviation fuel are good: in Sweden and Brazil alone, 12 million tonnes of lignin are produced every year. Were this to be used to produce biofuel, carbon dioxide emissions would be reduced by 20 million tonnes per year.



Where AI and the Swedish Public Employment Service meet

Can artificial intelligence (AI) make it easier for jobseekers to find potential employers? Judging by the results of a collaboration between RISE and the Swedish Public Employment Service, the answer is yes. Traditionally, the Swedish Public Employment Service has used the Swedish Standard Industrial Classification, SNI, to categorise employers. But the SNI codes are often too broad (a biotechnology company and a company that develops mechanical equipment can, for

example, end up with the same coding). In RISE and the Swedish Public Employment Service project, machine learning has been implemented to improve the categorisation. By allowing computers to go through the Swedish Companies Registration Office register and compile companies with similar descriptions, applicants can more easily find companies that match their skills. The technology may also be used to create better forecasts about the jobs of the future.





Focus on sustainable projects and solutions

Sustainability is central to RISE's operations. Our mission is to promote sustainable growth in Sweden by strengthening trade and industry's competitiveness and renewal and by contributing to the innovative development of society. Our largest contribution to sustainable development is to offer knowledge and competence, verification, research, testbeds and demonstration facilities.

We strive to create value for our customers and partners. With our services, we help our customers to develop sustainable products, processes, methods and services that contribute positively to economic, environmental and social challenges – everything from the impact of climate change to urbanisation effects or high quality care for an ageing population. As ever more actors are seeking cross-disciplinary and sustainable solutions, we combine expertise in many areas with the very latest research. We put a major emphasis on delivering independent solutions and advice. This means that we can also advise against solutions that are not sustainable or which are, for whatever reason, less appropriate.

A part of our service offering deals with the evaluation and development of products. To be able to offer these services, they are accredited or certified and scrutinised regularly by independent organisations, including Swedac, Sweden's national authority for quality and safety. In addition, RISE has also been appointed as the notified body for some twenty directive areas within the EU. This means that we, in these areas, have been assigned to verify that manufactured products conform to the EU's regulatory frameworks and that we are specified as

the inspection body in the EU Commission's register. The role of inspection body imposes significant demands on our independence, impartiality and responsibility to operate according to sound business ethics.

Sustainable operations are an integral aspect of our strategy and business. All of our work is to be focused on developing future-proof solutions, and which support a positive impact on society.

During 2017, RISE has adopted a new sustainability policy and ethics policy and we have worked on our three strategic goals that are directly linked to the sustainability work – a responsibility goal, a business goal and a goal to become an even more attractive employer.

- **The responsibility goal:** the sustainability of 100 % of our customer assignments shall be declared and linked to one of the Sustainable Development Goals by 2020. This means that we should know whether the projects and assignments have a sustainability impact and which of the Sustainable Development Goals they address. During 2017, the sustainability of 15 % of our assignments was declared.

- **The business goal:** by the year 2020, 10% of sales shall be generated as a direct result of sustainability work. Using sustainability declarations as our base, we will measure the growth of sustainable projects within RISE. We will drive our projects towards embodying, to an ever greater degree, responsible business. During 2018, we will review the method for assessing results.

- **The attraction goal:** by 2020, we shall be one of the ten most attractive employers in our category from a national perspective. In 2017, we were ranked in 32nd place.





■ RESPONSIBLE OPERATIONS

During the year, we have continued efforts to value the operations in line with the UN's 17 Sustainable Development Goals. These efforts include following up each project and assignment with respect to how they contribute to a sustainable society and which of the global goals they support. The goal is for all operations to be declared for sustainability by the year 2020. These declarations give us an overall impression of how we are steering development along the path to meeting the UN's global goals. This helps us in our improvement work and also provides reassurance for customers and partners. They know that RISE focuses on sustainable projects and solutions

RISE's sustainability work is based on common policies, goals and strategies. It is managed and followed up by Group management, with responsibilities delegated to different levels within the Group. Financial accountability is managed normally at the central level, but is based on reports from the various parts of the organisation. Many processes and initiatives linked to RISE's social responsibility are also managed at the central level. Environmental work is advanced through a large number of central and local initiatives, whereby the local proportion is dominant. Examples of areas for the environmental work are waste management and waste sorting, chemical management and procedures for energy savings in conjunction with, for example, renovation and conversion work.

As our assignment is to operate on a national basis, employees in RISE travel for business relatively often, including travel to and from work. RISE constantly attempts to reduce both the extent of business travel and negative environmental impact of the trips made by its employees. Therefore, we always attempt to facilitate remote meetings and also impose the demand that travel must take place via the most sustainable means available.

RISE's operations are knowledge intensive. Therefore, it is important for us to ensure the continuous skills development of the company's employees. In addition to the

skills development which takes place in the day-to-day operations, RISE arranges a large number of education and training courses. We also offer the possibility of continuing professional development by encouraging employees to attend both shorter and longer externally arranged educational programmes. Many employees are engaged in research studies at universities or other higher learning institutions.

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. In RISE, we help to meet the various challenges facing society. We are a responsible employer that considers, contributes to and facilitates development, creativity and innovation by cultivating people's unique characteristics and experiences.

We always strive to be an open and inclusive workplace for all, regardless of background, health status, age, gender, gender identity and expression, sexual orientation and religious belief.

RISE has implemented well-developed processes and procedures in its work on the working environment and occupational health and safety. Because this work was previously conducted independently in the companies that merged in 2016 to form RISE, coordination work is currently under way within the Group. Safety representatives and safety committees are in place in accordance with the applicable legislation.

RISE has created a sustainability fund with the money previously used to purchase Christmas gifts for employees. Employees are able to apply for resources from the fund to carry out personal projects focusing on advancing sustainability. The sustainability fund has met with significant interest and engagement and has enabled many value creating initiatives to be undertaken. A few examples can be seen in the fact box to the right.

During the 2018, much of the sustainabil-

Four sustainable initiatives

Many employees have applied for financing from the RISE sustainability fund to carry out projects that contribute to sustainability. Here are some examples:

- Katarina Nilsson, LCA expert in the Agriculture and Food Unit, organises seminars on the environmental impact of food for associations, schools and churches in western Sweden.
- Frida Vermina Lundström, fire researcher in Lund, has used support from the fund to give a voice to foreign-born engineers and researchers who have migrated to Sweden. Stories and pictures are presented on a website and the work is linked to the UN's Sustainable Development Goal to improve scientific research in all countries.
- Lisa Andersson, Project Manager in Urban Development, has worked on a project concerning autonomous greenhouses in office environments, in cooperation with the company SIOS.
- Pia Tiljander, Group Manager at RISE Built Environment, has organised a storeroom where unwanted furniture can be stored to later be given to asylum seekers.

ity work will focus on defining and implemented the business goal and on continuing the sustainability declarations of the operations. The sustainability fund will also continue its operations.

In our reporting, we follow the guidelines issued by the Global Reporting Initiative (GRI), GRI Standards. The three companies integrated into RISE Holding AB in 2016 – SP, Swedish ICT and Innventia – previously

prepared their own GRI reports. Therefore, RISE identified a common arrangement of indicators in 2016. This has resulted in a total of ten indicators linked to the three strategic sustainability goals. During 2017, the sustainability work has been developed further and, for 2017, we have therefore included a few more indicators. You can read more about our work in the sustainability report on pages 48-63.

RISE GOALS FOR THE YEAR 2020



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.globalgoals.org







AHEAD. TOGETHER.

Right now, we are in the midst of the establishment of one RISE and a strong, shared culture. As a joint research institute, unified under a shared brand, we will have significantly better chances of fulfilling our future recruitment needs. This is critical for the business – demand for competent employees is increasing and the competition for suitable candidates has become ever more fierce. That's why we work towards established goals, using a strategic plan to develop our offering as an employer for both current and future employees.

To become an organisation while the business environment is changing rapidly creates new requirements and expectations of our leaders. Therefore, we work to identify and develop the areas of competence that will form the foundation for RISE's leadership in the future – a leadership for innovation. During 2017, we brought together all managers with personnel responsibility for a common strategic dialogue on RISE's goals, culture and visions. During the year, we have also successfully implemented RISE Pulse, a new tool for our leaders to advance employee engagement and dialogue.

The workforce is expanding to incorporate both younger and older employees, which places new demands on us as an employer. Digital technology is now ubiquitous and there is a clear expectation that people's working lives should be as seamless and

easily accessible as their private lives. This presents a challenge to the traditional workplace and approaches to work are constantly being developed. Improved availability, simplicity and the overall employee experience are therefore always in focus as we establish and implement more efficient ways of working and new collaboration solutions.

Engaged and motivated employees are our most important success factor – they build the innovative climate in which we create benefits for the business community and society. In order to create this innovative climate, we place a particular emphasis on the development of leadership and teamwork within RISE. We are responsive to how our employees perceive RISE as an employer. We create the conditions for a permissive and creative work environment and a healthy work/life balance. We create opportunities to learn from one another and find new ways to develop skills through cross-functional collaboration.

Students at universities and other higher education institutions are our future. Knowing this, we start early to identify and inspire our future employees, in the hope that we can give them a positive impression of us as an employer and the industry we operate in. Each year, hundreds of students write their dissertations with us and we also engage in strategic competence supply initiatives, such as the Teknicsprånget and Jobbsprånget projects.



6 CITIES' PLATFORMS FOR INNOVATION

How can cities manage large social challenges such as climate change, housing shortages, social polarisation, youth unemployment and the quality of life among the elderly? In Kiruna, Stockholm, Borås, Gothenburg, Lund and Malmö, innovation platforms for sustainable urban development are a way of finding new solutions to large and complex issues.

Through these innovation platforms, the cities have identified impediments and prioritised what they want to work with in order to facilitate renewal and innovation. The work questions both the prevailing structures for leadership and organisation, as well as established working methods and finance systems.

Since 2016, RISE has coordinated and served as process leader for the collaboration and learning between the six innovation platforms. RISE contributes project and process management, ongoing evaluation, summary and communication of practical experience and conclusions.

The overriding concept in the work of the innovation platforms is how new approaches can best be supported by the modern management and organisation of innovation. As well as how this is followed up. An insight gained from the work is that cross-boundary and explorative approaches are often the only possible way to solve truly complex challenges.





Smart car – smart windscreen

For decades, the dashboard has given us the valuable information we need when driving. Now the information about the car is moving – although primarily information about the world around the car – to the windscreen. Together with the electric vehicle company NEVS, RISE is developing interactive technology, which, in principle, converts the windscreen to a transparent monitor. With the help of cameras and sensors which

interpret the car's surroundings, you can obtain information about such things as the distance to other vehicles, while you drive. By using smart technology, the car's aerodynamics can also be improved, such as through replacing the rear-view mirrors with cameras and displays. The collaboration between NEVS and RISE aims to find solutions that can be used in NEVS vehicles from 2020.

RISE supports the Jobbsprånget project

By 2030, there will be a shortfall of 50,000 engineers in Sweden. At the same time, there are many newly arrived migrants with an engineering background. The Jobbsprånget project is a matching programme managed by the Royal Swedish Academy of Engineering Sciences (IVA), which has been started to help asylum seekers and new arrivals gain quicker access to the labour market through a four-month long practical

experience programme. 150 employers in 50 locations throughout the country are participating in Jobbsprånget, one of which is RISE. During 2017, RISE welcomed two participants from the project. One now has permanent employment within RISE, and the other one has a two-month project job. The recruitment process for 2018 is now ongoing and the aim is to take on a further four Jobbsprånget candidates.

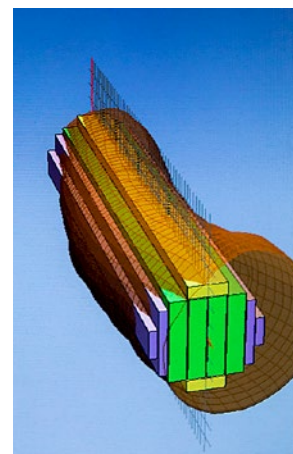
DATA ANALYSIS MAKES FOR SMARTER SAWS

By x-raying the logs in a sawmill, it is possible to determine the quality of the timber. This allows higher quality logs to be used for products that give a higher value creation and lower quality logs to be used for products in which quality is not as influential on the price.

This way of scanning logs is common in Swedish sawmills. It is, however, unusual to use the data from the scan after the logs have been sorted. But this is precisely what RISE, together with the Moelven Valåsen sawmill and the technology companies RemaSawco and Schneider Electric, is doing in a research project. By using the fingerprint derived from the scanning of the logs together with the sawed timber, it is possible to carry out comparisons. Was the result as expected? If not, what needs to be changed during the sorting process or in the produc-

tion process itself? In addition, data is registered throughout the production in terms of, for example, motor effects, feeding speeds and energy quantities. All of this is registered in a common database for processing and making comparative analyses. The comparisons then make it possible to enable data from the finished result to control and optimise the next production run. The goal is to be able to use the collected data to use more of the logs, to reduce energy consumption and to create a better production flow.

The scanning thus deals with more than just individual logs, and acts instead as an analysis of the entire sawmill. Something which in the first stage can increase the efficiency of Moelven Valåsen – but which, in the long term, can create a more efficient and more profitable Swedish sawmill industry.



Each log fed into the saw (approx. one every other second) is scanned individually. If the log is slightly curved, as in the case above, it is adjusted in the very next second by being rotated to the optimal position on the band, so that a maximum amount of timber can be gleaned from the sawing as possible. The picture shows how log is sawed – four coarse planks from the log's heartwood, which produces the best quality timber (the green in the centre of the log), two thinner planks on each side (the purple) and two slightly coarser planks, over and under (the yellow). The unique point of using the data from the scan to enhance the production speaks volumes for how RISE projects and partnerships prepare for the future.





ALTERNATIVE OUTCOMES TO SICKNESS

What would it be worth to eliminate the need for healthcare? This question lies at the heart of a different way of viewing health and healthcare, in which the focus is on preventing people becoming unwell at all. Something that not only saves money but also human suffering. And which can make it possible to retain the quality of the healthcare sector, despite a growing, ever ageing population which is increasingly more affected by chronic diseases.

Together with SLL, the Stockholm County Council, RISE is working to create Europe's first health contracts based on outcome. Such contracts entail that a county council, in this case SLL, cooperates with an external operator to achieve a desired result. Say, for example, a directed effort towards 300 people who are at risk of developing diabetes. With the help of historical data, the aim is to calculate the cost of a diabetes patient to so-

ciety. In other words, how much it is worth for people to avoid illness. The total can be used as the starting point for an outcome contract; the county council purchases services from a partner which works to improve health and prevent illness among the 300 people, with the aim that a target amount - let us say 50 per cent - do not develop diabetes, in spite of the risk. The county council only pays the collaboration partner if the targets are fulfilled, which both reduces the county council's risk and stimulates the collaboration partner to achieve success. In order for the outcome contract to be effective, the remuneration to the collaboration partner is less than what the healthcare saves through the success of the initiative.

Outcome contracts stimulate new solutions and can contribute to the conversion of the Swedish health and healthcare sector, from care production to health production.





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 418 MILLION NUMBER OF FTES 263

Biobased products from agroforestry could replace many of the current fossil-based products. The Bioeconomy Division works to advance the shift towards a circular bioeconomy in collaboration with industry and academia. We work with the entire value chain, from raw product to finished biobased materials, fuels and packaging. Our testbeds, with industry-simulating pilot and demonstration facilities are important to upscaling processes for future biorefineries.

Bioscience and Materials

NET SALES SEK 435 MILLION NUMBER OF FTES 321

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 116 MILLION NUMBER OF FTES 75

The Certification Division helps RISE's customers to generate trust and reach new markets. The Division issues certificates in accordance with a huge range of standards within management systems, product and personal certification. Experienced management system auditors, leading competence and the unique level of access to superior research and evaluation expertise with the Group makes Certification a stable collaboration partner.

ICT

NET SALES SEK 552 MILLION NUMBER OF FTES 427

The ICT Division 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, AI and data science, cyber security, visualisation, interaction design, fibre optics, sustainable transport and circular business models.

Built Environment

NET SALES SEK 414 MILLION NUMBER OF FTES 326

A major challenge affecting us all is creating 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 solutions which put the needs of people first. The Division operates in areas such as urban development, construction and housing, infrastructure solutions, circular economy, sustainable energy supply and climate adaptation.

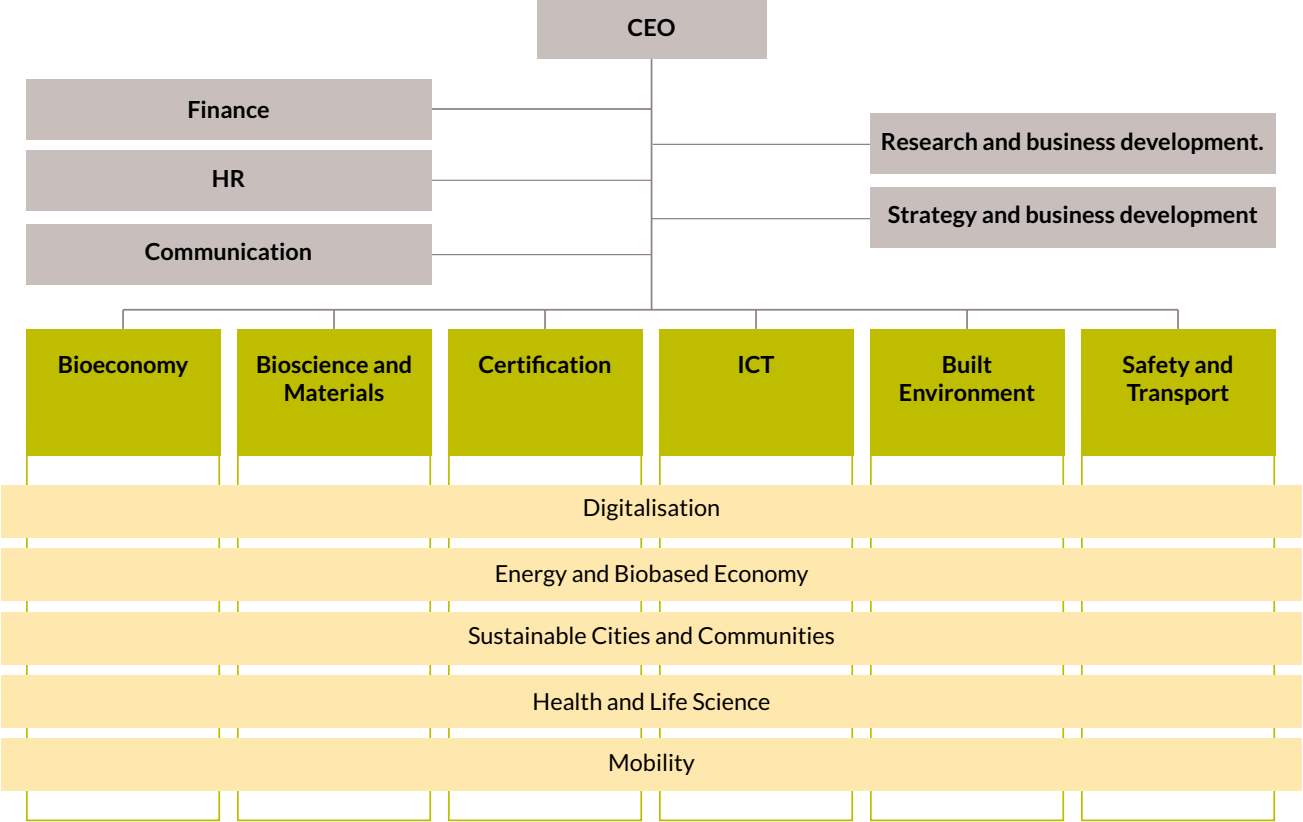
Safety and Transport

NET SALES SEK 761 MILLION NUMBER OF FTES 503

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 Safety and Transport Division also works with testing, inspection, calibration and verification. In addition, the Divisions includes AstaZero, a testing facility for the research and development of automated transport systems.

BUSINESS AND INNOVATION AREAS AND DIVISIONS IN COLLABORATION

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





The background features a soft, warm-toned gradient. Overlaid on this are several semi-transparent circles of varying sizes. In the lower-left quadrant, a solid black circle is connected to the left edge of the frame by a thin, slightly textured black line.

CORPORATE GOVERNANCE >

■ A WORD FROM THE CHAIRMAN

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. Companies and organisations from various branches of industry and materials areas owned their institutes, with the majority managed in the form of foundations. From the mid-1980s, research policies began to implement the aim of strengthening development within the entire sector and, over the coming decades, numerous steps were taken to unite the institute sector. In 2016, Innventia, SP and Swedish ICT merged to form RISE.

RISE was formed to enable the institute sector to an even higher degree to contribute to the competitiveness of Swedish trade and industry and to sustainable conversion. Both the State and the former industrial owners saw the opportunity to gather forces and create a internationally competitive institute with a good capacity to develop and quickly adapt its operations according to the needs of business and society.

RISE's role in the innovation system is unique. As a research institute, our greatest strength lies in applied research, but we operate within the entire innovation system by assuming a large number of roles – for example, as researcher, infrastructure owner, trainer, developer, verifier and certifier. Our assignment, to strengthen companies' competitiveness and to create innovations that contribute to sustainable development, means that we always work with customer benefit and societal benefit as our impetus. RISE places a particular focus on supporting small and medium-sized companies in their innovation processes.

In order to ensure that RISE's offering retains a high relevance for the business community, the RISE Research Council was established in 2017. The Council, which is to provide guidance to RISE with regard to future research investments, consists of 19 leading representatives from trade and industry, academia and society.

Swedish trade and industry and the public sector face a number of challenges linked to several global megatrends: new technologies, including digitalisation, increased focus on sustainability, increasing urbanisation, global growth, changing demographics, as well as a new risk and security situation. In order to respond to these challenges, RISE has established five Business and Innovation

Areas. These are designed to provide our customers and partners with even better conditions to benefit from the cross-disciplinary competence found within RISE.

One of RISE's Business and Innovation Areas is digitalisation. Our work aims to help the business community and public sector to benefit from the opportunities brought about by digitalisation. RISE has strong expertise and is in a good position to ensure that the implementation of digitalisation takes place in the right way. We direct research towards what is possible to do, and then make sure it is implemented.

By being leaders of innovation, Swedish companies can create new export successes and new jobs, and here RISE has a key role to play. Furthermore, RISE has a central role to play in the shift towards more sustainable development. In principle, all operations within RISE are in some way linked to one or more of the UN's Sustainable Development Goals our ambition is that the sustainability of all customer assignments is to be declared by 2020.

During 2017, RISE's Board of Directors has focused on ensuring that the institute integration process is carried out in a manner which guarantees continued good deliveries to the company's customers, as well as on the company's ability to attract talent, as this is central to a knowledge-intensive business. Overall, 2017 was a good year as RISE's sales increased by 9 per cent. Operating profit was SEK 14 million, in spite of the conversion costs arising as a result of the merger. We saw many examples of how our way of working cross-functionally and with a challenge-driven approach benefits our customers and society in general.

JAN WÄREBY

Chairman of the Board of Directors



Corporate Governance Report 2017 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 “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 2017.

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 (bill 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.

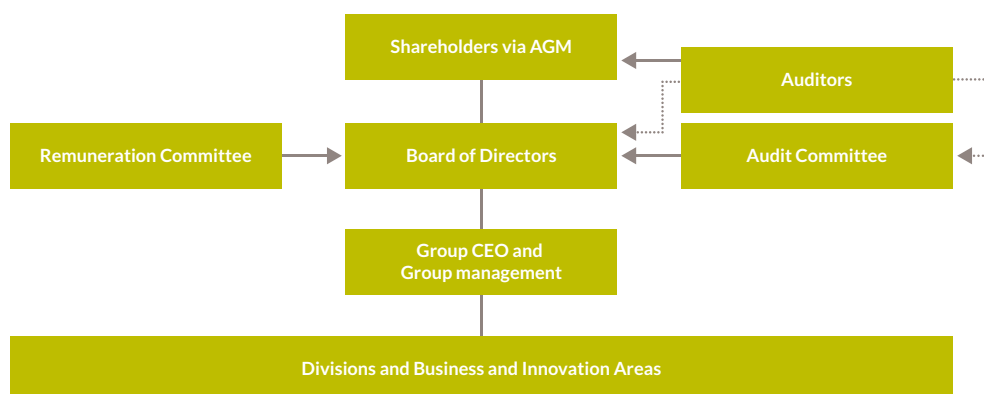
Deviations from the Code

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.



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 role is specifically designated by Parliament.

The owner directives adopted at the annual general meeting held on 21 April 2017 stipulate the reporting requirements imposed on RISE Holding AB with regard to operations financed with strategic competence funds. A report is to be submitted to the Government offices on 31 March 2018.

ANNUAL GENERAL MEETING

RISE's annual general meeting for 2017 was held on 21 April at Lindholmspiren in Gothenburg.

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 2018 will be held on 19 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 auditors 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

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 seven elected members, four men and three women. At an extraordinary general meeting of shareholders held on 23 January 2017, Jan Wäreby was elected Chairman of the Board, with the then Chairman of the Board Sven Wird relinquishing his position as Chairman of the Board but retaining his membership of the Board. Following this, the Board of Directors consists of eight members. At the annual general meeting held on 21 April, Hasse Johansson stepped down from the Board and was replaced by the new member Torbjörn Holmström.

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

Standing from left:

Marie Westrin, Sven Wird, Fredrik Winberg, Torbjörn Holmström, Jan Wäreby, Richard Reinius, Linda Ikatti.

Seated from left:

Åsa Rudström, Anna Hultin Stigenberg, Pia Sandvik, Lazaros Tsantaris, Anna-Karin Stenberg.

**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 and Chairman of the Remuneration 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, Incell International AB, Gapwaves AB and Agapi Boating AB.

ANNA HULTIN STIGENBERG (D.O.B. 1963), member of the Board of Directors since 2007, member of the Audit Committee. Senior Manager Technology, AB Sandvik Coromant. MSc, PhD Materials Science Chairman of Vinnova Excellence Center FunMat-II and the Programme Committee for materials research within the Swedish Foundation of Strategic Research, as well as the Nomination Committee to the Board of Directors of EIT KIC Raw Materials eV. Former member of the Boards of Directors in Arcam AB, SP Sveriges Tekniska Forskningsinstitut AB, Sandvik Nora AB, MEFOS AB and Chairman of Vinnova Excellence Center Hero-M.

ANNA-KARIN STENBERG (D.O.B. 1956), member of the Board of Directors since 2015, Chairman of the Audit Committee. 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 Former member of the Board of Directors of SP Sveriges Tekniska Forskningsinstitut AB, member of the Nomination Committee to Skandia's assembly.

FREDRIK WINBERG (D.O.B. 1949), member of the Board of Directors since 2015, member

of the Audit Committee. Self-employed consultant. Former CEO at CEMENTA, Director of Sales at HeidelbergCement Northern Europe, co-founder of Biteam AB in Stockholm, Oxeon AB and Fureho AB in Borås. MBA Formerly also Chairman of the Board of Directors of the Swedish Building Material Producers Association, Construction material producers association, deputy member of the Board of Directors of the Confederation of Swedish Enterprise. Member of IVA's Business Executives Council. Former member of the Board of Directors of SP Sveriges Tekniska Forskningsinstitut AB.

MARIE WESTRIN (D.O.B. 1958), member of the Board of Directors since 2011, member of the Remuneration Committee. VP, Head of R&D Operations, GF Technology & Architecture, Ericsson AB. MSc Applied Physics and Electrical Engineering, Data Technology, Linköping University Honorary Doctor at Linköping University Member of the Board of Directors of LIU Holding AB and ordinary member of the Board of Directors of the Institute of Technology at Linköping University. Former member of the Board of Directors of SP Sveriges Tekniska Forskningsinstitut AB.

RICHARD REINIUS (D.O.B. 1967), member of the Board of Directors since 2013, member of the Audit Committee. 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 Lernia AB and Apoteksgruppen Holding i Sverige AB. Former member of the Board of Directors of SP Sveriges Tekniska Forskningsinstitut AB.

SVEN WIRD (D.O.B. 1951), member of the Board of Directors since 2015, member of the Remuneration Committee. SWird 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. Former member



of the Board of Directors of SP Sveriges Tekniska Forskningsinstitut AB.

TORBJÖRN HOLMSTRÖM (D.O.B. 1955), member of the Board of Directors since 2017, member of the Remuneration Committee. Senior Advisor to the CEO of the Volvo Group within research and development. Former Executive Vice President Group Trucks Technology and CTO for the Volvo Group, as well as member of the Boards of Directors in a number of Volvo companies and Deutz AG. Presently Deputy Chairman of Chalmers University of Technology, Chairman of the Volvo Research and Educational Foundation and member of the Association of Swedish Engineering Industries' Produktion 2030. Civil Engineer, Chalmers University of Technology.

Employee Representative, ordinary:

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

LINDA IKATTI (D.O.B. 1972), Employee Representative, member (ordinary) since May 2017, former 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 and Second Deputy Chairman of the Nursery School Commission, Borås.

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

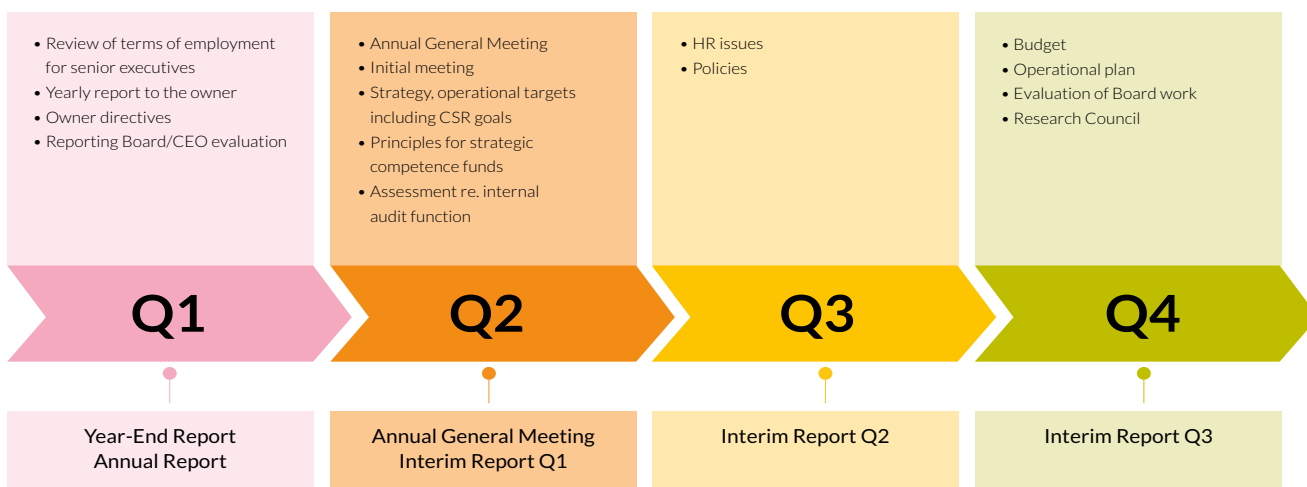
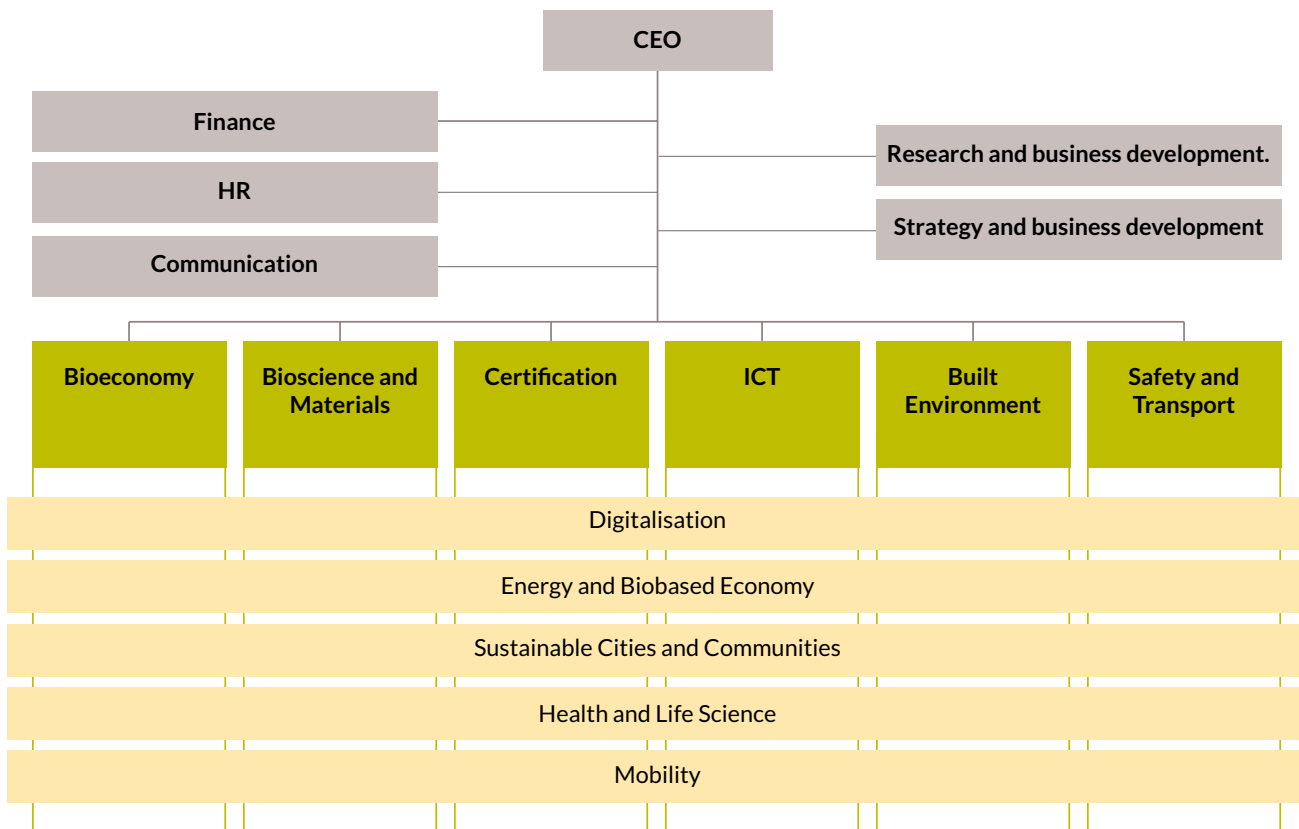
Employee Representatives, deputies:

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, Thesis 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 RISE Innventia AB.

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

MATS LIDBECK (D.O.B. 1961), Employee Representative, member (deputy) since May 2017, former member (ordinary) since 2014. Audit leader 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.

- 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 began 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, authorisation 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 convened ten times during the year. Two of these were telephonic 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 AB participate in Board meetings to report on specific points and as secretary.

The work of the Board of Directors during 2017 consisted, among other things, of:

- Integration and development of shared strategies and working methods
- Strategy for 2018-2020
- Sustainability work
- Strategy and decisions on investments in testbeds and demonstration facilities

ATTENDANCE AND BOARD FEES

Remuneration to the Board of Directors as resolved by the 2017 annual general meeting is SEK 375,000 per year to the Chairman and SEK 175,000 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. No fees are payable to the members of the Remuneration Committee. 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 on the following page.

ATTENDANCE AND BOARD FEES FOR THE BOARD OF DIRECTORS 2017

Board of Directors

Name	Function in the Board of Directors	Attendance	Fee
Jan Wäreby	Chairman	10/10	320,833
Sven Wird	Chairman Jan, member Feb-Dec 2017	10/10	189,583
Anna Hultin Stigenberg	Member	10/10	175,000
Hasse Johansson	Member Jan-Mar 2017	2/3	0
Torbjörn Holmström	Member from April 2017	4/7	131,250
Richard Reinius 1)	Member	8/10	
Anna-Karin Stenberg	Member	10/10	175,000
Marie Westrin	Member	10/10	175,000
Fredrik Winberg	Member	9/10	175,000
Lazaros Tsantaridis 1)	Employee Representative	7/10	
Åsa Rudström 1)	Employee Representative	9/10	
Linda Ikatti 1)	Employee representative, ordinary member from May 2017	10/10	
Fredrik Lindberg 1)	Employee Representative, deputy	8/10	
Ewa Lie	Employee Representative, deputy since January 2017	9/10	
Mats Lidbeck 1)	Employee Representative, deputy from May 2017	8/10	
Total			1,341,666

1) No fees are payable to employees of Government offices or to Employee Representatives.

Committee

Name	Audit Committee, function	Attendance	Fee	Remuneration Committee, function	Attendance	Fee 2)
Jan Wäreby				Chairman	3/3	
Anna-Karin Stenberg	Chairman	7/7	30,000	Member Jan-Apr	1/1	
Anna Hultin Stigenberg	Member	6/7	20,000	Member Jan-Apr	1/1	
Fredrik Winberg	Board member, Apr-Dec	4/5	20,000			
Richard Reinius 1)	Member	6/7				
Sven Wird				Board member, Apr-Dec	2/2	
Marie Westrin				Board member, Apr-Dec	1/2	
Torbjörn Holmström				Board member, Apr-Dec	2/2	
Total			70,000			0

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.

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 2017 was made through in-depth interviews. 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 was also made through an in-depth interview. The results have been reported to the Board of Directors and communicated 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 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.

PROJECT COMMITTEE

The Project Committee was not active in 2017.

THE RESEARCH COUNCIL

During 2017, the Board of Directors created an external research council in RISE. The Council currently has 19 members, especially selected to represent RISE's stakeholders from the business community, academia and the public sector. The Chairman of the Council is Mikael Dahlgren, Research Director at ABB. 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. In addition, the Research Council shall provide advice and support on contemporary research matters. More information about the Research Council can be found at www.ri.se.

GROUP 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 President of IVA's Presidium, Deputy Chairman of KTH, member of the Boards of Directors of Swedish Entrepreneurship Forum and Almi Företagspartner AB.

BIRGITTA SUNDBLAD (D.O.B. 1957), RISE Bioeconomy Division Manager, CEO of RISE Innventia. Formerly various positions within the business community, SCA and Akzo Nobel with a focus on product development, research and innovation. Msc (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.

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.

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

MARGARET SIMONSON MCNAMEE (D.O.B. 1965), CTO. Former Deputy CEO and CTO at SP Sveriges Tekniska Forskningsinstitut AB and various other management and research positions at SP (1995-2016). PhD (Chalmers). Other engagements: Member of the Boards of Directors of SIO Graph, Foundation for Swedish Textile Research and STRIM and several of the Group's subsidiaries, member of MSB's Scientific

Council, Treasurer at IAFSS – International Association of Fire Safety Science.

MARIANNE GRAUERS (D.O.B. 1963), 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.

OLA DAVIDSON (D.O.B. 1969), Head of Operational Excellence. Former director Strategy and Product Management WirelessCar/Volvo, director of Business and Project Management Office Volvo Group Telematics and other similar roles within Volvo IT and the Volvo Group. PhD, Technology's finance and organisation (Chalmers).

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

PETHER WALLIN (D.O.B. 1956), Safety and Transport Division Manager and acting ICT Division Manager. Former CEO at AstaZero, Aero Maintenance AB, Omninova Vehicle AB, Omni Nova Composite AB and Euro-Maint AB, Head of Unit at Volvo Cars and deputy CEO at Hydro Raufoss Automobile. Civil Engineer (Chalmers). Other engagements: Chairman of the Board of Directors of Tetrafix AB, as well as Board assignments within the Group.

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).

YVONNE NÄSSTRÖM (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).

CHANGES IN GROUP MANAGEMENT

Members of Group management to have left their position during the year are **OLOF SANDÉN** Deputy CEO, **LEIF LJUNGKVIST** ICT Division Manager and **MARIANNE GRAUERS** Built Environment Division Manager.

Members to have left their position after the balance sheet date are **BIRGITTA SUNDBLAD** Bioeconomy Division Manager, **MARGARET SIMONSON MCNAMEE**, CTO.

Individuals to have joined Group management after the balance sheet date are **CHARLOTTE KARLSSON**, ICT Division Manager as of 1 April and **FREDRIK HOLST**, Built Environment Division Manager as of 8 January. **PERNILLA WALKENSTRÖM** will assume the role of acting Bioeconomy Division Manager as of 1 March.

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 an 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 for 2017 elected KPMG as the Company's auditor for a period of one year, ending in conjunction with the conclusion of the annual general meeting 2018, 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 2017

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 2017 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. Group management is represented in subsidiaries and associates' through membership in these respective companies' Boards of Directors.

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 2017, 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 Group 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.

Gothenburg, 20 March 2018

The Board of Directors of RISE Research Institutes of Sweden Holding AB



A close-up photograph of a green leaf, showing a network of veins. The veins are a lighter shade of green and run diagonally across the frame. The background is a darker green, creating a sense of depth and texture.

SUSTAINABILITY REPORT >

About the report

REPORTING

The sustainability report refers to pages 18-21 and 48-63 of RISE's Annual Report and Sustainability Report 2016. The sustainability report includes RISE's statutory sustainability statement pursuant to the Annual Accounts Act, chapter 6.

This sustainability report has been prepared in accordance with Global Reporting Initiative (GRI), GRI Standards, Core level. The sustainability report for 2016 was in accordance with GRI G4. In connection with the transition to GRI Standards, the reporting of certain indicators has become more comprehensive, but, in principle, no significant changes have been made to the content of the report. However, the indicator 'waste' been removed, given that the majority of waste is sorted and recycled. For more information on the GRI framework, refer to www.globalreporting.org.

RISE Holding AB's most recent sustainability report, published on 21 March 2017, was underpinned by the GRI guidelines. Previous reports 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 was the RISE Group's first common sustainability report. During 2017, the reporting routines have been improved, but there is scope to improve them further.

Reporting shall take place on an annual basis, for the full 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 overall results in the

compilation of RISE's sustainability report, there remain substantial differences in the reporting routines in the different parts of the Group. This refers to, for example, travel data, whereby certain parts of RISE have difficulty specifying the scope of the travel, or energy consumption, which certain parts of RISE, operating from rented premises, are unable to report. Work to coordinate reporting procedures has been initiated during 2016-2017, such as the collection of common data for calculating GRI indicators. This work will continue during 2018.

In order to achieve increased transparency and credibility, RISE has elected to submit the sustainability report to external 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. Environmental enquiries and knowledge from previously reported GRI indicators also influence the selection. 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. Such details refer to, for example, the reporting of waste, travel and energy consumption. However, data relating to employees, for example, the number of employees, is reported for these locations. Small locations with fewer than 15 employees, without laboratory operations, are also not included in the report.

CONTACTS

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RISE is primarily a service provider. The Group is mainly active in the Nordic region, above all in Sweden. There are just over 40 locations in Sweden, as well as a handful in Norway. The Danish company, SP Sveriges Tekniska Forskningsinstitut AS, has been sold. The supply chain remains unchanged. 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. The Swedish Public Procurement Act is applied by the Parent Company, RISE Holding AB. During 2017, the application of this Act was gradually rolled out through the entire Group.

Stakeholder engagement, ethics, governance, sustainability fund and sustainability declarations

STAKEHOLDER DIALOGUE

The companies in the RISE group have long worked with sustainability issues and these carry significant weight for the entire Group. The stakeholders who have been identified are: owners, customers, employees, research funders, partners, suppliers and the general public. The first five of these are the most important. 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 areas.

There is 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. RISE meets its stakeholders in many different contexts where sustainability issues are discussed. These include customer days, in Boards of Directors, technology councils,

etc. Recordings from such meetings have been evaluated in conjunction with the various survey responses and owner directives. 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 and assignments that we most often encounter our stakeholders and obtain valuable feedback. The table on page 54 presents the areas that have been identified as significant. Examples of matters which are important to employees and customers are travel, waste and chemicals. These are also matters that RISE works with on an ongoing basis. But the absolute most important factor is that RISE's projects and assignments are undertaken in a sustainable manner and also contribute to sustainability in general. Therefore, RISE has produced a model for declaring the sustainability of its projects and assignments and, in 2017, the declaration work was initiated.

ETHICS

In 2016, RISE established a common ethics policy which was adopted by the Board of Directors at the turn of the year. The ethics policy addresses matters such as research ethics, regulatory compliance, independence and corruption. Further policies have been drawn up in 2017, for example, a sustainability policy. RISE also has a Code of Conduct for suppliers including requirements with regard to, among other things, ethical issues.

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. During 2017, further policies linked to sustainability work have been prepared, for example, the sustainability policy. RISE's policies are reviewed every year and changes are proposed where necessary. The Board of Directors then decides on the adoption of these policies.

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. Group management is also responsible for the allocation of resources for sustainability work.

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 issues are sustainability declarations for projects, sustainability goals, the RISE sustainability fund and the ethics policy. The CSR group is headed by the Director of Communications.

In addition to these groups, 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.

RISE'S SUSTAINABILITY FUND

Traditionally, several of the companies in the RISE Group gave out Christmas gifts to their personnel. In 2016, it was decided instead to collect the money for these gifts and create a fund from which RISE's employees can apply for resources to implement various projects, focusing on advancing sustainability. At the beginning of 2017, the fund totalled SEK 800,000.

The goal is that the projects undertaken with the assistance of the fund are to support the UN's 17 Sustainable Development Goals. The projects should also entail independent work carried out by the participants themselves. Completed projects are summarised in a final report.

During 2017, three requests for applications were issued and approximately 30 applications were received. Of these, approximately half were granted funding. The Christmas gift money for 2017 has been added to the fund, allowing the fund to continue to finance sustainability projects in 2018. Examples of such projects are moving help, including the collection of furniture for new arrivals, support to foster home that will help migrant children and testing of automated greenhouses in an office environment.

MEMBERSHIP

RISE is a member of several different national and international organisations, such as EARTO (European Association of Research and Technology Organisations) and EURAMET (European Association of National Metrology Institutes).

SUSTAINABILITY DECLARATIONS OF PROJECTS AND ASSIGNMENTS

RISE's absolute largest impact on sustainability is through the projects and assignments that RISE conducts. Sustainability is partly impacted during the execution of the project/assignment, but the main impact is felt through the results and the use of these. Impact can be either positive, for example, in that the customers get help with energy efficiency, or negative, if we have to travel to conduct the activity, for example.

In many cases, a project/assignment will have both positive and negative effects. In order to build up a better knowledge of the sustainability impact of projects and assignments, RISE has produced a model for declaring the sustainability of these projects and assignments. This model has only recently begun to be implemented in RISE. In 2018, a number of employees will be trained to serve as sustainability support resources. These sustainability support resources are tasked with assisting the project manager in completing the sustainability declarations for their (larger) projects. One of RISE's sustainability goals is that the sustainability of all business operations should be declared by 2020.

RISKS

RISE's operations naturally include risks linked to sustainability. These can refer to, for example, risks connected to the environment or personnel. Following a commission from the Board of Directors, RISE has individually mapped some of these risks (activities in specific countries and the use of certain chemicals). In addition to this special mapping, risks are continuously identified and evaluated through such means as internal and external audits, working environment assessments, sustainability declarations and risk analyses. The management system provides general tools for conducting risk analyses for all types of operations, which is a requirement. When risks have been identified, these are, if possible, eliminated or minimised.

The largest risks related to the environ-

ment are various forms of emissions, the discharge of chemicals and the generation of hazardous waste. The largest risk is linked to technical fire testing and research. The risks in this area are managed mainly through flue gas cleaning and the purification of extinguishing water, as well as by ensuring that these risk management practices are carried out in accordance with the requirements stipulated in the licence. The use of a chemicals management system reduces the risks relating to the use of hazardous chemicals.

Laboratory work involves several different types of risk for the personnel, for example, the risk of poisoning or chemical burns. These risks are often identified through the working environment assessments and are managed through subsequent management of reported deviations or in the ongoing occupational health and safety work. Psychosocial working environment risks are identified through PPR discussions or other discussions between manager and employee. It is also in such discussions that these risks are managed. Support is also available from RISE HR for these matters.

Risks relating to social conditions and human rights also exist in RISE, of course, but have been assessed as smaller in scope than the risks described above. Risks relating to social conditions and human rights are managed mainly through setting demands in procurement processes. RISE's Code of Conduct for suppliers take imposes requirements with regard to human rights and corruption.

In some parts of RISE, there is a risk of corruption. This can refer to, for example, areas in which RISE approves products, systems or services. For this reason, it is one of the points which Swedac focuses on when exercising its supervisory authority, not least as the standards which control these activities impose strict requirements on independence. This risk is also assessed in internal audits and PPR discussions. There also exist personal obligations relating to independence. The ethics policy manages the matter of corruption and this is discussed in the organisation.

SUSTAINABILITY REPORT

IMPORTANT AREAS OF SUSTAINABILITY

Aspect number	Area	Significance for RISE	Policies, guidelines, etc.	Management	Follow-up	Aspect boundaries
302	Energy	Energy and energy consumption and the associated emissions of greenhouse gases are extremely important areas for RISE. In part for a sustainable future, but also for RISE's finances.	Sustainability policy, environmental policies.	When carrying out new construction or renovation work, RISE always chooses energy-efficient solutions. Alternative energy sources (solar cells, geothermal heat) are used wherever possible.	RISE continuously monitors its energy consumption. This is reported on an annual basis in the GRI report.	This is essentially an internal aspect. In some cases it may be difficult to obtain data, but the goal is to report RISE's entire energy consumption.
305	Emissions	Emissions of greenhouse gases constitute a threat to all of humanity, and RISE must take its responsibility for the operations that give rise to emissions.	Travel guidelines, sustainability policy, environmental policies for individual companies.	By offering the possibility of remote meetings (Skype), travel within RISE can be reduced, energy-saving measures entail decreased emissions.	RISE follows up travel and reports this annually. The number of Skype meetings is also reported.	Large amounts of emissions come from travel, but also from energy production. External
306	Effluents and waste	RISE has a business which generates waste, primarily hazardous waste.	Chemicals guidelines, chemicals management system, procedures for waste management.	Active sorting of waste and hazardous waste, phase-out of hazardous chemicals in favour of less hazardous.	Statistics from waste contractors used for follow-up. Statistics from chemicals management system are also used for follow-up.	Internal
401	Employment	RISE is a knowledge-based company and access to competent employees is an absolute necessity for RISE. To be seen as an attractive workplace is thus extremely important for RISE.	Guidelines for competence, PPR discussion routine, Agda.	Work to be seen as an attractive employer is a constant progress and is also one of RISE's sustainability goals.	Universeum's measurement is used to measure RISE's popularity as an employer.	Internal
403	Occupational health and safety	Much of the operations within RISE are of experimental nature. Laboratory work entails risks to our employees' health.	Safety and confidentiality policies for the companies, routines for protection and safety, chemicals management system, deviations database.	Working environment assessments, occupational health and safety work.	Number of incidents, the number of accidents, meetings held by the Working Environment Committee.	Internal
404	Training and education	In order to maintain and also increase expertise within RISE, continuous education and training is needed.	Routines for skills development.	Internal and external courses, skills development, PPR discussions.	RISE monitors the number of training and education hours, training and education, etc., is a topic addressed in the PPR discussion.	Internal
405	Diversity and equal opportunity	In order to be an attractive workplace, it is important that RISE works actively to promote diversity and equality.	Policies on equality.	Diversity and equality are taken into account when recruiting new employees.	Any wage disparities and cases of discrimination are followed up.	Internal
406	Non-discrimination	Active work against discrimination is an important component of an attractive workplace.	Routines regarding discrimination.	There are opportunities for all employees to report any form of discrimination, etc.	Statistics regarding discrimination are reviewed annually.	Internal
417	Marketing and labelling	RISE has a huge number of customers and it is important to deliver the product or service ordered by the customer. However, in some cases, problems may arise and it is up to RISE to solve these problems.	Routines for complaints, deviations database.	RISE has a process for managing complaints and similar.	Complaints, etc., are discussed annually after a review by management.	External
419	Socioeconomic compliance	Compliance with laws and regulations is self-evident for RISE.	There are guidelines relating to compliance with laws and regulations.	These are followed up in the line organisation and by Swedac for the accredited operations.	Any fines and penalties incurred are reported on an annual basis.	External
201	Economic performance	To be able to conduct sustainable operations, a sound economic footing is required.	Financial routines, budget.	By establishing financial objectives and follow-up these, RISE controls its financial and economic work.	The Group's finances are continuously monitored.	Internal

Environmental responsibilities

PROJECTS THAT CONTRIBUTE TO INCREASED SUSTAINABILITY

The projects which RISE engages in have substantial impacts on our environment, primarily consisting of positive effects. During 2017, the work to declare the sustainability of RISE's projects continued. A model has been developed and has also started to be used. The work aims to follow-up the responsibility goal, i.e. that the sustainability of 100 per cent of projects and assignments is to be declared by 2020.

ENVIRONMENTAL WORK WITHIN RISE

RISE's environmental work is governed by laws and regulations, as well as the requirements stipulated in RISE's licences. In addition, the sustainability policy governs the individual companies' environmental policies and management systems. The environmental work is evaluated by Group management.

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 precautionary 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 and by choosing energy-efficient solutions. For example, the new EMC laboratory has been fitted with solar cells.

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 CSR Väst.

MANAGEMENT SYSTEM

Several companies within RISE have man-

agement 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

Environmental impact can be both positive and negative. Completed materiality analyses show that the largest positive environmental impact from RISE's operations arises from the results of completed projects. Negative aspects are travel and freight, energy consumption and hazardous waste and chemicals. Previously, RISE also reported other waste, but almost all other waste is sorted for recycling, meaning that the environmental impact is minimal and this area of the reporting has, therefore, been excluded for 2017. In previous surveys responded to by project managers, the projects are largely deemed to contribute to a positive impact on the environment. This is supported by the sustainability declarations that have been

completed for projects and assignments. With the method established for sustainability declarations, we can both show a positive impact and avoid any negative impact in our projects and assignments.

The most common negative environmental aspects are travel and transport, energy consumption, hazardous waste and chemicals handling.

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 encouraged 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. Therefore, efforts are being made to reduce this particular impact. 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. The use of solar cells and geothermal heat pumps has also increased.

CHEMICALS

Chemicals are used to a greater or lesser extent in almost all of RISE's operations. Often

this use entails large amounts or highly toxic chemicals. This means that chemicals and destruction are a significant environmental aspect for RISE. The pertinent question then relates to the transport of hazardous waste. In order to improve the handling of these materials, parts of the Group have put a chemicals management system into use. This system will be implemented all parts of the Group when possible, considering technical IT factors.

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.

RISE therefore monitors energy consumption within the Group, directly (302-1), indirectly outside of the Group (302-2), energy intensity (302-3) and the reduction of energy consumption (302-4), energy indirect greenhouse gas emissions (305-2), other indirect greenhouse gas emissions (305-3) and the reduction of greenhouse gas emissions (305-5). In addition, RISE monitors the amount of hazardous waste it transports (306-4).

Not all locations in Norway are 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.

In some cases, no data is reported from a certain location. In such cases, last year's value has been used, if available.

Energy consumption is normally obtained from the invoices issued by the various suppliers and the reporting of fuel mixes, and RISE has recalculated CO₂ emissions for 2016. The reason for this translation is that the calculation of the CO₂ emissions for 2017 used the Swedish Environmental

Protection Agency's recently (December 2017) published guidelines.

ENERGY CONSUMPTION WITHIN THE ORGANISATION (302-1)

The two dominant types of energy consumed within RISE are electrical energy and thermal energy. In addition, energy from district heating (2016: 1,584,494 kWh and 2017: 1,613,212 kWh) is consumed.

ENERGY CONSUMPTION WITHIN THE ORGANISATION (302-1) AND ENERGY INTENSITY (302-3)

(kWh)	2016	2017
District heating	14,472,785	14,453,523
District heating per employee	6,744	6,336
Electricity	28,967,543	27,804,245
Electricity per employee	13,498	12,189
Total	43,440,328	42,257,768
Total per employee	20,672	18,626

ENERGY CONSUMPTION OUTSIDE OF THE ORGANISATION (302-2) AND OTHER INDIRECT GREENHOUSE GAS EMISSIONS (305-3)

Means of transport	(Km)	Energy (kg)	CO ₂ (kg)	Consumption (l)
Car	4,267,183	9,153,108	445,889	234,695
Flight	11,115,877	18,579,393	1,355,536	476,395
Train	3,496,258	-	9	-

REDUCTION OF ENERGY CONSUMPTION (302-4)

Total savings 1,208,842 kWh, approx. 3 %. It is difficult to draw conclusions regarding the causes of the decrease in energy consumption. This, of course, affects the ongoing work with improving energy efficiency, but natural variations can also play a role.

ENERGY INDIRECT GREENHOUSE GAS EMISSIONS (305-2) AND REDUCTION OF GREENHOUSE GAS EMISSIONS (305-5)

Reduction of direct greenhouse gas emissions

(kg CO ₂)	2016	2017
Electricity	3,620,943	3,475,531
Steam consumption	-	-
District heating	998,622	997,293
District cooling	-	-
Total	4,619,565	4,472,824
Total savings		146,741

(kWh)	2016	2017
Electricity	28,967,543	27,804,245
Steam consumption	55,000	0
District heating	14,472,785	14,453,523
District cooling *	1,584,494	1,613,212
Total	45,079,822	43,870,980
Total savings		1,208,842

AMOUNT OF HAZARDOUS WASTE TRANSPORTED (306-4)

The weight of transported waste classed as hazardous amounted to 41.6 tonnes in 2017. No hazardous waste has been either imported or exported. All waste was managed by the contractor. The hazardous waste from RISE's facilities in Borås constitutes a large proportion of the total weight of hazardous waste (>90 %). For the management of this waste, RISE contracted the certified waste management company Borås Energi och Miljö.

*The information for 2016 has been updated compared with the previous annual report and now includes an estimate of Viktoria's consumption for 2016.

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 2017, either in connection with any of these issues or competition law.

During 2017, RISE has established a number of policies that have also been approved by the Board of Directors and have replaced policies formerly applying in the individual companies. This work will be completed in 2018.

Before common policies are implemented in RISE, the HR work is governed by the policies applying for the various companies, such as occupational health and safety policy, equality policy, drug and alcohol policy, etc.

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, not least due to the fact that this is a requirement in several of the regulatory frameworks that RISE is obliged to follow. RISE does not provide support or contributions to political parties or their equivalents. Participation in the dialogue surrounding social policy may be considered when appropriate, within those areas in which RISE is deemed to have specialist expertise.

One of RISE's sustainability goals is its Attraction goal. This goal is that the Group shall, by 2020, be among the ten most attractive employers in its category. This is a clear indication that RISE has the ambition to be an attractive employer and to be able to attract competent employees.

Some of the companies within RISE do not have collective bargaining agreements. This refers to some of the companies within the ICT Division, affecting a total of around 180 employees (8 %). Through organisational changes, these employees will be covered by collective bargaining agreements in 2018.

The HR function in RISE works on an ongoing basis to identify potential collective bargaining agreements for the entire RISE Group, as the collective bargaining agreements in place are not the same for all companies. The ambition is that all companies in the RISE Group will be included in a collective bargaining agreement by the end of 2018.

DIVERSITY AMONG PERMANENT EMPLOYEES (405-1)

	Women	Men	Total
Number of employees 2016	approx. 35 %	approx. 65 %	2,146
Number of employees 2017	843 (37 %)	1,438 (63 %)	2,281

WORK-RELATED INJURIES (403-2)

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. Occupational health and safety 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 occupational health and safety work is based on a long-term perspective and working towards set goals. RISE works continuously with to improve the working environment through mapping and training.

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 occupational health and safety 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 (403-2)

	2016	2017
Number of employees	2,146	2281
Number of deaths	0	0
Number of work-related injuries reported	41	40
Number of work-related illnesses	15	6

ABSENCE DUE TO ILLNESS

	2016	2017
Total absence due to illness (days)	15,490	15,402
Number of days of absence due to illness referring to 60 or more consecutive days of absence due to illness	6,842	6,261
Total absence due to illness as a proportion of normal working hours (per cent)*	2.79	3.07
Long-term absence due to illness (per cent)**	44	41

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (404-3) AND AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE (404-1)

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. At present there is no common system within RISE for registering PPR discussions. A common system will be acquired. However, the systems currently in place indicate with a high

level of probability that more than 90% of employees receive regular performance and career development reviews. It is, for the same reason, difficult to ascertain the figure for the average hours of training for the entire RISE Group.

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN (405-2)

No mapping has been undertaken for the Group as a whole. A project has been initiated to undertake a mapping for the entire Group.

TOTAL NUMBER OF INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN (406-1)

No cases of harassment have been reported within RISE during the year.

NUMBER OF FINES AND NON-MONETARY SANCTIONS (419-1)

RISE has not paid any significant fines or penalties related to sustainability work during 2017.

PARENTAL LEAVE (401-3)

A total of 120 employees within the Group took parental leave of more than one month during 2017. Of these, 55 were women and 65 were men. The right to parental leave in Sweden is enshrined in the law.

INCIDENTS OF NON-COMPLIANCE CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELLING (417-2)

In the course of one year, RISE receives approximately 60 complaints. All of these are investigated by people who are independent of the operations to which the complaint refers. In the absolute majority of cases, an agreement is reached with the party presenting the complaint. During the year, the following incidents have arisen.

	2017
Number of incidents resulting in a fine	0
Number of incidents resulting in a warning	0
Number of incidents in which an agreement has been reached	approx. 60

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

** after long-term absence due to illness in relation to total absence due to illness.

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 201-1 and 201-4 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 (201-1)

The following is summarised from RISE's financial statements.

Indicator/category	Contents	Comment	2016 (kSEK)	2017 (KSEK)
a) Revenue	Net sales	Total sales reported in the annual report	2,515,103	2,711,790
	Financial revenue	Financial revenue in the annual report, adjusted for the impairment of supplementary purchase price	6,141	3,303
Total direct economic value generated			2,521,244	2,715,093
b) Operating expenses	Other external expenses	Other external expenses in the annual report excl. social investments f) see below and excl. penalty fees to public authorities e)	733,229	802,228
	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	181,492
c) Employee salaries and benefits	Personnel costs	Personnel costs in the annual report	1,617,692	1,767,076
d) Payments to investors	Interest expenses **)	Interest expenses in the annual report according to Note	3,672	2,391
	Repayments of borrowings	From the cash flow statement	16,800	26,694
e) Payments to public authorities	Taxes in Sweden **)	Tax on profit for the year in the annual report according to Note	8,766	5,101
	Penalty charges by country	Fines and similar charges paid to public authorities	50	0
f) Social investments		Voluntary contributions to charitable organisations and similar	64	0
Total economic value distributed			2,507,557	2,784,982
Remaining economic value			13,687	-69,889
Directly generated – Distributed				

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

**) Interest expenses and taxes in Sweden have been adjusted for 2016 to ensure accurate comparability.

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT (201-4)

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. The absolute largest proportion of the Government grants received are provided by the Swedish State in Sweden. Grants received from the Norwegian State in Norway are marginal.

(kSEK)	2016	2017
Strategic competence funds	477,457	537,141
Funds public authorities *)	500,151	541,183
EU	150,265	180,643
Funds metrology Vinnova	26,700	27,200

*) Funds public authorities have been corrected for 2016 to ensure accurate comparability.

GRI INDEX

Indicator	Indicator	Page	Comments
Organisation			
102-1	Name of the organisation	68	
102-2	The organisation's most important activities, brands, products and services	10-11, 14-15	
102-3	Location of headquarters	83	
102-4	Location of operations	50	
102-5	Ownership and legal form	68	
102-6	Markets served	10-15	
102-7	Scale of the organisation	69	
102-8	Information on employees	5, 58	The information is not fully available. To be able to compile a complete report, it would be necessary for all parts within RISE to have a shared IT system. This will be implemented over the next two years. The information excluded consists of permanent, temporary, full-time and part-time employees by gender.
102-9	Supply chain	51	
102-10	Significant changes in the organisation and its supply chain	4, 51, 70	
102-11	Precautionary principle or approach	55	
102-12	External initiatives	20	
102-13	Membership of associations	52	
Strategy			
102-14	Statement from senior decision-maker	6, 34	
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102-16	Values, principles, standards and norms of behaviour	51-53	

SUSTAINABILITY REPORT

Indicator	Indicator	Page	Comments
Governance			
102-18	Governance structure	41-47, 51-52	
Stakeholder engagement			
102-40	List of stakeholder groups	51	
102-41	Collective bargaining agreements	58	
102-42	Identifying and selecting stakeholders	50-51	
102-43	Approach to stakeholder involvement	50-51	
102-44	Key topics and concerns raised	50-52, 54	
Reporting			
102-45	Entities included in the consolidated financial statements	68, 73, 116	
102-46	Defining report content and topic boundaries	50-51	
102-47	List of material topics	54	
102-48	Restatements of information	56, 60-61	
102-49	Changes in reporting	50-51	
102-50	Reporting period	50	
102-51	Date of most recent report	50	
102-52	Reporting cycle	50	
102-53	Contact point for questions regarding the report	50	
102-54	Reporting level	50	
102-55	GRI content index	61-63	
102-56	External assurance	50, 65	
Management of key sustainability issues			
103-1	Explanation of the material topics and their boundaries	54	
103-2	The management approach and its components	52-54	
103-3	Evaluation of the management approach	52-55	
Economic performance			
201-1	Direct economic value generated and distributed	60	
201-4	Financial assistance received from government	61	
Energy			
302-1	Energy consumption in the organisation by energy source	56-57	The information is not fully available. To be able to compile a complete report, it would be necessary for all parts within RISE to have a shared IT system and finance system. This will be implemented over the next two years. The information excluded in the report is the proportion of renewable energy.
302-2	Indirect energy consumption outside of the organisation	57	See 302-1
302-3	Energy intensity	57	
302-4	Reduction of energy consumption	57	See 302-1. The information excluded in the report is the decrease as a result of specific measures.
Emissions (Environment)			
305-2	Energy indirect greenhouse gas emissions	57	See 302-1. Global Warming Potential and consolidation method have not been reported.
305-3	Indirect greenhouse gas emissions	57	See 302-1. Global Warming Potential has not been reported.
305-5	Reduction of greenhouse gas emissions	57	See 302-1. It has not been reported where the reduction has taken place.

Indicator	Indicator	Page	Comments
Effluents and waste			
306-4	Transport of hazardous waste	57	
Employment			
401-3	Parental leave	59	See 302-1. The information that has not been reported relates to those who have returned from parental leave.
Occupational health and safety			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	58-59	See 302-1. Gender breakdown and type of injury/illness, together with associated absence, have not been reported. The definitions of the Swedish Work Environment Authority have been applied.
Training and education			
404-1	Average hours of training per year per employee	59	See 302-1. Nothing has been reported.
404-3	Percentage of employees receiving regular performance and career development reviews	59	See 302-1. Nothing has been reported.
Diversity and equal opportunity			
405-1	Diversity among permanent employees	58, 104	See 302-1. Distribution by age group has not been reported.
405-2	Ratio of basic salary and remuneration of women to men	59	See 302-1. No salary figures have been reported, only overall, general comments.
Non-discrimination			
406-1	Total number of incidents of discrimination and corrective actions taken	59	
Marketing and labelling			
417-2	Incidents of non-compliance concerning product and service information and labelling	59	
Socioeconomic compliance			
419-1	Number of fines and non-monetary sanctions	59	

BOARD OF DIRECTORS' ASSURANCE

We confirm, to the best of our knowledge, that the statutory sustainability statement 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.

Gothenburg, 20 March 2018

The Board of Directors of RISE Research Institutes of Sweden Holding AB

Auditor's limited assurance report in respect of RISE's sustainability report, including opinion on the statutory sustainability statement

TO RISE RESEARCH INSTITUTES OF SWEDEN HOLDING AB,
CORPORATE IDENTITY NUMBER 556179-8520

INTRODUCTION

We have been engaged by the Board of Directors of RISE Research Institutes of Sweden Holding AB (RISE) to undertake a limited assurance engagement of RISE's Sustainability Report for 2017. The company has defined the scope of the Sustainability Report on page 50 of this document, whereby the statutory sustainability statement is defined on page 50.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND COMPANY MANAGEMENT

The Board of Directors and company management are responsible for the preparation of the sustainability report, including the statutory sustainability statement, in accordance with the applicable criteria and the Annual Accounts Act. The criteria are presented on page 50 of the sustainability report, and comprise the parts of the Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI) which are applicable to the Sustainability Report, as well as the accounting and valuation 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 RESPONSIBILITIES

Our responsibility is to express a conclusion on the sustainability report based on

the limited assurance procedures we have performed and to express an opinion on the statutory sustainability statement.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the sustainability report, and applying analytical and other review procedures. Our examination of the statutory sustainability statement has been conducted in accordance with FAR's auditing standard RevR 12. The auditor's opinion regarding the statutory sustainability statement. The procedures performed in a limited assurance engagement and an examination in accordance with RevR 12 vary in nature from, and are less in extent than for, an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The auditing company applies ISQC 1 (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. We are independent of RISE in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed in a limited assurance engagement and an examination in accordance with RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, the conclusion based on our limited assurance engagement and examination in accordance with RevR 12 does not comprise the same level of assurance as a conclusion based on an audit. Our examination of the sustainability report is 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.

Gothenburg, 26 March 2018
KPMG AB

ANDERS MALMEBY
Authorised Public Accountant

We believe that the evidence we have obtained in our limited assurance engagement is sufficient and appropriate to provide a basis for our conclusion below.

CONCLUSION

Based on the limited assurance engagement 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.

A statutory sustainability statement has been prepared.

TORBJÖRN WESTMAN
Specialist Member of FAR

The background is a dark blue to black gradient, filled with numerous bright, out-of-focus light spots (bokeh) in shades of blue, white, pink, and green. Diagonal streaks of light, resembling fiber optic cables or light trails, cut across the frame from the top left towards the bottom right, adding a sense of dynamic movement and depth.

ANNUAL



REPORT >

Administration Report 2017

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 2017. 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, 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 RISE ICT AB and RISE 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 %. 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 sus-

tainable development throughout society. 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, refer to Significant events during the year.

OVERVIEW OF PERFORMANCE AND FINANCIAL POSITION

GROUP

Sales and profit 2017

The Group's sales during the period January-December illustrates continued growth, with an increase of 9 % compared with the previous year. Net sales amounted to SEK 2,696 (2,470) million. The increase in sales is due to growth in all areas in the Group, and the actual increase, adjusted for the acquisition of Innventia in April 2016, amounted to 6 %.

Operating profit amounted to SEK 14 (57) million. Operating profit has been negatively impacted by additional expenses related to reorganisation activity and the creation of the new RISE, as well as by the impairment of a building in the amount of SEK 21 million. During the previous year, SEK 29 million was recorded as revenue relating to the revaluation of an associate on acquisition. Shares of profit of associates amounted to SEK 14 (1) million. A correction of participations in associates has had a positive impact profit in the magnitude of SEK 7 million. Adjusted for these items affecting comparability, operating profit amounted to SEK 28 (28) million. Net financial items amounted to SEK 13 (2)

Multi-year review	2017	2016	2015	2014	2013
Net sales, SEK m	2,696	2,470	2,107	1,977	1,807
Operating profit, SEK m	14	57	40	51	32
Profit after financial items, SEK m	27	59	38	58	41
Net profit for the year, SEK m	27	52	30	48	30
Equity, SEK m	980	962	957	927	875
Total assets, SEK m	2,518	2,570	2,119	2,046	1,807
Number of FTEs	2,041	2,014	1,745	1,673	1,586
Equity/assets ratio, %	39	37	45	45	48
Return on equity, %	2.8	5.4	3.2	5.1	3.4
Liquid ratio, %	83	91	101	105	105
Operating margin, %	0.5	2.3	1.9	2.6	1.8

million The impairment of a financial liability to a former non-controlling interest

(0.5) million and property, plant and equipment constituted SEK 181.5 (127.3) million.

has affected net financial items positively in an amount of SEK 18 million. Profit after financial items amounted to SEK 27 (59) million and adjusted for items affecting comparability amounted to SEK 23 (30) million.

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 521 (666) million. Equity amounted to SEK 980 (962) million, with the Group's cash flow amounting to SEK -145 (142) million.

Investments

Investments during the financial year amounted to SEK 184 (128) million. Of this amount, intangible assets constituted SEK 2.5

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 are not treated in the accounting as related party transactions.

Employment

The number of FTEs was 2,041 (2,014), of which 36 % (35) were 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 in the Parent Company amounted to SEK 37 (61) million, with profit after financial items amounting to SEK 0 (0) million. As of the closing date, cash, bank balances and short-term investments amounted to SEK 22 (69) million.

Cash flow in the Parent Company amounted to SEK -47 (3) million.

Equity as at the closing date was SEK 463 (463) million. Non-restricted equity during the period is unchanged, at SEK 0 (0) million.

OTHER INFORMATION REGARDING THE OPERATIONS

Significant events during the year

In January, RISE Research Institutes of Sweden AB changed its name to RISE Research Institutes of Sweden Holding AB. Thereafter, SP Sveriges Tekniska Forskningsinstitut AB took over the name RISE Research Institutes of Sweden AB.

On 27 April, RISE signed an agreement with EKTOS A/S regarding the takeover of SP Sveriges Tekniska Forskningsinstitut A/S in Denmark. EKTOS acquired all shares in the company as well as all agreements in force, which included all personnel.

In May, RISE began efforts to produce a proposal for a national research environment within electromobility. In the third quarter, the Government presented a planned electromobility initiative worth a billion Swedish kronor. During the fourth quarter, work continued on the development of the electromobility testbed which RISE and Chalmers intend to share ownership of.

In November, RISE was commissioned by the Government to start up a substitution centre. The centre, which will be located in Borås, will improve knowledge regarding hazardous substances and, in doing so, will contribute to their phasing out.

Awitar, RISE's new testing facility for electromagnetic compatibility in Borås, was completed during the year. Awitar is an important investment enabling RISE to remain a strong innovation partner to the

Swedish automotive industry. The facility was designed in close cooperation with four industrial partners, Volvo Cars, Volvo Group, Scania and NEVS. The official opening took place in January 2018.

The almost year-long programme for the integration and development of common of strategies and working practices within RISE was concluded on 31 March. Development work took place during the year completely according to plan.

EXTERNAL ENVIRONMENT ANALYSIS

We live in a world where the pace of change is always rising. The number of megatrends and the magnitude of the global challenges are, in themselves, remarkable. Never before has humanity's position been more precarious with respect to the global challenges and, similarly, never before have we experienced such exceedingly rapid development in terms of technology and knowledge. Major challenges also offer major opportunities. The course of events is ever increasing, with trends that arise and develop rapidly in the connected society.

The challenges we all face cannot be solved by RISE alone. It is becoming increasingly important to build distinct alliances with collaboration partners, both nationally and internationally. The industrial research institutes' assignment from their owners through research bill 2016/17:50 Cooperative knowledge 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 and 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. In addition, 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 2017, 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.

The development of facilitative and disruptive technologies is increasing at an ever faster rate. Digitalisation, to use a sweeping term, is not now being slowed by technological breakthroughs, but by the languid pace of the change in how we, as people, view our daily lives and how we manage the established structures. Other than the development of technology and user interfaces, the

challenge has proven to lie in how business models are to be reformulated, as digitalisation cuts through established models and structures. Critical challenges are being linked to security issues, as ever more of society becomes connected and interconnected, and larger sets of data and AI are used. RISE creates structures and builds competence to serve as Sweden's national industrial research institute for digitalisation.

FUTURE PROSPECTS

The work with a unified research institute under a common brand will continue and RISE will continue to be a strong force in innovation and sustainable development. Overall, this means that we expect to see increased demand for our services in 2018.

Investments in strategic skills development

The funds received by RISE Holding AB from the Swedish Government for the full year 2017 amounted to SEK 630 (621) million, in accordance with the bill 2016/17:50 Cooperative knowledge. Of these funds, the Board of Directors of RISE Holding AB resolved to set aside SEK 600 (525) million for strategic competence development (SC funds) and SEK 10 (51) million for structural development (structural funds), and to allocate SEK 20 (40) 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. The funds in 2017 have primarily been aimed towards the development of the collaboration between RISE Holding AB and the institutes under the associate Swerea AB.

Government grants for strategic competence development include all companies in the RISE Group, including the associate Swerea AB, 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. The respective institute's Board of Directors is responsible for prioritising and distributing the competence funds according to the institute's internal strategies.

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. Of all FTEs in the Group, 36 (35) % is female, which represents an area in which additional efforts must be made to achieve a more equal distribution between men and women. In RISE Holding AB's Board of Directors, 42 (36) % of the members are 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 the State's ambitions

for structured sustainability work that can be reported and evaluated. Together with representatives of industry and our partners, we have been assigned to implement a renewal of the research institute sector and, in doing so, to strengthen the contribution to the long-term, competitive sustainable development of the business community and society. RISE shall achieve sustainable growth in Sweden through enhancing international competitiveness on the basis of scientific advances. In this respect, sustainability work is crucial.

In pace with the increased significance of sustainable operations in the State's corporate governance of RISE, sustainability issues have also gained increased importance in the company and to the Board of Directors. Within the framework of a joint analysis and coordination project, the RISE Group has mapped the most important activities to impact society from a sustainability perspective. Three areas have been identified where RISE most affects the wider market:

- The offering – the research institutes research, develop and create innovation for sustainable development and improved competitiveness.
- The operations – a prerequisite for RISE's credibility is that its operations are conducted sustainably and from a long-term perspective, and
- Business relationships – the RISE Group performs its services responsibly.

RISE's Board of Directors has adopted three sustainability goals linked to the operations:

The responsibility goal – that the sustainability of 100% of customer assignments is to be declared by 2020,

The business goal – that by the year 2020, 10% of sales shall be generated as a direct result of sustainability work, and

The attraction goal – that RISE is ranked as one of the ten most attractive employers in the key target groups.

In 2017, we have worked to define the sustainability goals in more detail, and to determine how they should be measured. This

work has resulted in a method for declaring the sustainability of projects and assignments. During 2018, work with sustainability declarations and defining the various measured values will continue.

In accordance with the Annual Accounts Act, chapter 6, section 11, RISE has chosen to prepare the statutory sustainability statement separately from the annual report. The statutory sustainability statement is included in the sustainability report beginning on page 48.

COMPANIES IN THE GROUP

RISE

Research Institutes of Sweden AB

The RISE AB Group is a research institute operating in the fields of Bioeconomy, Bioscience and Materials, Certification, Built Environment, and Safety and Transport. The companies' 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 RISE AB Group includes the subsidiaries RISE SMP Svensk Maskinprovning AB (100 %), SP Process Development AB (100 %), RISE CBI Betonginstitutet AB (100 %), AstaZero AB (61,33 %), RISE Processum (60 %), RISE Fire Research AS (70 %) and RISE Energy Technology Center AB (100 %). In addition to these companies, the Group also includes dormant companies.

RISE Holding AB owns 100 % of the shares in 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 and four subsidiaries:

RISE Acreo AB, RISE SICS AB, RISE Interactive Institute AB and RISE Viktoria AB. RISE SICS AB is the majority owner in the subsidiaries RISE SICS East AB (91 %), RISE SICS Västerås AB (100 %) and RISE SICS North AB (100 %). The RISE ICT Group also includes dormant subsidiaries: Swedish ICT Innovation AB and Ogemi AB. RISE AB owns 100 % of the shares in RISE ICT AB.

RISE Innventia AB

Innventia generates and distills 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. In Innventia Group includes RISE LignoBoost Demo AB (100 %), Papir- og Fiberinstitutet AS in Norway (95 %) and Innventia UK Ltd (100 %).

RISE AB owns 100 % of the shares in RISE Innventia AB.

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 %).

RISE Holding AB owns 42.8 % of the shares in Swerea AB. The remaining shares are held by the Swedish Iron and Metal Research Foundation, 19.8 %, the Swedish Foundry Association, 8.2 %, the Interest Association for Corrosion Research, 6.3 %, Swerea IVF's industry group, 11.8 %, and Metallurgiska forskningsbolaget i Luleå AB, 11.2 %.

Significant risks and factors of uncertainty

Risk taking and the management of risks

are natural parts of all business operations, and the RISE Group's operations are no exception, being exposed to several risks. During the year, work to develop the process for risk inventory and evaluation has been developed, in order to ensure that all significant risks are continuously considered and managed.

Risk work be viewed as an ongoing process in which clearly designated ownership and a general awareness regarding the risks in the organisation are crucial.

The risks that are highlighted here are based on an assessment of the likelihood of them occurring, their possible consequences, as well as the Company's ability to manage the risks in question. Financial risk management is described in Note 3.

The selection of focus areas for research and development always entails a degree of uncertainty and the associated risk of missing important areas for the future, leading to reduced relevance and competitiveness in a market which changes at an ever faster rate. Furthermore, there are parts of RISE's operations in specific areas which are dependent on individual large customers, which implies a risk of changes in the strategic direction for these customers. In the same way, RISE is affected by increased competition, not only due to the increasingly more global market, but also as a result of industrial customers' potential insourcing of research and development activities.

Difficulties in recruiting and retaining qualified staff is a risk factor for many of the institutes in the RISE Group, which is, in many cases, made even more difficult through dependence on key individuals in specific areas. Within many industries, the relevant competence is simply not available, which in turn means that recruitment must look wider to the international labour market. The institutes work actively to remain an attractive employer with the ability to recruit and keep retain personnel.

A large part of RISE's operations is dependent on access to highly technical testbeds and demonstration facilities. The

commissioning of new facilities always involves risks with regard to availability, but even facilities which have open for a longer period face such risks, as a result of both wear and tear on equipment and the continued relevance of specific equipment.

Furthermore, major changes always imply uncertainty for the organisation's employees, with increased mental stress as a result, together with the already high perceived workload which results from the substantial level of demand for RISE's services.

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 2017.

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 2017.

Proposed appropriation of profits

The Board of Directors proposes that the available funds of SEK 463,412,364 be appropriated as follows:

- Profit brought forward from the previous year, SEK 463,393,045
- Net profit for the year SEK 19,319
- Retained earnings at year end, to be carried forward, SEK 463,412,364
- Equity attributable to owners of the Parent Company in the Group amounts to SEK 930 (916) 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.

Financial information

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in kSEK	Note	2017	2016
Net sales	6, 8	2,695,702	2,470,285
Other operating revenue	7, 14	16,088	44,818
Other external expenses	9.36	-802,228	-733,343
Personnel costs	10	-1,767,076	-1,616,182
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	17, 18	-142,474	-107,818
Other operating expenses	11	-349	--
Share of profit of associates	19	14,558	-1,090
Operating profit		14,221	56,670
Financial revenue	12, 14	21,763	6,141
Finance expenses	12, 14	-8,814	-3,684
Financial items - net		12,949	2,457
Profit before tax		27,170	59,127
Income tax expense	21	174	-7,072
Net profit for the year		27,344	52,055
Owners of the Parent Company	15	21,834	43,727
Non-controlling interests		5,510	8,328
Earnings per share*			
Earnings per share (SEK)	15, 16	1,326	2,655
Average number of outstanding 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	2017	2016
Net profit for the year		27,344	52,055
Other comprehensive income			
Items that have been or that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		-937	1,953
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net retirement benefit obligation		-9,185	-1,510
Tax effect of the above		517	332
Other comprehensive income for the year		-9,605	775
Total comprehensive income for the year		17,739	52,830
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		14,293	44,353
Non-controlling interests		3,446	8,477

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in kSEK	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Intangible assets	18		
Capitalised development expenses		1,908	2,624
Patents and licences		6,878	5,006
Goodwill		19,954	19,954
Total intangible assets		28,740	27,584
Property, plant and equipment	17		
Land and buildings		495,613	517,870
Leasehold improvements		40,284	38,867
Equipment, tools, fixtures and fittings		378,491	338,683
Non-current assets under construction		69,797	31,428
Total property, plant and equipment		984,185	926,848
Financial assets			
Participations in associates	19	155,937	141,767
Available-for-sale financial assets	20, 24	600	524
Deferred tax assets	21	4,027	4,134
Other long-term receivables	23, 24	4,958	4,271
Total financial assets		165,522	150,696
Total non-current assets		1,178,447	1,105,128
Current assets			
Inventories	25	6,771	6,840
Accrued, uninvoiced revenue	26	304,497	296,225
Advance payments to suppliers		154	154
Trade receivables	24, 27	359,163	344,842
Tax assets		38,727	37,163
Other receivables	24, 28	37,219	44,446
Prepaid expenses and accrued revenue	24, 29	72,475	69,304
Cash and cash equivalents	24, 30	521,033	666,188
Total current assets		1,340,039	1,465,162
TOTAL ASSETS		2,518,486	2,570,290

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONT.

Amounts in kSEK	Note	31 Dec 2017	31 Dec 2016
EQUITY			
Equity attributable to owners of the Parent Company			
Share capital		1,647	1,647
Other paid-in capital		428,129	428,129
Reserves		224	1,149
Retained earnings including net profit for the year		500,167	484,949
Total equity attributable to owners of the Parent Company		930,167	915,874
Non-controlling interests		50,044	45,708
Total equity	41	980,211	961,582
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	40	216,667	238,333
Other liabilities		578	5,605
Deferred tax liabilities	21	36,220	41,682
Retirement benefit obligation	31	38,251	35,577
Other provisions	31	2,600	5,658
Total non-current liabilities		294,316	326,855
Current liabilities	3		
Liabilities to credit institutions	24, 40	21,667	21,667
Advance payments from customers		640,131	647,644
Trade payables	24	158,634	137,948
Current tax liabilities		257	481
Other liabilities	24,32	237,815	315,967
Accrued expenses and deferred revenue	33	185,455	158,146
Total current liabilities		1,243,959	1,281,853
TOTAL EQUITY AND LIABILITIES		2,518,486	2,570,290

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in kSEK	Note	Attributable to owners of the Parent Company					Non-controlling interests	Total equity
		Share capital	Other paid-in capital	Translation reserve	Retained earnings including net profit for the year	Total		
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
Opening balance at 1 January 2017	41	1,647	428,129	1,149	484,949	915,874	45,708	961,582
Comprehensive income for the year								
Net profit for the year					21,834	21,834	5,510	27,344
Other comprehensive income for the year				-925	-6,616	-7,541	-2,064	-9,605
Comprehensive income for the year				-925	15,218	14,293	3,446	17,739
Transactions with owners of the Group								
Contributions and value transfers from non-controlling interests						0	890	890
Total transactions with owners of the Group					0	0	890	890
Closing balance at 31 December 2017	41	1,647	428,129	224	500,167	930,167	50,044	980,211

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in kSEK	Note	2017	2016
Cash flows from operating activities			
Operating profit before financial items		14,221	56,670
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	17, 18	142,474	107,818
Other non-cash items	37	-15,368	-25,998
Interest received		3,068	6,154
Interest paid		-8,174	-3,696
Income taxes paid		-6,452	-3,661
Cash flows from operating activities before changes in working capital		129,769	137,287
Cash flows from changes in working capital			
Increase/decrease in operating receivables		-21,386	-168,138
Increase/decrease in operating liabilities		-36,553	131,239
Total changes in working capital		-57,939	-36,899
Cash flows from operating activities		71,830	100 388
Cash flows from investing activities			
Payments for intangible assets	18	-2,543	-530
Payments for property, plant and equipment	17	-181,492	-127,284
Proceeds from disposal of property, plant and equipment		-	100
Investments in associates		-	-108
Effect from acquisitions of subsidiaries	39	-1,962	166,339
Effect from sales of subsidiaries	39	-3,276	-
Increase/decrease in other financial assets		-1,908	1,965
Cash flows from investing activities		-191,181	40,482
Cash flows from financing activities			
Proceeds from borrowings		-	33,227
Repayment of borrowings		-26,694	-16,800
Payment from non-controlling interests		890	-
Payment to non-controlling interests		-	-15,506
Cash flows from financing activities		-25,804	921
Cash flows for the year		-145,155	141,791
Cash and cash equivalents at the beginning of the year	30	666,188	524,397
Cash and cash equivalents at the end of the year	30	521,033	666,188

PARENT COMPANY STATEMENT OF PROFIT OR LOSS

Amounts in kSEK	Note	2017	2016
Net sales	6.8	36,672	60,733
Other operating revenue	7	128	134
Other external expenses	9.36	-16,227	-40,168
Personnel costs	10	-20,487	-20,627
Depreciation of property, plant and equipment	17	-50	-36
Other operating expenses		-18	
Operating profit		18	36
Other interest revenue and similar profit/loss items	13	4	6
Interest expenses and similar profit/loss items	13	-3	-14
Profit after financial items		19	28
Tax on profit for the year	21	-	-
Net profit for the year		19	28

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 2017	31 Dec 2016
ASSETS			
Non-current assets			
Property, plant and equipment			
Equipment, tools, fixtures and fittings	17	21	71
Total property, plant and equipment		21	71
Financial assets			
Participations in Group companies	22	429,276	429,276
Participations in associates	19	22,967	22,967
Other long-term receivables	23	51	51
Total financial assets		452,294	452,294
Total non-current assets		452,315	452,365
Current assets			
Short-term receivables			
Current tax assets		581	239
Receivables from Group companies		5,200	5,200
Prepaid expenses and accrued revenue	29	-	157
Total short-term receivables		5,781	5,596
Cash and bank balances	30	21,595	69,111
Total current assets		27,376	74,707
TOTAL ASSETS		479,691	527,072

PARENT COMPANY STATEMENT OF FINANCIAL POSITION CONT.

Amounts in kSEK	Note	31 Dec 2017	31 Dec 2016
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		461,641	461,613
Net profit for the year	42	19	28
Total non-restricted equity		461,660	461,641
Total equity		463,412	463,393
Current liabilities			
Trade payables		484	4,632
Other liabilities	32	11,852	57,314
Accrued expenses and deferred revenue	33	3,943	1,733
Total current liabilities		16,279	63,679
TOTAL EQUITY AND LIABILITIES		479,691	527,072

PARENT COMPANY CHANGES IN EQUITY

Amounts in kSEK	Note	Share capital	Restricted reserves	Non-restricted equity	Total equity
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
Opening balance at 1 January 2017		1,647	105	461,641	463,393
Net profit for the year				19	19
Closing balance at 31 December 2017	41	1,647	105	461,660	463,412

Net profit for the year is identical to comprehensive income.

PARENT COMPANY STATEMENT OF CASH FLOWS

Amounts in kSEK	Note	2017	2016
Cash flows from operating activities			
Operating profit		18	35
Adjustment for non-cash items		50	36
Interest received		4	6
Interest paid		-3	-14
Income taxes paid		-342	156
Cash flows from operating activities before changes in working capital		-273	219
Cash flows from changes in working capital			
Increase/decrease in operating receivables		157	466
Increase/decrease in operating liabilities		-47,400	2,165
Total changes in working capital		-47,243	2,631
Cash flows from operating activities		-47,516	2,850
Investing activities			
Payments for property, plant and equipment	17	-	-
Proceeds from disposal of property, plant and equipment		-	28
Cash flows from investing activities		0	28
Cash flows from financing activities		0	0
Cash flows for the year		-47,516	2,878
Cash and cash equivalents at the beginning of the year	30	69,111	66,233
Cash and cash equivalents at the end of the year	30	21,595	69,111

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, 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 ICT AB and RISE 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. The visiting address of the head office is Lindholmospiren 7A, 417 56 Gothenburg, Sweden.

This annual report and associated consolidated financial statements were approved for publication by the Board of Directors and CEO on 20 March 2018. The annual report will be presented for adoption at the annual general meeting of shareholders due to be held on 19 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 at their respective costs, 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, Group 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

During 2017, amendments to IAS 7 “Statement of Cash Flows” came into effect, which means that entities shall provide disclosures that enable users of financial statements to evaluate changes in financial liabilities during the year. This applies both to changes arising on the basis of the cash flows and to changes arising due to other factors. It is not necessary to present comparative disclosures for 2016 when the amendment is applied for the first time in the annual report for 2017.

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

IFRS 9 “Financial Instruments” is effective from 1 January 2018 and replaces IAS 39. IFRS 9 has three measurement categories for financial assets. These are amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification of an asset is based on the entity’s business model and the characteristics of the instrument. Investments in equity instruments are always recognised at fair value. The change in value are either recognised in profit or loss or as part of other comprehensive income. If the latter alternative is applied, any gains and losses made on the sale of financial instruments are also recognised in other comprehensive income. IFRS 9 also introduces a new model for calculating credit loss reserves, which is based on a basic model in which the credit risk associated with the changes is monitored. A loss reserve is to be measured, regardless of whether or not any loss event exists. The introduction of IFRS 9 will not have any material impact on the Group’s statement of profit or loss and statement of financial position. The measurement of equity instruments at fair value is expected to have a very minor effect together with the calculation of credit loss reserves, as RISE’s credit losses total small amounts. For financial liabilities and hedge accounting, the assessment is that no effects will occur. No reclassification of financial assets is required, and these continue to be recognised at amortised cost. The effects of the change in conjunction with the transition on 1 January 2018 are recognised in equity and impact the opening balance. The comparative year will be recognised in accordance with IAS 39 and no restatement of any effects will be made.

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. During the year, a contractual analysis of potential transition effects was carried out and the assessment is that no material transition effects will arise in the financial statements. The current principles for revenue recognition, based on the percentage of completion method, remain applicable. RISE will apply the method retroactively, with the application of one or more relief rules in conjunction with the transition to IFRS 15.

IFRS 16 “Leases” has been adopted by the EU and is effective for financial years beginning on or after 1 January 2019. The new standard replaces IAS 17 “Leases”. IFRS 16 requires that, in general, all lease agreements are to be recognised in the statement of financial position. No distinction is thus required between operating leases and finance leases. The exceptions to this rule are lease agreements with a lease period of 12 months or less and leases amounting to minor values. The statement of profit or loss will also be impacted, as the cost is to be recog-

nised as depreciation and interest expenses rather than other external expenses. The cash flow statement will be impacted in that cash flows from operating activities will be higher, as the majority of payments made regarding lease liabilities are classified at financing activities. 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 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 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. The RISE Group has six operating segments. These six segments are Bioeconomy, Bioscience and Materials, Certification, ICT, 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.

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 it 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 testing facilities 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	5-10 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.

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 Group 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, as financial revenue or expenses. 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 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 substan-

tively enacted as at the closing date in those countries in which the Parent Company and its subsidiaries operate and generate taxable income. Group 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 and loss carry-forwards 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).

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. In 2017 and 2016, no large volumes of transactions in foreign currencies have taken place. Foreign exchange gains/losses recognised in the statement of profit or loss are shown 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 counterparty risk, is the risk that the counterparty 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 2017, the Group has cash and cash equivalents of kSEK 521,033 (666,188), 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 2017	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	86,667	108,911
Trade payables	158,634	-	-	-	-
Other liabilities	270,723	814,602	-	-	-
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	-	-	-

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 2018, 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 2017, the equity/assets ratio was 39 (37) % and return on equity was 2.8 (5.4) %.

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 Group 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 goodwill. The Group assesses, each year, if there is an impairment requirement as regards goodwill, in accordance with the accounting principle described in Note 2. The recoverable amount for cash-generating units is established by calculating the value in use. These calculations require certain estimations to be made. Impairment testing is undertaken on the respective subsidiaries. Note 18 includes a description of significant assumptions made in conjunction with the impairment testing of goodwill.
- 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 provision 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.
- The measurement of loss carry-forwards is made each year to examine whether it is pertinent to capitalise deferred tax assets attributable to the year's tax loss carry-forwards. Deferred tax assets are recognised only on loss carry-forwards for which it is probable that they can be offset against future taxable profits and taxable temporary differences.

NOTE 5 SEGMENT INFORMATION

Group 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.

In 2017, the principle for the allocation of shared items has been changed, and the figures for 2016 have been adjusted for comparability.

The segment information provided to Group management, referring to the segments for which information is to be provided, for the financial year 2017 is as follows:

Group	January-December 2017			January-December 2016		
Division	Net sales	Operating profit	Operating margin, %	Net sales	Operating profit	Operating margin, %
Bioeconomy 1)	417,475	-9,456	-2.3 %	393,627	-10,354	-2.6 %
Bioscience and Materials	434,723	-17,119	-3.9 %	409,514	-21,926	-5.4 %
Certification	116,078	6,974	6.0 %	96,343	6,114	6.3 %
ICT	552,312	6,724	1.2 %	522,367	7,671	1.5 %
Built Environment	414,473	-2,491	-0.6 %	412,452	5,775	1.4 %
Safety and Transport	760,641	36,031	4.7 %	710,458	41,770	5.9 %
Total Divisions	2,695,702	20,663	0.8 %	2,544,761	29,050	1.1 %
Other 2)		14,558	-		-1,090	-
Bioeconomy Innventia 3)		-21,000	-	-74,476	28,710	-38.5 %
Total Group	2,695,702	14,221	0.5 %	2,470,285	56,670	2.3 %

Net sales per Division refers to external revenues.

1) Bioeconomy included in Innventia for the full year 2016.

2) Other refers to adjustments of Share of profit of associates. In 2017, the correction amounted to + SEK 7 million.

3) Innventia was an associate until 1 April 2016 and is eliminated as a separate item. The profit/loss item for 2017 refers to the impairment of building which was part of the acquisition of Innventia in 2016.

NOTE 6 DISTRIBUTION OF NET SALES

Net sales by type of revenue:

Group	2017	2016
Revenue from trade and industry	1,403,525	1,336,454
Public research funding bodies	562,372	509,630
SC funds (Strategic competence funds)	537,141	462,644
EU funds	180,643	147,288
Change in work in progress	12,021	14,269
Group total	2,695,702	2,470,285

Parent Company	2017	2016
Administration fees	21,090	40,000
Project financing	15,582	20,733
Parent Company total	36,672	60,733

NOTE 7 OTHER OPERATING REVENUE

Group	2017	2016
Rental revenue	6,630	8,865
Foreign exchange gains/losses on operating receivables	1,093	1,384
Remeasurement of associate in conjunction with acquisition	-	28,897
Other revenue	8,365	5,672
Group total	16,088	44,818

Parent Company	2017	2016
Rental revenue	116	46
Proceeds from disposal of property, plant and equipment	-	72
Foreign exchange gains	12	16
Parent Company total	128	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	2017	2016
KPMG		
Audit engagement	2,996	4,525
Other auditing services	691	109
Tax advisory services	4	136
Other services	1,050	5,704
PricewaterhouseCoopers		
Audit engagement	72	256
Other auditing services	337	-
Tax advisory services	-	-
Other services	539	448
Group total	5,689	11,178

Parent Company	2017	2016
KPMG		
Audit engagement	325	1,530
Other auditing services	412	-
Other services	808	5,704
Parent Company total	1,545	7,234

NOTE 10 EMPLOYEE BENEFITS, ETC.

Group	2017	2016
Salaries and other remuneration to the Board of Directors	1,482	727
Salaries and other remuneration to the CEO	3,127	2,531
Salaries and other remuneration to other senior executives	18,914	12,472
Salaries and other remuneration to other employees	1,128,888	1,046,013
Social security contributions	379,182	351,319
Retirement benefit costs for the Board of Directors and CEO	925	754
Retirement benefit costs for other senior executives	5,212	3,804
Retirement benefit costs for other employees	152,948	146,158
Group total	1,690,678	1,563,778

Average number of employees	2017	2016
Men	1,310	1,312
Women	731	702
Group total	2,041	2,014

Average number of employees by country	2017	2016
Sweden	1,989	1,949
Denmark	2	8
Norway	50	57
Group total	2,041	2,014

Parent Company	2017	2016
Salaries and other remuneration to the Board of Directors	1,482	727
Salaries and other remuneration to the CEO	3,127	2,531
Salaries and other remuneration to other senior executives	4,215	1,100
Salaries and other remuneration to other employees	4,371	6,721
Social security contributions	4,551	4,933
Retirement benefit costs for the Board of Directors and CEO	925	754
Retirement benefit costs for other senior executives	659	329
Retirement benefit costs for other employees	877	2,012
Parent Company total	20,207	19,107

Average number of employees (all employees in Sweden)	2017	2016
Men	3	5
Women	2	4
Parent Company total	5	9

Fees to the Board of Directors	2017	2016
Fees to the Board of Directors	1,482	727
Social security contributions	432	229
Total	1,914	956

Subsidiaries	2017	2016
Of salaries and other remuneration in subsidiaries, amounts referring to CEOs	14,431	18,899
Boards of Directors	1,754	879
Retirement benefit costs for CEOs	4,053	5,204
Total	20,238	24,982

Group	2017	2016
Salaries for CEOs	17,558	21,534
Boards of Directors	3,236	1,606
Retirement benefit costs for CEOs	4,978	5,533
Total	25,772	28,673

The Group's Board of Directors is composed of 92 (112) members, of whom 60 (64) per cent are men. The Group has 11 (12) employees designated as senior executives, of whom 27 (33) per cent are men. The Parent Company's Board of Directors is composed of 11 (11) members, of whom 58 (64) per cent are men. Group management consists of 11 (11) members, of which 27 (36) 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 Group management.

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

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 2017

Name	Salary, Committee and Board fees	Other benefits	Retirement benefit costs	Total
Jan Wäreby, Chairman of the Board of Directors February-December	321			321
Sven Wird, Chairman of the Board of Directors January, Board Member February-December	220			220
Anna Hultin Stigenberg, Board Member	195			195
Richard Reinius, Board Member*	-			0
Hasse Johansson, Board Member January-March	-			0
Anna-Karin Stenberg, Board Member	205			205
Fredrik Winberg, Board Member	215			215
Marie Westrin, Board Member	195			195
Torbjörn Holmström, Board Member April-December	131			131
Total	1,482	0	0	1,482

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

* No remuneration is payable to employees in Government office.

REMUNERATION TO SENIOR EXECUTIVES

GUIDELINES

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

Remuneration to the CEO and other senior executives consists of basic salary, other benefits and retirement benefits.

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

REMUNERATION AND OTHER BENEFITS 2017

Name	Position	Period*	Payroll expenses	Other benefits	Retirement benefit costs	Total
Pia Sandvik	Chief Executive Officer	January-December	3,127		925	4,052
Olof Sandén	Deputy Chief Executive Officer	January-December	2,176		659	2,835
John Rune Nielsen	CMO and Certification Division Manager	January-December	1,599		397	1,996
Margaret Simonson McNamee	CTO	January-December	1,345		526	1,871
Johanna Flanke	Director of Human Resources	February-December	1,197		271	1,468
Anita Olson	Acting Director of Human Resources	January	94		40	134
Synnöve Helander	CFO	February-December	1,347		314	1,661
Yvonne Näsström	Director of Communications	March-December	1,075	8	239	1,322
Ann Fröström	Director of Communications pro tem	January-February	187		51	238
Ola Dawidson	Head of Operational Excellence	November-December	191		40	231
Birgitta Sundblad	Bioeconomy Division Manager	January-December	2,553	140	801	3,494
Pernilla Walkenström	Bioscience and Materials Division Manager	January-December	1,466		429	1,895
Marianne Grauers	Built Environment Division Manager	January-December	1,279		588	1,867
Pether Wallin	Safety and Transport Division Manager	January-December	1,702		646	2,348
Leif Ljungqvist	ICT Division Manager	January-May	664		210	874
Total			20,002	148	6,136	26,286

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

In addition to the remuneration for the year, a provision was made for severance pay for Olof Sandén for the period January-December 2018, amounting to kSEK 2,039.

REMUNERATION AND OTHER BENEFITS 2016

Name	Position*	Period*	Payroll expenses	Other benefits	Retirement 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-December	1,691	0	418	2,109
Margaret Simonson McNamee	CTO	January-December	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-December	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-December	1,189	0	445	1,634
Pether Wallin	Safety and Transport Division Manager	January-December	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-December	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.

RETIREMENT AGE, NOTICE PERIOD AND SEVERANCE PAY

Name	Position	Retirement age	Notice period in months (Employee/company)	Severance pay in months
Pia Sandvik	Chief Executive Officer	65	6/6	18
John Rune Nielsen	CMO and Certification Division Manager	67	6/6	-
Margaret Simonson McNamee	CTO	67	6/6	-
Johanna Flanke	Director of Human Resources	67	6/6	-
Synnöve Helander	CFO	67	6/6	-
Yvonne Näsström	Director of Communications	67	6/6	-
Ola Dawidson	Head of Operational Excellence	67	6/6	-
Birgitta Sundblad	Bioeconomy Division Manager	67	6/6	12
Pernilla Walkenström	Bioscience and Materials Division Manager	67	6/6	6
Marianne Grauers	Built Environment Division Manager	67	6/6	-
Pether Wallin	Safety and Transport Division Manager, Acting ICT Division Manager	67	6/6	12

NOTE 11 OTHER OPERATING EXPENSES

Group	2017	2016
Capital gains/losses on sales of subsidiaries	-203	-
Other expenses	-146	-
Group total	-349	0

NOTE 12 FINANCIAL REVENUE AND EXPENSES

Group	2017	2016
Financial revenue:		
Interest revenue on bank balances	390	744
Interest revenue on short-term investments at fair value through profit or loss	56	56
Profit on sales of short-term investments at fair value through profit or loss	-	-
Profit on sales of long-term receivables	-	2,029
Dividends	-	7
Impairment of supplementary purchase price	18,460	-
Foreign exchange gains/losses	2,857	3,305
Financial revenue	21,763	6,141
Finance expenses:		
Interest expenses on retirement benefit liability	-892	-931
Other interest expenses	-1,499	-2,741
Foreign exchange gains/losses	-391	-
Impairment of financial loan receivable	-5,799	-
Profit on sales of short-term investments at fair value through profit or loss	-233	-12
Finance expenses	-8,814	-3,684
Financial items Group - net	12,949	2,457

NOTE 13 OTHER INTEREST REVENUE, INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

Parent Company	2017	2016
Interest revenue and similar profit/loss items:		
Interest revenue	4	6
Interest revenue and similar profit/loss items	4	6
Interest expenses and similar profit/loss items:		
Interest expenses		
Foreign exchange gains/losses	-3	-14
Interest expenses and similar profit/loss items	-3	-14
Financial items Parent Company - net	1	-8

NOTE 14 FOREIGN EXCHANGE GAINS/LOSSES

Group	2017	2016
Other operating revenue	1,094	1,291
Financial revenue (exchange rate effects recognised at net value in the statement of profit or loss)	2,857	3,012
Finance expenses (exchange rate effects recognised at net value in the statement of profit or loss)	-391	-14
Total foreign exchange gains/losses	3,560	4,289

NOTE 15 EARNINGS PER SHARE

	2017	2016
Earnings attributable to owners of the Parent Company	21,834	43,727
Average number of outstanding shares	16,470	16,470
Earnings per share	1,326	2,655

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 buildings, including land improvements	Leasehold improvements	Equipment, tools, fixtures and fittings	Non-current assets under construction	Total
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
Financial year 2017					
Opening carrying amount	517,870	38,867	338,683	31,428	926,848
Via sales of subsidiaries			-1,758		-1,758
Purchases	22,575	2,753	126,640	48,807	200,775
Reclassifications			10,438	-10,438	0
Sale/disposal			-139		-139
Immediate write-off against grants			-397		-397
Depreciation, amortisation and impairment	-23,832	-1,336	-94,920		-120,088
Impairment losses	-21,000				-21,000
Translation differences			-56		-56
Closing carrying amount	495,613	40,284	378,491	69,797	984,185
Per 31 December 2017					
Cost	689,750	44,194	1,605,251	69,797	2,408,992
Accumulated depreciation	-173,137	-3,910	-1,226,760	-	-1,403,807
Accumulated impairment	-21,000				-21,000
Carrying amount	495,613	40,284	378,491	69,797	984,185

Parent Company	Equipment, tools, fixtures and fittings 2017	Equipment, tools, fixtures and fittings 2016
Opening cost	368	453
Purchases	-	-
Sales and disposals	-155	-85
Closing accumulated cost	213	368
Opening depreciation	-297	-318
Sales and disposals	155	57
Depreciation for the year	-50	-36
Closing accumulated depreciation	-192	-297
Closing carrying amount	21	71

NOTE 18 INTANGIBLE ASSETS

Group	Capitalised development expenses	Patents	Goodwill	Total
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
Financial year 2017				
Opening carrying amount	2,624	5,006	19,954	27,584
Via acquisitions of subsidiaries				0
Purchases		2,543		2,543
Sales and disposals				0
Reclassifications				0
Depreciation	-716	-671		-1,387
Closing carrying amount	1,908	6,878	19,954	28,740
Per 31 December 2017				
Cost	3,933	7,773	19,954	31,660
Accumulated depreciation	-2,025	-895		-2,920
Carrying amount	1,908	6,878	19,954	28,740

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: Market share and growth. The 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. Group 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	2017	2016
Per 1 January	141,767	177,598
Acquisitions of associates	20	-34,683
Sales of associates	-408	-48
Reclassifications	-	-10
Share of profit	14,558	-1,090
Per 31 December	155,937	141,767

Parent Company	2017	2016
Opening cost	22,967	22,997
Acquisitions of associates	-	-30
Closing carrying amount	22,967	22,967

Group Name	Corporate Identity Number	Registered office	Share of equity (%)	Number of shares	Carrying amount 2017	Carrying amount 2016
Swerea AB	556664-2228	Stockholm	42.8 %	52,000	155,558	141,000
Ascatron AB	556860-3699	Stockholm	33.5 %	50,955	12	12
Vasasensor AB	556550-0541	Stockholm	21.7 %	36,000	-	-
Locusense AB	556948-1160	Stockholm	34.0 %	170,000	17	17
DigiWall Technology AB	556681-9990	Piteå	37.0 %	490	49	49
Interspectral AB	556980-5186	Norrköping	30.0 %	750	13	13
Prindit AB	559029-3865	Västerås	27.0 %	1,350,000	14	14
DP Patterning AB	556320-4139	Stockholm	15.4 %	1,096	201	201
Rocan System AB	556731-8810	Hallstahammar	30.0 %	425	53	53
Incipientus Ultrasound Flow Technologies AB	559126-1002	Gothenburg	41.0 %	410	20	-
Total					155,937	141,359

Parent Company Name	Corporate Identity Number	Registered office	Share of equity (%)	Number of shares	Carrying amount 2017	Carrying amount 2016
Swerea AB	556664-2228	Stockholm	42.8 %	52,000	22,967	22,967
Total					22,967	22,967

The amounts presented below are the total values in respect of Swerea, in which RISE's participation amounts to 42.8 %.

Other holdings are deemed to be immaterial. All are unlisted.

CONDENSED STATEMENT OF FINANCIAL POSITION

	2017	2016
Name	Swerea AB	Swerea AB
Non-current assets	272,446	293,723
Current assets	515,698	425,545
Total assets	788,144	719,268
Non-current liabilities	-18,100	-15,568
Current liabilities	-406,591	-357,671
Total liabilities	-424,691	-373,239
Net assets	363,453	346,029

CONDENSED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	2017	2016
Name	Swerea AB	Swerea AB
Revenues	700,053	680,695
Profit/loss for the year from continuing operations	15,833	-4,270
Profit/loss after tax from discontinued operations	0	0
Other comprehensive income	1,591	1,621
Total comprehensive income	17,424	-2,649
Dividends received from associates	0	0

CONDENSED STATEMENT OF CASH FLOWS

	2017	2016
Name	Swerea AB	Swerea AB
Cash flows from operating activities	135,128	-26,488
Cash flows from investing activities	-11,399	-21,178
Cash flows from financing activities	830	336
Cash flows for the year	124,559	-47,330
Cash and cash equivalents at the beginning of the year	146,956	194,286
Cash and cash equivalents at the end of the year	271,515	146,956

NOTE 20 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group	2017	2016
Per 1 January	524	464
Purchases	57	-
Sales	-17	-
Reclassifications	36	60
Per 31 December	600	524

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 TAXES

Group	2017	2016
Deferred tax expense on temporary differences	5,415	1,620
Miscellaneous	-140	74
Total deferred tax in the statement of profit or loss	5,275	1,694
Current tax	-5,101	-8,766
Total income tax	174	-7,072

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

Group	2017	2016
Profit before tax	27,169	59,126
Income tax according to applicable tax rate for the Group 22 % (22 %)	5,977	13,008
Tax effect of following items		
Non-taxable revenue	-8,555	-6,202
Non-deductible expenses	2,353	2,049
Incremental taxable revenue	16	38
Utilised loss carry-forwards	-1,621	-1,010
Adjustments referring to previous years	69	105
Miscellaneous	1,587	-916
Tax expense for the Group	-174	7,072

Parent Company	2017	2016
Profit before tax	19	28
Income tax according to applicable tax rate 22 % (22 %)	4	6
Tax effect of following items		
Non-deductible expenses	86	19
Utilised loss carry-forwards	-90	-25
Tax expense Parent Company	0	0

Deferred tax assets and liabilities are distributed as follows:

Group	2017	2016
Deferred tax assets which will be utilised after more than 12 months		
Opening carrying amount	4,134	235
Acquired balances	-	1,366
Change for the year	-107	2,533
Total deferred tax assets	4,027	4,134
Deferred tax liabilities which will be utilised after more than 12 months		
Opening carrying amount	41,682	16,138
Acquired balances	-	23,320
Change for the year	-5,462	2,224
Total deferred tax liabilities	36,220	41,682
Deferred tax liabilities (net)	32,193	37,548

Deferred tax assets and tax liabilities are attributable to the following items:

Group	2017	2016
Deferred tax assets		
Non-current assets	853	882
Current assets	120	124
Current liabilities	521	-
Retirement benefit obligation	1,354	1,413
Loss carry-forwards	1,180	1,715
Total deferred tax assets	4,028	4,134
Deferred tax liabilities		
Non-current assets	17,767	23,320
Untaxed reserves	18,453	20,586
Total deferred tax liabilities	36,220	43,906

The Group has accumulated loss carry-forwards amounting to kSEK 32,448 (37,604). None of these loss carry-forwards have a designated maturity date. For kSEK 26,449 (32,280) of the tax loss carry-forwards, no deferred tax assets have been recognised, due to uncertainty as to when in the future sufficient taxable profits will be recognised. Deferred tax assets relating to deficits have been recognised in an amount of kSEK 5,999 (5,324), as it is deemed likely that a tax surplus will be recognised in the future against which these deficits can be offset. The Parent Company has accumulated loss carry-forwards amounting to kSEK 7,845 (7,951).

NOTE 22 PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2017	2016
Opening cost	429,276	434,446
Sales within the Group	-	-5,170
Closing carrying amount	429,276	429,276

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 owned by the Group (%)	Carrying amount 2017	Carrying amount 2016
RISE ICT AB	556668-2976	Stockholm	1,000	100 %	36,299	36,299
RISE SICS AB	556587-0119	Stockholm	1,000	100 %	100	100
RISE Viktoria AB	556542-4339	Gothenburg	100	100 %	635	635
RISE Interactive Institute 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	Borås	364,000	100 %	429,276	429,276
SITAC AB	556469-0120	Karlskrona	5,000	100 %	600	600
RISE 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
RISE CBI Betonginstitutet AB	556352-5699	Stockholm	5,000	100 %	13,339	13,339
Glafo AB	556111-6855	Växjö	1,000	100 %	5,496	5,496
JTI - Institutet för jordbruks- och miljöteknik AB	556772-8026	Uppsala	500	100 %	12,066	12,066
SP Sveriges Tekniska Forskningsinstitut A/S	34,224,080	Copenhagen	500	100 %	-	592
SP Process Development AB	556196-9204	Södertälje	5,000	100 %	500	500
RISE Astra Zero AB	556802-4946	Borås	61,330	61.33 %	52,550	52,550
RISE Processum AB	556641-7357	Örnsköldsvik	600	60 %	240	240
RISE Fire Research AS	982,930,057	Trondheim	910,000	70 %	9,977	7,903
RISE Energy Technology Center AB	556992-6651	Piteå	2,000	100 %	5,250	5,250
Innventia Fastighets AB	556603-1109	Stockholm	50,000	100 %	50	-
RISE Innventia AB	556603-1109	Stockholm	110	100 %	219,813	219,813
RISE LignoBoost Demo AB	556139-9485	Stockholm	1,000	100 %	100	100
Papir- og fiberinstuttet AS	986,164,901	Trondheim	190	95 %	201	201
Innventia UK Ltd	6,270,672	London	1	100 %	0	0

During the year, the participation in the subsidiary SP Sveriges Tekniska Forskningsinstitut A/S has been sold.

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.

NOTE 23 OTHER LONG-TERM RECEIVABLES

Group	2017	2016
Opening cost	4,271	309
Acquired balances	-	5,987
Investments	2,000	-
Sales	-1,161	-223
Provision for future retirement benefits	-	3,058
Payments made during the year	-152	-4,860
Closing carrying amount	4,958	4,271

Parent Company	2017	2016
Opening cost	51	51
Change for the year	-	-
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 2017 compared with the date for the raising of borrowings, the fair value of borrowings is consistent with the carrying amount.

Group 31 Dec 2017	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Total
Assets in the statement of financial position				
Available-for-sale financial assets		600		600
Other long-term receivables			4,958	4,958
Trade receivables			359,163	359,163
Receivables from associates			1,124	1,124
Other receivables			36,095	36,095
Accrued revenue			72,475	72,475
Cash and cash equivalents*			521,033	521,033
Total	0	600	994,848	995,448

*) 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.

Group 31 Dec 2017	Other financial liabilities	Total
Liabilities in the statement of financial position		
Liabilities to credit institutions	238,333	238,333
Trade payables	158,634	158,634
Other liabilities	237,815	237,815
Total	634,782	634,782

Group 31 Dec 2016	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	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 financial 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

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 payables and other current liabilities, which are recognised at cost.

NOTE 25 INVENTORIES

Group	2017	2016
Raw materials and consumables	5,106	5,787
Finished goods	1,665	1,053
Total	6,771	6,840

NOTE 26 ACCRUED, UNINVOICED REVENUE

As per 31 December 2017, the RISE Group recognises an amount of SEK 304 (296) 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	2017	2016
Trade receivables	360,320	345,964
Less: provision for bad debts	-1,157	-1,122
Trade receivables - net	359,163	344,842

Maturity analysis	2017	2016
Not yet mature	285,358	286,357
Overdue 0-3 months	63,492	52,457
Overdue > 3 - 6 months	4,513	4,694
Overdue > 6 months	5,800	1,334
Total	359,163	344,842

NOTE 28 OTHER RECEIVABLES

Group	2017	2016
Receivables from employees	224	63
Various offset payments	85	181
VAT receivable	6,885	3,106
Receivable related to retirement benefit obligation	-	7,654
Other items	30,025	33,442
Group total	37,219	44,446

NOTE 29 PREPAID EXPENSES AND ACCRUED REVENUE

Group	2017	2016
Prepaid lease fees	13,643	14,325
Prepaid rent for premises	20,169	19,701
Prepaid licence fees	6,779	7,614
Accrued revenue	3,390	2,230
Other items	28,494	25,434
Group total	72,475	69,304

Parent Company	2017	2016
Other items	-	157
Parent Company total	0	157

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	2017	2016
Cash and bank balances	516,314	521,863
Short-term bank deposits	4,719	144,325
Group total	521,033	666,188

Parent Company	2017	2016
Cash and bank balances	21,595	69,111
Parent Company total	21,595	69,111

NOTE 31 RETIREMENT BENEFIT OBLIGATIONS

Group	2017	2016
Obligations in the statement of financial position for defined benefit plans	35,345	34,450
Retirement benefit commitments through endowment insurance	2,906	1,127
Total liability in the statement of financial position	38,251	35,577
Recognised in finance expenses for defined benefit plans	301	462
Recognised in other comprehensive income for remeasurement of defined benefit plans	2,349	1,510

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

Group	2017	2016
At the beginning of the year	35,577	19,486
Acquired balances	-	15,830
Benefits paid	-2,397	-2,320
Interest expenses	301	462
Changes based on demographic assumptions	993	-
Changes in financial assumptions	180	2,168
Experience-based adjustments	620	-49
Reclassifications	2,977	-
At the end of the year	38,251	35,577

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 2017 and 2016, 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 68.0 million for 2018. For 2017 these amounted to SEK 66.0 million and for 2016 to SEK 62.2 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 2017, Alecta's surplus in the form of the collective funding ratio amounted to 154 per cent (149).

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 38,251 (35,577) attributable to retirees covered by the plan.

The most important actuarial assumptions are as follows:

Group	2017	2016
Discount rate, %	1.6	1.6
Inflation	1.9	1.5

NOTE 32 OTHER LIABILITIES

Group	2017	2016
Property tax	1,489	1,127
Payroll tax	23,306	21,602
Employee withholding tax	24,328	22,085
Social security contributions	21,402	20,191
Tax on returns	10	17
VAT liability	14,882	17,067
Project funds	85,018	147,739
Remaining funds	51,084	69,544
Other items	16,296	16,595
Group total	237,815	315,967

Parent Company	2017	2016
Project funds	10 704	56,502
Employee withholding tax	333	495
Other items	815	317
Parent Company total	11,852	57,314

NOTE 33 ACCRUED EXPENSES AND DEFERRED REVENUE

Group	2017	2016
Deferred revenue	2,759	3,847
Personnel-related items	148,416	127,077
Prepaid project grants	16,054	-
Other items	18,226	27,222
Group total	185,455	158,146

Parent Company	2017	2016
Personnel-related items	3,743	1,052
Other items	200	681
Parent Company total	3,943	1,733

NOTE 34 PLEDGED ASSETS

Group	2017	2016
Property mortgages	45,000	45,000
Floating charges	-	-
Group total	45,000	45,000

Parent Company	2017	2016
Parent Company total	None	None

NOTE 35 CONTINGENT LIABILITIES

Group	2017	2016
Guarantee commitment	146,170	159,458
Warranty	None	842
Retirement benefit commitment	295	1,423
Group total	146,465	161,723

Parent Company	2017	2016
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	2017	2016
Within 1 year	111,868	109,674
Between 1 and 5 years	247,406	157,787
Later than 5 years	73,899	70,002
Group total	433,173	337,463
Lease fees charged to expenses for the year	124,041	107,212

Parent Company	2017	2016
Within 1 year	1,850	-
Between 1 and 5 years	1,233	-
Later than 5 years	-	-
Parent Company total	3,083	-
Lease fees charged to expenses for the year	2,233	-

NOTE 37 OTHER NON-CASH ITEMS

Group	2017	2016
Share of profit of associates	-14,558	1,090
Remeasurement of share of equity in conjunction with sale	-	-28,897
Change in provisions	-1,604	1,809
Miscellaneous	794	-
Group total	-15,368	-25,998

NOTE 38 RELATED PARTY TRANSACTIONS

The Swedish State owns 100 % 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 AND DIVESTMENTS

In April 2016, the Group acquired Innventia AB and its subsidiaries, which were previously owned to 29 % and accounted for as an associate. The total purchase price transferred for the acquisition was kSEK 156,067, of which kSEK 86,523 constituted promissory notes and kSEK 69,544 refers to the estimated supplementary purchase price. During 2017, notes payable amounting to kSEK 1,962 (38,929) were settled. The estimated supplementary purchase price has impaired in an amount of kSEK 18,460.

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

Group	2017	2016
Purchase price paid via promissory note		156,067
Settlement of notes payable	-1,962	
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	0	203,660
Non-controlling interests		-910
Goodwill		17,063
Cash flow effect from acquisitions	-1,962	166,339

In January 2017, SP Sveriges Tekniska Forskningsinstitut A/S was sold
The total consideration for the sale amounted to SEK 1.

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

Group	2017
Consideration received for the sale	0
Recognised amounts of identifiable assets and assumed liabilities	
Cash and cash equivalents	3,276
Property, plant and equipment and financial assets	1,758
Trade receivables and other receivables	2,919
Trade payables and other liabilities	-7,159
Total identifiable net assets	794
Cash flow effect from acquisitions	-3,276

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 % of the current liability and a guarantee from the Chalmers University of Technology Foundation equivalent to 38.67 % 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 2017 compared with the date for the raising of borrowings, the fair value of borrowings is consistent with the carrying amount.

The change in the liabilities is comprised in its entirety of repayment affecting cash flow. No other changes have been noted.

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 included 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.

Translation reserve

The translation reserve encompasses all foreign exchange differences arising on the restatement 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 463,412,364 be appropriated as follows:

Profit brought forward from the previous year	463,393,045
Net profit for the year	19,319
Retained earnings at year end will be carried forward.	463,412,364

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

A process has been initiated to merge the Parent Company, RISE Research Institutes of Sweden Holding AB, with the subsidiary RISE Research Institutes of Sweden AB.

The owners of the research group Swerea signed a letter of intent on 20 March to combine two-thirds of the Swerea Group with RISE. The goal is that the change will be executed on 30 June 2018. In March 2018, the Bioeconomy Division Manager, Birgitta Sundblad, and CTO Margaret Simonson McNamee, left Group management. The acting Division Manager

for Bioeconomy is Pernilla Walkenström. No other events have occurred after the end of the period which have had a material impact on the operations or the Group's financial position.

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 19 April 2018.

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.

Gothenburg, 20 March 2018

JAN WÄREBY
Chairman

ANNA HULTIN STIGENBERG
Board Member

ANNA-KARIN STENBERG
Board Member

FREDRIK WINBERG
Board Member

LAZAROS TSANTARIDIS
Employee Representative

LINDA IKATTI
Employee Representative

MARIE WESTRIN
Board Member

RICHARD REINIUS
Board Member

SVEN WIRD
Board Member

TORBJÖRN HOLMSTRÖM
Board Member

ÅSA RUDSTRÖM
Employee Representative

PIA SANDVIK
Chief Executive Officer

Our auditor's report was submitted on 26 March 2018
KPMG AB

ANDERS MALMEBY
Authorised Public Accountant

Report on the annual accounts and consolidated accounts

OPINIONS

We have audited the annual accounts and consolidated accounts of RISE Research Institutes of Sweden Holding AB for the year 2017 except for the corporate governance statement on pages 36-47. The annual accounts and consolidated accounts of the company are included on pages 68-127 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 36-47. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the 'Auditor's responsibilities' section. We are independent of the parent company and the

group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 4-35, 48-63, 64-65 and 128-134. The Board of Directors and Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance



with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated

AUDITOR'S REPORT

ed accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of RISE Research Institutes of Sweden Holding AB for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the 'Auditor's responsibilities' section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general. The Board of Directors is responsible for the

company's organisation and the administration of the company's affairs. This includes, among other things, continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITIES

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can

AUDITOR'S REPORT

give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with a starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for ensuring that the corporate governance statement on pages 36-47 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 'The auditor's examination of the corporate governance statement'. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6, section 6, paragraph 2, points 2-6 of the Annual Accounts Act and chapter 7, section 31, paragraph 2 of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, 26 March 2018
KPMG AB

ANDERS MALMEBY
Authorised Public Accountant

ALTERNATIVE PERFORMANCE MEASURES

In accordance with the guidelines issued by ESMA (European Securities and Markets Authority) with regard to the accounting of alternative performance measures, definitions and clarifications of alternative performance measures applied within RISE are provided here. The guidelines entail extended disclosures regarding the financial measures not defined in IFRS. They are used for internal governance and follow-up. As not all companies calculate the financial measures in the same manner, these are not always comparable with the measures used by other companies.

DEFINITIONS

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

Return on equity Net profit for the year as a percentage of total equity.

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

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

Group	2017	2016
Total equity	980,211	961,582
Total assets	2,518,486	2,570,290
Equity/assets ratio, %	39 %	37 %
Net profit for the year	27,344	52,055
Total equity	980,211	961,582
Return on equity, %	2.8 %	5.4 %
Current assets	1,340,039	1,465,162
Less inventories and work in progress	-311,268	-303,065
Current liabilities	1,243,959	1,281,853
Liquid ratio, %	83 %	91 %
Operating profit after depreciation and amortisation	14,221	56,670
Net sales	2,695,702	2,470,285
Operating margin, %	0.5 %	2.3 %



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.
CSR	Corporate Social Responsibility, the concept that an entity should take responsibility for how it impacts society, from an economic, environmental and social perspective.
The UN's Sustainable Development Goals	The UN has presented 17 Sustainable Development Goals as part of its resolution Agenda 2030. The purpose is to, by 2030, achieve socially, environmentally and economically sustainable development around the world.
R&D	Research and development.
GRI	Global Reporting Initiative, an international framework for sustainability reporting.
ICT	Information and communication technology. The aspects of IT which are based on communication between people.
Innventia	RISE Innventia AB, subsidiary of RISE Research Institutes of Sweden AB (RISE AB).
KIC	Knowledge and Innovation Communities (EU).
The P-mark	The RISE Group's own quality certification marking, which that can be found on a number of products.
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 RISE ICT AB and RISE Innventia AB. RISE Holding AB is also joint owner of the associate Swerea AB.
The SI system	The international standard for units of measure and prefixes. The measurement system uses a basic set of measures that are carefully defined.
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 name 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.
Vinnova	Sweden's innovation authority. Mission: To promote sustainable growth by improving the conditions for innovation, as well as funding needs-driven research.
Swedac	Authority which accredits laboratories, certification bodies and inspection bodies in Sweden. The accreditation process involves tests of competence, procedures and methods, ensuring that all quality requirements are met in accordance with European and international standards.



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