



SEI ANNUAL REPORT 2015

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About this report

This annual report is divided into two parts to reflect SEI's institutional structure. The first part is a summary of the work of the SEI global organization, which includes all seven of SEI's centres.

The second part reflects the statutory reporting requirements of the SEI Foundation under Swedish law. The SEI Foundation includes the SEI HQ functions, the SEI Stockholm Centre, the SEI Asia Centre, the SEI Africa Centre and SEI Oxford.



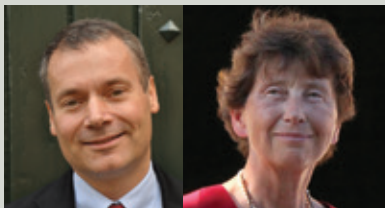




SEI GLOBAL ANNUAL REPORT

INTRODUCTION BY THE EXECUTIVE DIRECTOR AND CHAIR OF THE SEI BOARD

2015 has been a year of contrast. We have continued to see negative trends in terms of conflict and refugees, which clearly demonstrate a political failure on the part of the international community to deal with both the short-term crisis and its underlying causes. At the same time, 2015 was a landmark year in terms of successful, multilateral agreements on sustainable development.



Three important processes delivered important outcomes: the Financing for Development conference held in Addis Ababa in July, the UN Sustainable Development Summit in New York in September and the 2015 UN Climate Change Conference (COP 21) in Paris in December. If properly pursued and implemented, the outcomes will provide a stable foundation to empower countries, cities, businesses and other actors to shape our future towards a more equitable, resource efficient and low-carbon society.

Stockholm Environment Institute is at the centre of these developments. By building on our innovative, interdisciplinary, approach to bridging science and policy, SEI has supported processes leading up to international agreements and, in particular, the transition from implementation to action, always in collaboration with partners. And we will continue to do so from a position of organizational strength, based on our continued growth in 2015.

A major development last year was the signing of a new, long-term core agreement with the Swedish International Development Cooperation Agency, Sida. The agreement provides funding over five years and connects with SEI's 2015–2019 Strategy, which was also launched in early 2015. Through this long-term funding agreement SEI has the capacity to invest in key research and policy areas, which we have called

SEI Initiatives. Eight initiatives were launched in 2015, covering a diverse set of issues, and respond to environment and development challenges that SEI is particularly well placed to address. In addition, we launched a gender platform that will strengthen our research capacity in this important field, as well as supporting gender mainstreaming into our broader research portfolio. We have also made dedicated investments in building our capacity around Agenda 2030, which we see as the critical basis for global development over the next 15 years.

This annual report provides a summary and highlights of the work of SEI in 2015. With our nine offices in six countries, and with more than 200 employees from over 50 countries, SEI demonstrates that diversity is a strength in its own right. As an organization we strive to encourage entrepreneurship by enabling and supporting the creativity of our employees and their drive to make a difference, which is translated through 200 projects that are currently ongoing, supported by a similar number of funders. More than ever, 2015 demonstrated that our key asset is and will always be our people ■

Johan Kuylenstierna
SEI Executive Director



Kerstin Niblaeus
Chair of the Board



OUR VISION: A SUSTAINABLE FUTURE FOR ALL

We are an international non-profit research organization that has worked with environment and development issues from local to global policy levels for a quarter of a century. SEI bridges science and policy to find robust responses to the challenges of sustainability.

Our mission is “to support decision-making and induce change towards sustainable development around the world by providing integrative knowledge that bridges science and policy in the field of environment and development”.

To deliver on our mission, we work across issues like climate change, energy systems, water resources, air quality, land-use, sanitation, food security, and trade, and we approach these issues from a range of perspectives from the natural and social sciences.

We combine scientific research with policy analysis, connecting our work to decision-makers and civil society in global governance, national public policy, regional cooperation, local planning, and the private sector. We generate and share knowledge that catalyses action, and always take a highly collaborative approach: stakeholder involvement is at the heart of our efforts to build capacity, strengthen institutions, and equip partners for the long term.

Making scientific knowledge accessible is a priority. We publish our own series of open-access reports and briefs, alongside articles in leading academic journals, and work creatively through a range of media to ensure that our research is available to those that need it. We convene seminars and conferences that bring together decision-makers, academics, and practitioners to debate key issues and share knowledge, and engage in and inform policy processes, development action, and business practice worldwide.



We are committed to transparency and believe that full disclosure of our finances and funding builds trust in our work. Sida is our most substantial donor, but we also receive broad support from development agencies, governments, NGOs, universities, businesses, and financial institutions.

SEI is:

- **International** – SEI is distributed across nine locations around the world, offering us a deeper understanding of our partners’ needs and the challenges they face. SEI works locally, regionally and globally, and has a diverse international staff.
- **Trusted** – Our partners recognize us as an independent and non-partisan institute.
- **Credible** – Our research is objective, and supported by a rigorous system of internal and external peer review.
- **Integrated** – only joined-up research can solve joined-up problems. We emphasize making connections across the natural, physical, and social sciences, allowing us to approach sustainability challenges from new angles and offer robust and insightful policy advice ■



RESEARCH, POLICY ENGAGEMENT, CAPACITY DEVELOPMENT

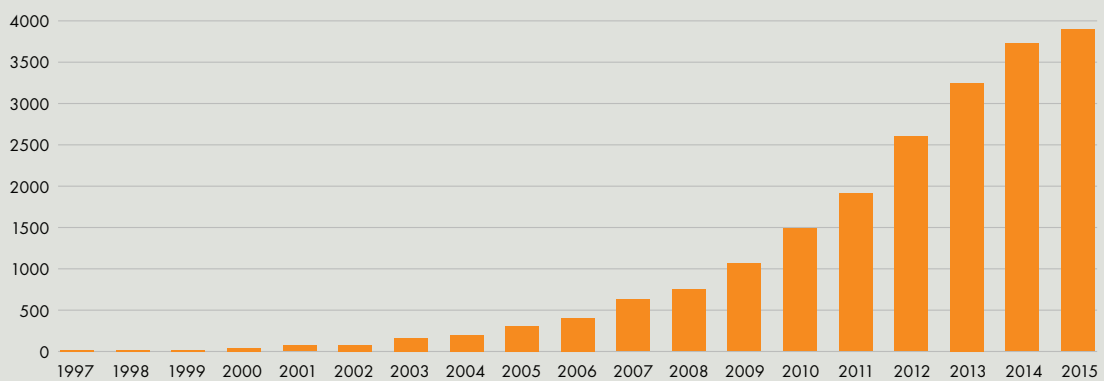
SCIENTIFIC RESEARCH

Growing quality and impact

We aim to focus more of our publishing on peer-reviewed scientific papers, and at a higher level of quality both in terms of the research itself and in terms of the targeted journals. On both these points we are on a long-term positive trend. Our scientific work

has reached top-tier journals such as Nature, and frequently other high impact journals such as Nature Climate Change and Global Environmental Change. This is a substantial achievement for a policy-oriented institute, which underlines the quality and innovation of our research.

Number of citations of peer-reviewed articles by SEI staff, 1997–2015



SEI Initiatives

Eight new major new research initiatives got up and running in the first half of 2015. These are the SEI Initiatives on:

- Behaviour and Choice
- Climate Finance
- Fossil Fuels and Climate Mitigation
- Low Emission Development Pathways
- Producer to Consumer Sustainability
- Sustainable Sanitation
- Transforming Development and Disaster Risk Reduction
- The Water, Energy and Food Nexus

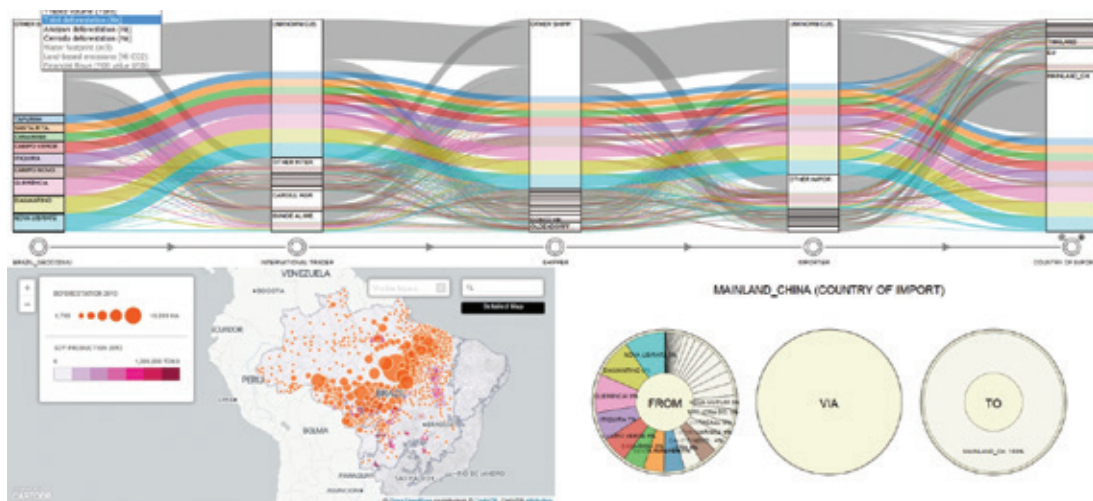
The initiatives are innovating, testing and applying new types of knowledge needed to understand and address today's sustainable development challenges. The first annual reports from the initiatives demonstrate substantial knowledge contributions and impact in the global research community, as well as an ability to leverage external interest and funding. Two initiatives have been particularly successful: Fossil Fuels and Climate Mitigation and and Producer to Consumer Sustainability. The fossil fuel initiative has gained particular attention across a range of media for its work on supply-side climate policies and carbon lock-in, while Producer to Consumer Sustainability has made a major advance

in implementing the SEI-PCS model into the Transformative Transparency platform (see image below), a beta version of which was showcased at COP21 in Paris.

Partnership with universities and research centres

SEI maintains strong relationships with many universities around the world, especially through projects. However, we aspire to institutionalize and deepen agreements with a smaller set of key institutions. In Sweden, SEI has formal strategic partnerships with Stockholm University and KTH Royal Institute of Technology. These agreements facilitate staff exchange, proposal and project collaborations, joint publications and seminars and guest lectures. In the U.S., relationships are maintained with universities nearby to our offices, including the University of California (Davis), University of Washington, and Tufts University. Through the SEI Oxford Centre, we have strong historical and ongoing connections to the University of Oxford and the University of Cape Town. In Asia we work with Chulalongkorn University, Thailand, as well as universities in Myanmar and Viet Nam. In Tallinn, collaborations are maintained with, for example, Tartu University and the Tallinn University of Technology. The SEI Africa Centre collaborates with other research institutes, especially the World Agroforestry Centre (ICRAF), with the aim of developing stronger capacity to deliver projects.

A beta version of SEI's new Transformative Transparency platform was launched in 2015. It harnesses untapped data sets to see inside commodity supply chains, and links agricultural production – chiefly of coffee and soy – and its impacts to traders, manufacturers, retailers and investors worldwide.





Melinda Gates (left) joins Ulrika Modéer (State Secretary to Sweden's Ministry for International Development Cooperation) and Johan Kuylenstierna in a panel discussion on gender at the SEI Science Forum.

POLICY ENGAGEMENT

Assessing and developing SEI's approaches to policy engagement

The assessment of SEI's policy engagement has begun with structured discussions with SEI staff, including Centre Directors and Theme Leaders. The aim is to understand how we can engage with different decision makers and decision-making processes more effectively. The discussions have already offered interesting insights about typical approaches SEI uses in its policy engagement.

Being more effective at the interface between science and decision-making

We are increasing the dialogue and discussion about policy impact across SEI through a session at the annual SEI Science Forum and through webinars that focus on specific aspects of science-policy interactions. In one webinar we analysed our success in engaging with the development of international climate policy and engagement at the Paris COP. Another discussion focused on the "theory of change" and "outcome mapping". To inform these webinars we have drawn on the extensive literature on policy impact and how science can be used to engage with decision-making. We have also begun to assess how different centres invest in their staff's ability to engage in different policy forums.



UN Secretary-General Ban Ki-moon speaks at the launch of the New Climate Economy project's first report in 2014. SEI is one of nine partners in the project, which is working with decision makers to show that climate action can go hand-in-hand with economic growth.

Deeper engagement with finance, planning, and the private sector

SEI now works with a range of companies including small and medium enterprises, for example within the Green Econet project. We have also engaged in meetings where business and sustainability meet, such as the Sustainable Business Forum held in Singapore. Increasingly, we are receiving in-kind support and interest from key industry stakeholders to develop tools, frameworks and sector assessments to unpick the challenges facing global supply chains and identify practical approaches to adopting sustainable business practice. Our research on supply chain sustainability has helped us to understand the knowledge needs of the private sector through joint projects with the Green Chemistry Centre of Excellence in York, and participation in a Unilever reference group on producing chemicals from biomass.

A key example of our efforts to reach audiences in finance and planning has been our work in the New Climate Economy project. The project has helped to challenge the notion that addressing climate change is too expensive by examining the costs of conventional practice and the costs of energy transformation and use in different sectors. It has particularly targeted finance ministries and audiences with an economic focus, for whom much of the analysis represents a new avenue for responding to the impacts of climate change and other economic objectives in tandem.

Supporting long-term engagement in strategically important processes

Ongoing major international policy processes can bring about significant change. We have been engaged with the UNFCCC process since it began, and last year we supported 30 countries in developing their climate commitments (see impact stories

p. 27). The Climate and Clean Air Coalition (CCAC) is a more recent policy process, and SEI is helping eight countries to create their plans for action on emission reductions. A major science-policy milestone in 2015 was the agreement on the new Sustainable Development Goals (SDGs). SEI has been very active during their development (see impact stories, p. 27), supporting countries through the activities of the Independent Research Forum and training country delegates on the main issues and implications of the goals. SEI has also assessed how the SDGs can be applied at national scales, for example through the publication of implications for Sweden, India, and other countries, whose national development approach over the next 15 years will be decisive in determining the success or failure of the SDGs. We are cataloguing and assessing our engagement in a number of long-term policy processes to see how we can more effectively support these in the future.

CAPACITY DEVELOPMENT

Integrating capacity development in our research

At SEI we develop capacity in two ways. There are a number of projects that focus specifically on capacity building, which are often associated with SEI tools, such as WEAP and LEAP (for water and energy planning, respectively), or specific policy processes such as the UN's Low Emission Development Strategies (LEDS). And there are many more projects that integrate capacity building as an important component of their work plan.

WEAP: Last year, the SEI-U.S. Centre has experimented with online training techniques, and with developing effective technologies and teaching techniques. The centre's water group has also begun to take steps related to implementing the WEAP-based RDS (robust decision support) practice, including model ensemble automation and visualization of results.

LEAP: Capacity building is also a core focus of the LEAP energy modeling program at SEI-U.S., and the COMMEND (Community for Energy, Environment and Development) website has now been used for over 15 years to support developing country experts working on sustainable energy policy analysis. By late 2015, COMMEND had over 27 000 members in 190 countries.

weADAPT: The weADAPT platform doubled its site visits in 2015 compared to 2014. The platform currently has over 3000 registered users from over 700 organizations and a wide range of case studies, training materials, tools, articles and guidance to support different aspects of climate adaptation design and implementation in both policy and practice.

Low Emission Development Strategies: In 2015, SEI continued to support capacity-building initiatives worldwide aimed at helping countries LEDS and their contributions to climate change mitigation for COP21 in Paris. This work included individual national-scale trainings in Albania, India, Israel, Italy, Mexico and Morocco as well as a series of regional workshops in Macedonia, Turkey and Croatia organized in cooperation with regional initiatives such as ECRAN (the EU's Environment and Climate Regional Accession Network), ClimaEast and ClimaSouth, the UN Environment Programme, the UN Development Programme, and CPET (the Swedish Collaboration Programme on the Euphrates and Tigris).

Capacity Development for Adaptation to Climate Change and GHG Mitigation (C3D+): SEI Oxford led the design and implementation of several training events, and developed material for courses on climate information analysis, vulnerability assessment and adaptation decision-making.



For 10 years the SUMERNET programme has been doing research and policy engagement in the Mekong region, contributing evidence and insights on climate risks, gender, forest conservation, regional economic integration and eco-tourism.

SUMERNET: The SUMERNET programme, which informs and influences sustainable development in the Mekong Region, has already established an expanding network of collaboration across the region in several critical policy areas. The network has 50 members, including research and policy-making institutions, and a strong track record of publications and outreach. Together, the partners lead interdisciplinary, cross-national studies on major policy issues; engage with policy-makers, planners and stakeholders; and build capacity among both researchers and policy-makers.

Systematizing our capacity-development

Last year SEI has continued to develop tools that can generate the evidence base for policy decisions. LEAP and WEAP are used by thousands of planners and decision makers around the world to develop information for decision-making on energy and water (see pages 27 and 29). Other tools are also used to inform SEI research projects such as the DO3SE model, which estimates crop-yield impacts of ozone pollution, and IOTA, which estimates environmental impacts associated with trade. The SEI approach is often to help experts within developing countries

undertake the analysis themselves using tools developed by SEI, because the knowledge developed within countries has a greater potential to influence their national decision makers, than does relying on expertise external to their countries.

Work in 2015 has focused on making our tool interfaces more user friendly, and we encourage the training of users in these tools through our proposal peer review process, with senior colleagues helping to identify opportunities for training that will also help research impact and increase the chances of proposal success.

SEI has continued to build partnerships, which are critical to successful capacity development, and we have entered into a number of institutional cooperation arrangements to ensure the long-term viability of our capacity development work.

The SEI Africa Centre has established project partnerships that are evolving into longer-term collaboration. Project work with the Council for Scientific and Industrial Research (CSIR) in South Africa has led to collaboration on a special journal issue to be published in 2016. Collaboration with Eduardo Mondlane University in Mozambique has led to a plan for a joint policy dialogue in May 2016. The Africa centre also supported staff members to join a capacity-building programme under the Low Carbon

Emissions Project, supported by the UN Development Programme and Kenya's Ministry of Environment, which is creating a pool of 40 young experts with capacity to carry out a Greenhouse Gases Inventory for Kenya and contribute to national reports for the UNFCCC database.

The Producer to Consumer Sustainability Initiative developed a productive partnership with the Global Canopy Programme, jointly developing the Transformative Transparency platform, a key outreach and capacity development tool (see p. 12).

A long-term ongoing impact of the C3D+ project was demonstrated in 2015. This year UNEP-WCMC at Cambridge University combined the adaptation toolkit with other tools to develop a manual to support planning for adaptation and resilience for managing protected communities and areas. Most of the training modules are available online in the weADAPT platform. In ongoing discussions with the UN Institute for Training and Research (UNITAR) we are assessing the possibility of further using and developing these tools, methods and training material in the context of UN research and training and projects building on the C3D+ project ■



OUTREACH, FACTS AND FIGURES

THINK-TANK RANKING

Based on our work in 2015, SEI has been ranked as the second most influential environment think tank in the world, according to the Global Go To Think Tank Index. The index is based on an assessment of 6846 think tanks in about 150 countries, and is published in the 2015 Global Go To Think Tank Index Report, compiled annually by the University of Pennsylvania's Think Tanks and Civil Societies Program.

SELECTED EVENTS

The following are a few highlights of the events that SEI contributed to or organized in 2015.

Third World Conference on Disaster Risk Reduction

In March SEI presented its new research initiative on Transforming Development and Disaster Risk Reduction at a seminar the Third UN World Conference on Disaster Risk Reduction (WCDRR).

SEI Science Forum

The SEI Science Forum 2015 gathered almost 100 researchers from SEI's global organization and 100 invited guests to share the research and insights of scientists across SEI. The Forum consisted of one internal learning day and one day for external guests.

Selected partners from science, research, policy, business and civil society (e.g. Melinda Gates and Ulrika Modéer, State Secretary to Sweden's Ministry for International Development Cooperation) discussed sustainability and gender in order to help SEI shape its future research.

SEI at Sweden's political week

In the summer SEI convened and participated in 25 seminars and debates at Almedalsveckan, Sweden's largest political event. SEI led discussions on a variety of topics including:

- How can cities drive progress towards ambitious climate goals?
- What does an industrial policy for a sustainable and competitive Sweden look like?
- How should Swedish lifestyles change to live up to the new Sustainable Development Goals?
- How can we make the UN climate summit in Paris a success?
- How much water do we waste from farm to table?
- How does the security situation in the Baltic Sea region influence research and other collaborations?
- Can – and should – businesses save the world?

SEI PUBLICATIONS

Of the 186 publications that SEI produced in 2015, the largest proportion was peer-reviewed journal articles. However, 46 short form publications (factsheets, policy briefs and discussion briefs) were prepared for lay audiences (e.g. policy-makers and decision-makers from the private sector).

According to the statistics from the SEI website, the publications from 2015 that received most views on the website included, in ascending order of magnitude (unique page views in brackets):

Natural gas: guardrails for a potential climate Bridge (discussion brief, 368)

Supply-side climate policy: the road less taken (working paper, 437)

Agricultural investment and rural transformation: a case study of the Makeni bioenergy project in Sierra Leone (report, 445)

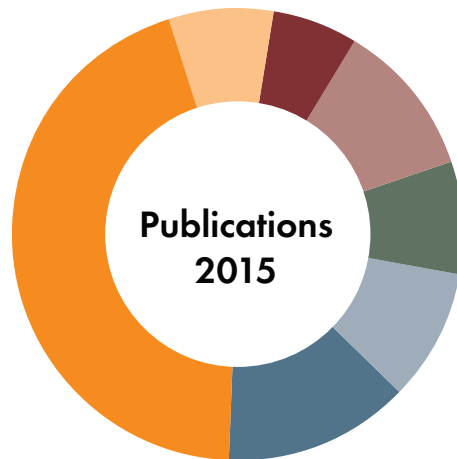
Styrmedel och insatser för att minska svensk konsumtions påverkan på hälsa och miljö (working paper, 501)

Keeping cities green: avoiding carbon lock-in due to urban development (working paper, 579)

Planetary boundaries: guiding human development on a changing planet (peer-reviewed article, 627)

Sustainable Development Goals for Sweden: insights on setting a national agenda (working paper, 650)

Has Joint Implementation reduced GHG emissions? Lessons learned for the design of carbon market mechanisms (policy brief, 1086)

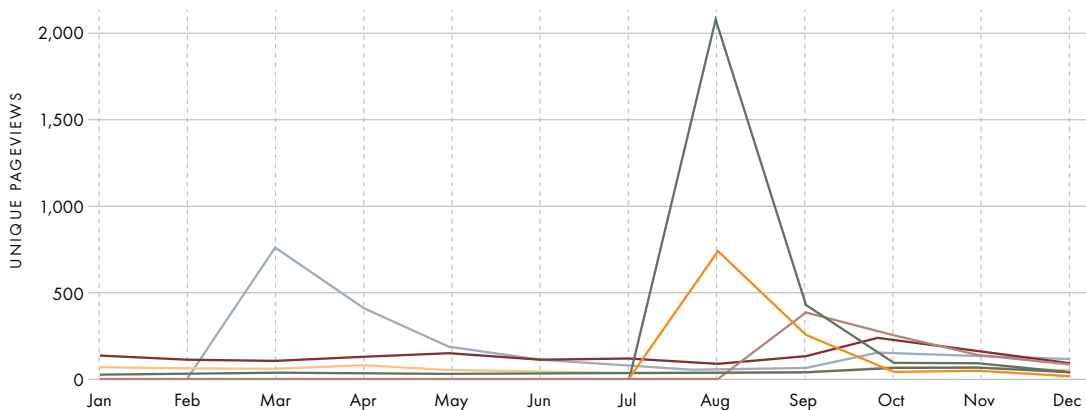


- Journal article (81)
- Report (24)
- Discussion brief (20)
- Working paper (17)
- Policy brief (15)
- Book (14)
- Factsheet (11)

Rapidly falling costs of battery packs for electric vehicles (peer-reviewed article, 1901)

Has Joint Implementation reduced GHG emissions? Lessons learned for the design of carbon market mechanisms (working paper, 2565)

By cross-referencing these statistics with media monitoring and our activity on social media (see below), it is clear that there is a correlation. And we have been able to trace the impact of the journal article on falling battery prices from the scientific press, which first wrote about the study, to a blog by the authors, to mainstream news outlets, such as The Economist.

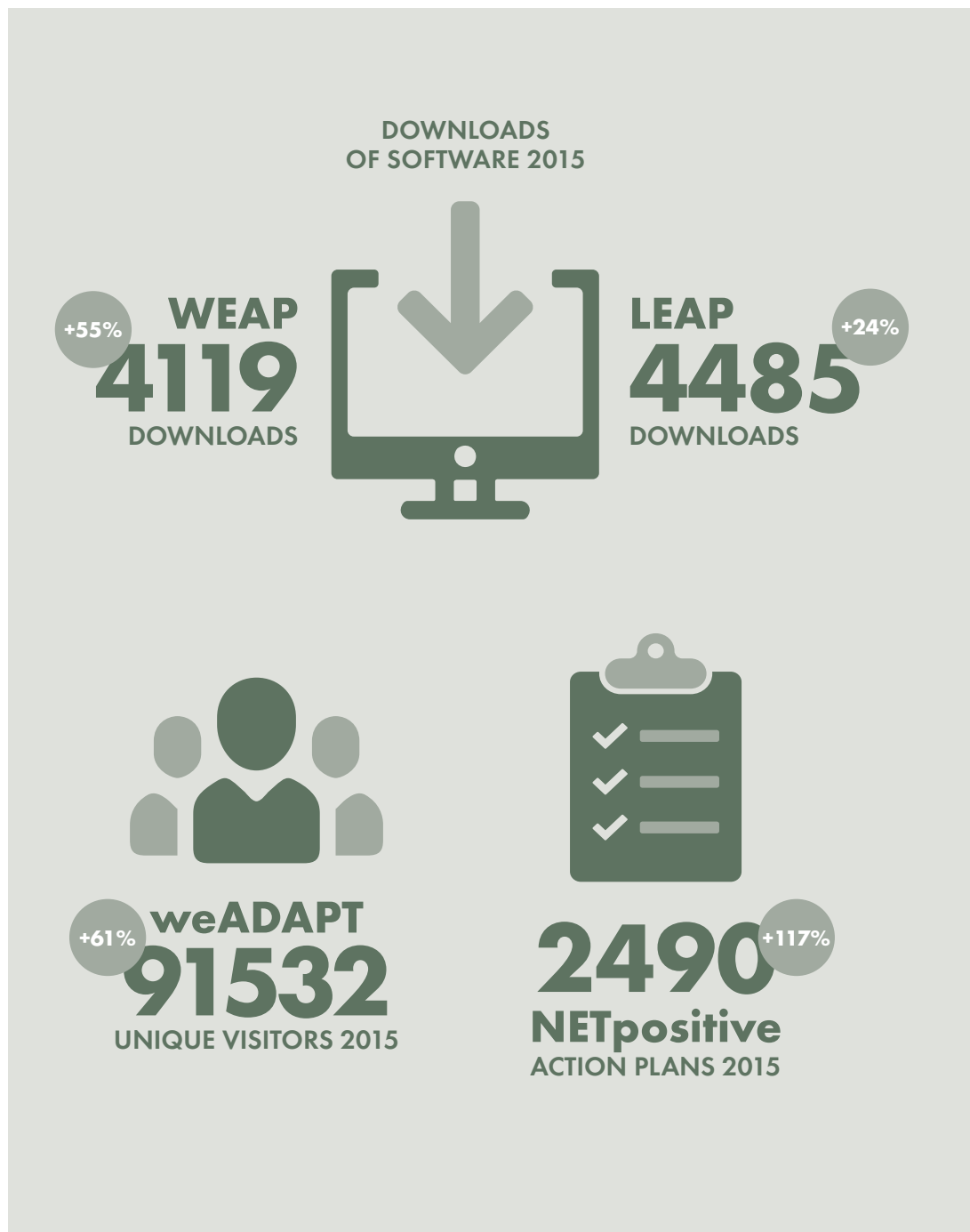


Top publications 2015 (Google analytics)
The colours of the lines reflect the type of publication

SELECTED TOOLS AND PLATFORMS

SEI's tools and platforms showed strong user growth in 2015 (see graphic below). The LEAP tool supports innovation in energy planning and climate mitigation, while WEAP supports those who are managing water for social development and environmental protection. The weADAPT website is a platform for brokering

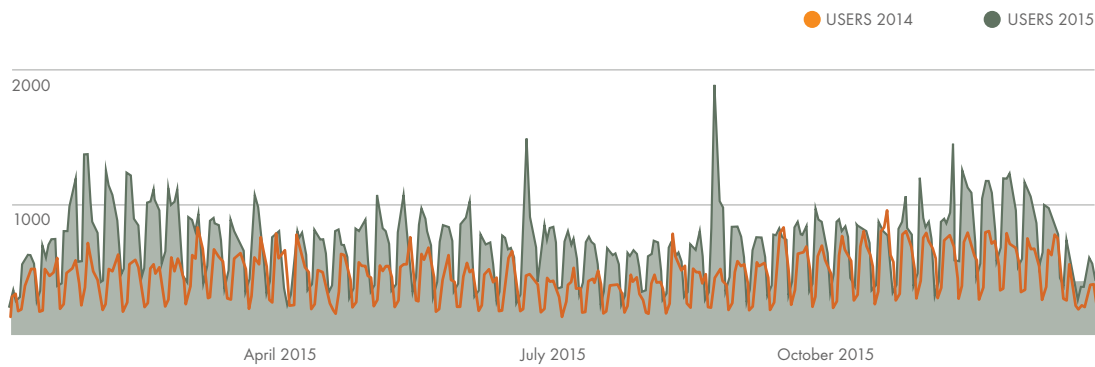
knowledge and developing capacity on climate adaptation. NETpositive is a collaborative partnership between SEI and NETpositive Futures Ltd, which aims to transform leading-edge thinking on sustainability thinking into practical tools and approaches for business and for education.



SEI WEBSITE STATISTICS

In 2015, the SEI website had 286 537 sessions and 183 976 users. On both metrics, this is an increase of more than 50% compared to 2014. Page views (simple and unique) increased by over 35%. These increases are partly down to our efforts to (i) increase our presence and quality of content on social media channels (including the large number of individual SEI researchers actively promoting their research and innovative content such as short video summaries) and (ii) providing more accessible, multimedia material (we published more than 100 short 'news items',

dozens of blog posts hosted by online news outlets and had more video content, including many live webcasts available from the SEI website). The website was visited by people from 219 countries or territories, with the top five sources being Sweden, the United States, the United Kingdom, Germany and India. Although visitor numbers from all countries rose in 2015, there were particularly large increases in the United States and United Kingdom. Asia is also a growing source of visitors to the SEI website and we have maintained the increasing engagement from Africa, with a 50% increase in new visitors compared to 2014.



Sessions
53.52%
 286 537 vs 186 648

Users
54.34%
 183 976 vs 119 204

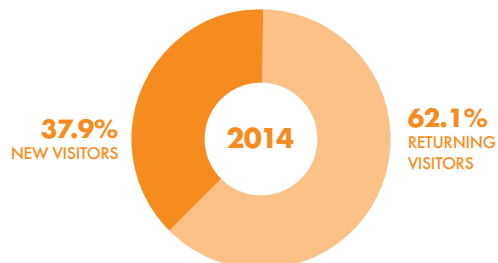
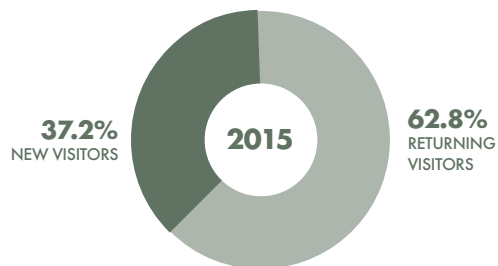
Pageviews
36.81%
 777 665 vs 568 429

Pages/session
-10.88%
 2.71 vs 3.05

Avg. session duration
-9.27%
 00:02:22 vs 00:02:36

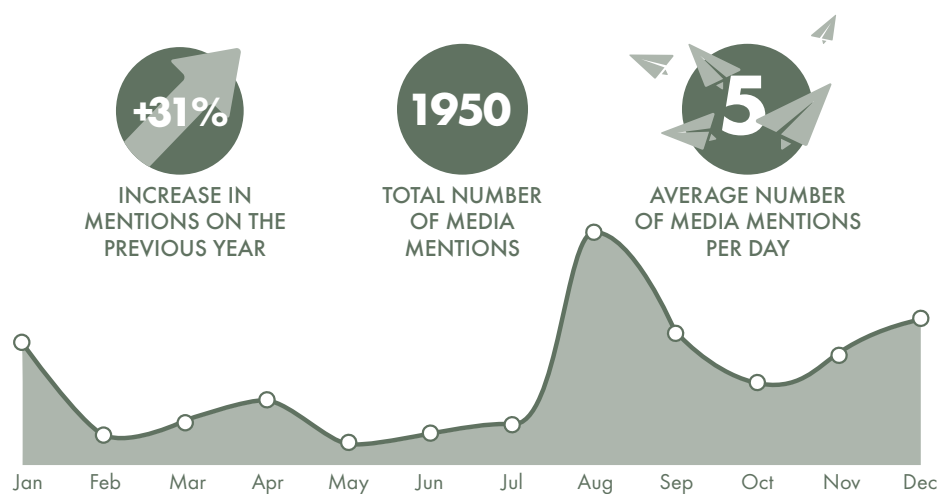
Bounce rate
8.49%
 61.06% vs 56.28

% New sessions
1.21%
 62.80% vs 62.05%



Source: Google analytics

MENTIONS OF SEI IN THE MEDIA, 2015



Source: Notified

MEDIA COVERAGE

The overall picture is a 31% increase in media mentions in 2015 compared with 2014. The best performing news items were:

- **In January:** the release of a new study in Science updating the Planetary Boundaries concept (see p. 20) and a report from the Bulletin of the Atomic Scientists quoting SEI researcher Sivan Kartha on climate change.
- **In March/April:** the release of a new study on the price of electric batteries (see p 20).
- **In August:** the launch of a paper on the failures of the Joint Implementation to guarantee reductions in greenhouse gases (see p. 20).
- **In November/December:** the UNFCCC COP21 (the Paris Climate Summit).

In addition, there was significant media coverage of our work on the SDGs throughout September. And more local coverage of SEI work in news outlets in the UK, Kenya and Thailand.

CLIMATE AND DEVELOPMENT JOURNAL

SEI's journal Climate and Development brings together research interests that were previously dispersed over a range of different journals focusing on either climate change or development.

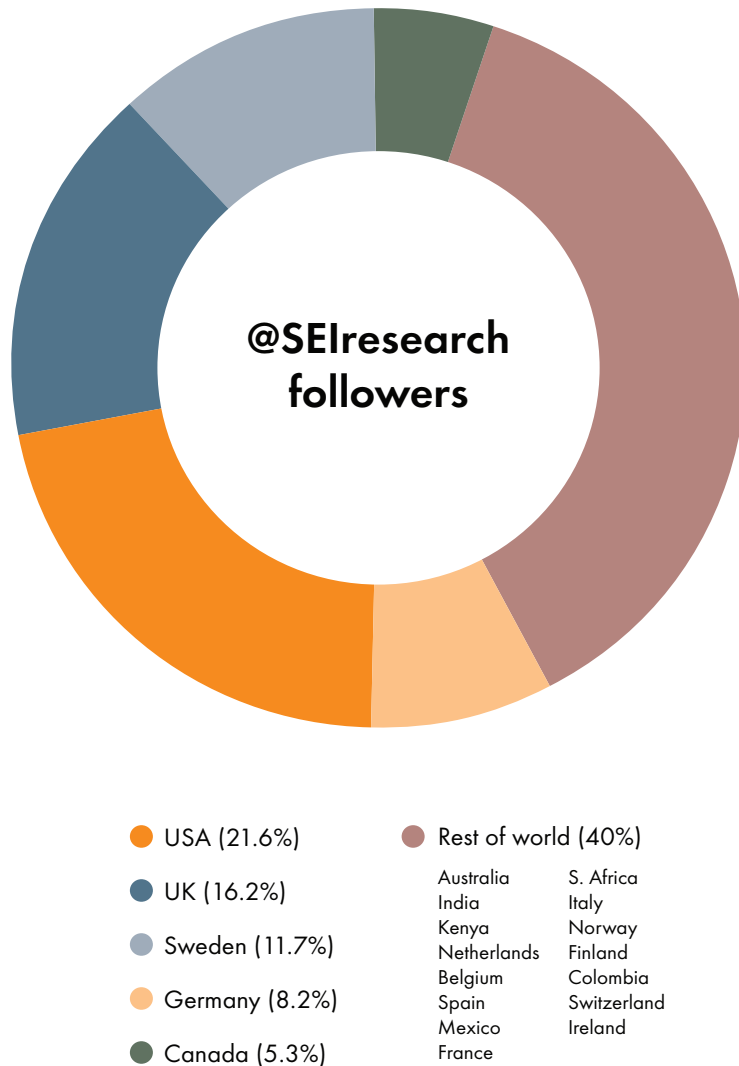
In the latest Journal Citation Reports (from 2014), Climate and Development was listed with an ISI ranking (impact factor) of 1.379, which is a notably high ranking for a social science journal of its age. Of particular note is that the recent IPCC (Intergovernmental Panel on Climate Change) report makes use of articles from the journal. The Working Group II contribution to the IPCC report (on impacts, vulnerability and adaptation) cites a total of 35 articles from Climate and Development, while the Working Group III contribution (on mitigation) cites 11. Of these 46 articles 12 are cited in more than one IPCC chapter.

The number of submissions from developing countries continues to rise and the journal actively encourages submissions from developing-country experts. Climate and Development is part of Online Access to Research in the Environment (OARE) and Access to Global Online Research in Agriculture (AGORA), through which subscribers in developing countries have free or low-cost online access to the journal.

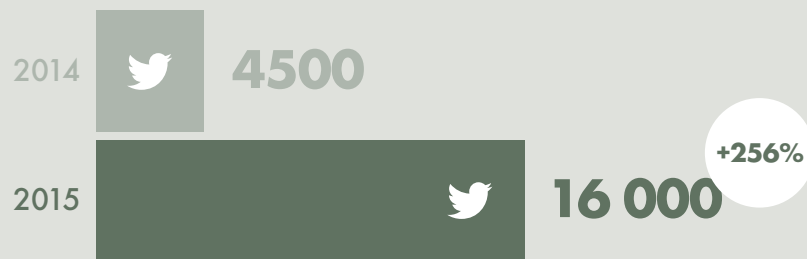
SOCIAL MEDIA

SEI made huge strides on Twitter in 2015. First, the communications team provided workshops to introduce researchers to the benefits and techniques of engaging on social media. There are now over 70 researchers active on Twitter (increasing the visibility of their work and helping the credibility of the institutional accounts). Second, the communications team invested time in regular tweeting and creating tailored content (e.g. images specially edited for Twitter, short videos). Third, we have made links between the institutional accounts and the accounts for Climate and Development, SIANI and weADAPT. Fourth, we have made Twitter an integrated part of our communica-

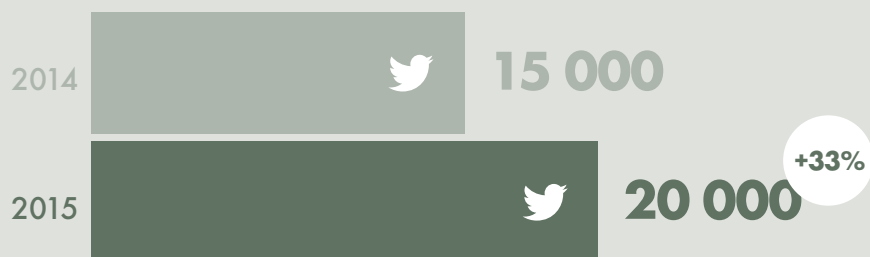
tions approach: it supports media relations (in some cases replacing the traditional press release), it helps to bring SEI-authored blog posts and publications to a wider public, it broadcasts SEI events live and it drives traffic to the website. The result is that the number of followers on SEI's accounts has grown substantially. @SEIresearch has increased by over 256% (from 4500 to 16 000 followers) and @SEIclimate has increased by over 33% (from 15 000 to 20 000 followers). Both accounts have high-quality followers including climate, sustainability and development experts, journalists, activists, government agencies and officials ■



FOLLOWERS
@SEIresearch



FOLLOWERS
@SEIclimate





IMPACT STORIES

SEI TOOL USED BY 30 COUNTRIES IN DRAFTING PARIS CLIMATE COMMITMENTS

At the Paris Conference in December, world leaders agreed to take ambitious actions to steer their economies onto low-carbon pathways. But how to identify actions that can effectively reduce carbon emissions without jeopardizing development aspirations? In drafting their commitments, at least 30 countries on five continents used SEI's Long-range Energy Alternatives Planning (LEAP) system. Many are also using LEAP to develop low emission development strategies (LEDS) with training and technical support from SEI.

SWEDEN'S STEEL INDUSTRY COMMITS TO GOING NET CO₂-FREE

SEI's scenario work with Sweden's steel producers' association, Jernkontoret, guided the development of a programme under which the industry will ensure that all its output will benefit wider society. This includes focusing development on value-added products and services that are needed in a global transition to sustainability, commercialising co- and by-products, as

well as an ambition by 2050 to ensure the entire steel production process is net CO₂ free. The scenarios demonstrated that the Swedish steel industry has comparative advantages to deliver solutions for transformative change, offering market opportunities as well as maintaining investment.

CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

In September 2015, the United Nations adopted the new 2030 Agenda and the Sustainable Development Goals (SDGs). This achievement was preceded by nearly three years of preparation and negotiation, a process that SEI has supported since it began at Rio+20 in 2012. As part of the Independent Research Forum (IRF), a global network of 10 institutes and think tanks, SEI informed the process with analysis and data, and facilitated a series of meetings and dialogues with the SDG negotiators. The IRF's engagement helped to overcome difficult negotiation issues, and played a role in making the 2030 Agenda highly ambitious and universal in scope.

SUPPORTING ENERGY PLANNING IN KENYA

SEI Africa has worked in close partnership with officials in Migori County Government in Kenya to design research and engagement with local communities that would benefit the county government in its energy planning. SEI and Practical Action worked with officials in Migori County to help them understand what participatory energy planning would look like, and take some of the first steps, including a needs assessment and awareness-raising. Migori County Government plans to use the research as the evidence base for their energy planning, and looking ahead, the plan is that the work in Migori County will provide a model for practice that could be emulated across Kenya, helping to realize the vision of Kenya's 2010 Constitution and to greatly improve energy access.

GLOBAL ATTENTION FOR RESEARCH INTO FALLING COSTS OF ELECTRIC CAR BATTERIES

An SEI paper in *Nature Climate Change* outlined how costs for battery packs for electric cars are falling far more rapidly than previously thought. According to the research, industry-wide costs declined by approximately 14% annually between 2007 and 2014, from above US\$1000 per kWh to around US\$410 per kWh. The findings have big implications for the assumptions used when modeling future energy and transport systems, since they allow a more optimistic outlook for battery electric vehicles. The article was in the top 2% of downloaded publications in *Nature Climate Change* in 2015, and was cited in the UK Climate Commission's report and *The Economist*. Tesla Motors distributed the piece, and Volvo invited SEI to present its research.

AFYA: CREDIT WHERE IT'S DUE

Last year an SEI pilot study in Siaya County, Kenya, showed that an incremental cash reward can incentivize expectant mothers to attend antenatal care throughout pregnancy, birth and the postpartum period, and reduce high mortality and morbidity. As a result of the scheme local health workers for the first time achieved and exceeded government and county targets. The study, carried out in collaboration with the Safe Water and Aids Programme and the ministry, provided cash payments for 200 women to cover direct and indirect costs that hinder expectant mothers from visiting health facilities, such as service fees and transport, and taking time out from their livelihoods. At the close of the project 190 of the 200 women had completed their recommended number of visits to the health clinic, while all 200 gave birth in one. The Bill and Melinda Gates Foundation has awarded a grant of almost US\$ 1 million to SEI for the second phase of the project, starting in 2016.



ENABLING SAMI PEOPLE TO REPRESENT THEIR INTERESTS OVER PLANNED MINE

SEI, in partnership with Stockholm University, worked with the people of Semisjaur Njarg, a reindeer herding community in northern Sweden, to produce a community-based impact assessment of a planned open-cast copper mine. While assessments of this kind have been done elsewhere, for example with Aboriginal communities in Australia, this was the first in Sweden. The community submitted the report to the County Board of Norrbotten, which recommended to the Mining Inspectorate that the project be rejected, citing negative impacts on the local Sami community. The Inspectorate is due to make a decision in 2016 and, as a result of the recommendation of the County Board, if the inspectorate chooses to approve the mine application it will now need to go forward to central government for further review. More broadly the work has helped to identify structural biases in the process, which can open the way for more constructive dialogue in cases where these kinds of competing interests are at stake.

INFORMING PRIORITIES FOR URBAN DEVELOPMENT

Last year, major urban policy leaders and international networks of cities continued to rely on SEI research to inform priorities. C40 Cities, a group of several dozen of the world's leading cities, announced SEI's study of urban carbon lock-in alongside a cities and climate change event at the White House. The study shows that urban policy decisions before 2020 could determine up to a third of the remaining global carbon budget that is not already "locked-in" by past decisions. C40 Chair and Rio de Janeiro Mayor Eduardo Paes said, "This report provides hope for the future because it shows ... that mayors and city leaders in office right now have the opportunity to protect a large share of the world's carbon budget." UN Special Envoy for Cities and Climate Change Michael Bloomberg also relied on SEI research to inform a coordinated, "vertically integrated", approach to achieving urban greenhouse gas abatement potential.

LONG-TERM SOLUTIONS TO CALIFORNIA'S WATER CRISIS

In California, SEI has continued to work with state and local officials to seek long-term solutions to the state's water challenge. SEI's Water Evaluation and Planning (WEAP) tool has been used to model and evaluate water management options in all 10 of California's Hydrologic Regions. SEI has also applied its participatory Robust Decision Support (RDS) approach to help stakeholders and decision-makers to frame and address key challenges. For example, with funding from NASA, SEI worked with local water managers to find more sustainable ways to manage surface water and groundwater, which will help them comply with California's new Sustainable Groundwater Management Act, which aims to reverse years of overdraft of aquifers.



5.8m

European
Commission

9.6m

World Bank

5m

The Swedish
Research Council
Formas

48.2m

Sida

29m

Swedish Ministry
of the Environment
and Energy

LIST OF FUNDING SOURCES

TOP 5 FUNDERS

FUNDER	SEK
Swedish International Development Cooperation Agency (Sida)	48 293 199
Swedish Ministry of the Environment and Energy via Formas	29 000 000
European Commission	9 602 117
World Bank	5 784 396
The Swedish Research Council Formas	5 015 084

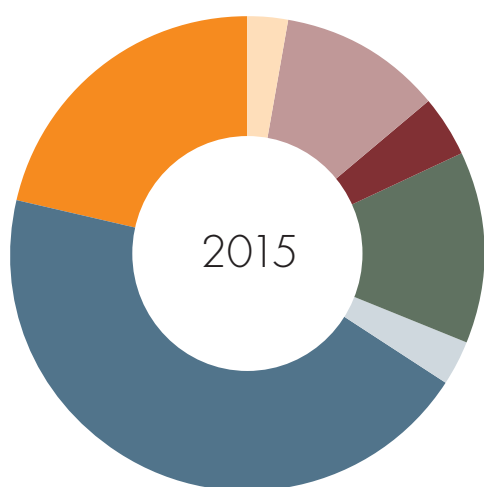
FUNDING SOURCES ABOVE 40 000 SEK

AECOM	212 750	Estonian Ministry of the Environment	378 093
Asian Development Bank via Abt Associates	561 262	Estonian Research Council (ETAG)	136 014
Asian Disaster Preparedness Center (ADPC)	172 039	European Commission	9 602 117
Asia-Pacific Network for Global Change Research (APN)	210 714	European Development Fund (EFA) via University of the West Indies	304 253
AXA Research Fund	68 458	European Environment Agency (EEA)	3 709 886
Big Lottery Fund	696 899	FCG SIPU International AB	63 800
Bill & Melinda Gates Foundation	1 815 860	Food and Agriculture Organization of the United Nations (FAO)	275 742
Biotechnology and Biological Sciences Research Council (BBSRC)	155 699	Friends of the Earth Norway	172 860
Bloomberg Foundation	2 156 364	Friends of the Earth US	141 590
Blue Moon Fund	3 959 418	Fundacion Bariloche	346 597
C40 Cities	821 730	GFA Consulting Group GmbH	92 250
CA Dept of Water Resources via RMC Water and Environment	216 694	Global Alliance for Clean Cookstoves	287 636
Centre Interprofessionnel Technique d'Etudes de la Pollution Atmosphérique (CITEPA)	54 051	Global Green Growth Institute (GGGI)	549 973
Centro del Agua del Trópico Húmedo para América Latina y el Caribe (CATHALAC)	222 482	Global Resilience Partnership via ISC	310 601
CH2M Hill	104 241	Global Resilience Partnership via University of Sydney	140 213
Cities Alliance	444 224	Government Office Estonia	53 612
Clean Development Mechanism (CDM)	823 381	Government Offices of Sweden	81 225
Climate Solutions	62 402	Green Grade Solutions Ltd	157 221
ClimateWorks Foundation	71 590	Harvard University	403 968
Culture Foundation of the Swedish Postcode Lottery	1 324 476	Hugo Carlssons Stiftelse via Jernkontoret	819 389
Department for Environment Food & Rural Affairs (DEFRA)	725 556	Hulla Dynamics	79 060
Department of Energy & Climate Change (DECC)	149 604	ICF International	2 707 942
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	2 059 638	Innovate UK	474 680
ECOFYS Netherlands BV	124 675	Institute for Advanced Sustainability Studies (IASS)	130 313
Economic and Social Research Council (ESRC)	65 000	Instituto Nacional de Ecología y Cambio Climático	103 200
Ecosystem Services for Poverty Alleviation (ESPA)	1 187 235	International Carbon Action Partnership (ICAP)	287 687
Engineering and Physical Sciences Research Council (EPSRC)	1 620 229	International Center for Biosaline Agriculture (ICBA)	692 903
Enterprise Estonia	65 181	International Development Research Centre (IDRC)	274 280
Environmental Board Estonia	168 278	International Livestock Research Institute (ILRI)	449 547
Environmental Investment Centre (KIK)	200 892	International Social Science Council (ISSC)	256 588
Estonian Association for Environmental Management (EKJA)	56 460	International Water Management Institute (IWMI)	1 558 661
Estonian Council of Environmental NGOs (EKO)	116 082	Joint Nature Conservation Committee	81 965
Estonian Energy AS	197 574	Joseph Rowntree Foundation	239 239
		Korea Institute of Construction Technology	255 841
		Mark Howells Consulting	70 124
		MAVA Fondation Pour La Nature	331 983

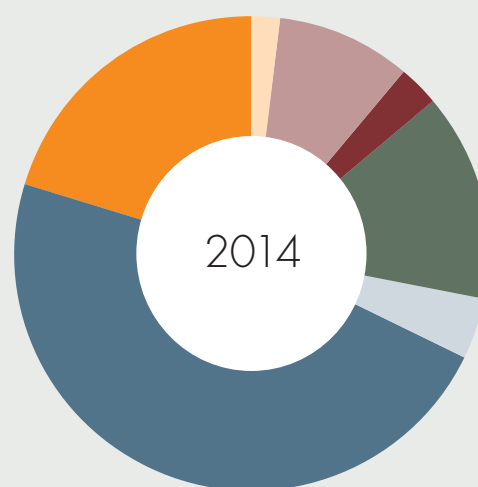
McKinsey&Company	425 303	The Peak District National Park Authority	332 462
Ministry of Environment Finland	216 952	The Prince of Wales's Charitable Foundation	42 041
National Aeronautics and Space Administration via Columbia University	1 111 997	The Sustainability Institute	147 411
National Environment Commission, Royal Government of Bhutan	92 944	The Swedish Environmental Protection Agency	1 565 006
Natural Environment Research Council (NERC)	1 409 282	The Swedish Environmental Protection Agency via SCB	641 536
NIHR Evaluation, Trials and Studies Coordinating Centre (NETSCC)	133 567	The Swedish Foundation for Strategic Environmental Research (Mistra)	4 347 034
NordForsk	673 183	The Swedish Research Council (Vetenskapsrådet)	428 927
Nordic Climate Facility (NCF) via NEFCO	878 069	The Swedish Research Council Formas	5 015 084
Nordic Council of Ministers	721 392	Trivselhus AB	221 564
Oeko Institute	190 180	U.S. Army Corps of Engineers	139 492
Oxfam Australia	105 040	U.S. Environmental Protection Agency	356 823
Research Council of Norway	283 978	UK Department for International Development (DFID)	55 056
Riksbankens Jubileumsfond	3 228 518	United Arab Emirates Ministry of Environment via CCRG	602 817
Rockefeller Brothers Fund via Earth Island Institute	329 870	United Nations Development Programme (UNDP)	66 134
Ross Associates	119 007	United Nations Environment Programme (UNEP)	3 760 521
Santa Clara Valley Water District	330 610	United Nations Environment Programme (UNEP) via PTAC	531 882
Science and Technology Facilities Council	290 758	United Nations Environment Programme (UNEP) via Stichting DLO	2 111 463
Seattle Office of Sustainability and Environment	43 516	University of Cape Town	196 450
SINTEF Energi AS	1 893 583	University of York	76 300
SNV Netherlands Development Organization	417 949	USAID	1 253 975
SouthSouthNorth Project Africa	45 150	USAID via ADPC	221 246
Stockholm International Water Institute (SIWI)	65 466	USAID via AECOM International	3 190 419
Stockholmskem	633 211	USAID via Development Alternatives, Inc.	337 378
Swedish Civil Contingencies Agency (MSB)	2 355 105	USAID via Harvard University	262 829
Swedish Energy Agency	2 154 807	USAID via IRG (Engility)	1 228 398
Swedish International Development Cooperation Agency (Sida)	48 293 199	USAID via PACT	498 799
Swedish Meteorological and Hydrological Institute (SMHI)	357 313	USER - Chiang Mai University	125 739
Swedish Ministry of the Environment via Formas	29 000 000	Water Economics Project	215 611
Swedish Society for Nature Conservation (SSNC)	47 325	World Bank	5 784 396
Swiss Agency for Development and Cooperation (SDC)	86 446	World Resources Institute	1 951 518
Technical University of Denmark	74 149	World Wild Fund for Nature	449 556
The China Council for International Cooperation on Environment and Development (CCICED) via Simon Fraser University	528 902	WorldFish	56 991
The Commonwealth Scientific and Industrial Research Organization (CSIRO)	127 628	Vulcan, Inc	61 524
		Yorkshire Energy Partnership	233 796
		Yuba County Water Agency	830 966

SEI FINANCIAL STATISTICS

SEI GLOBAL (PRO FORMA) INCOME, BY CENTRE

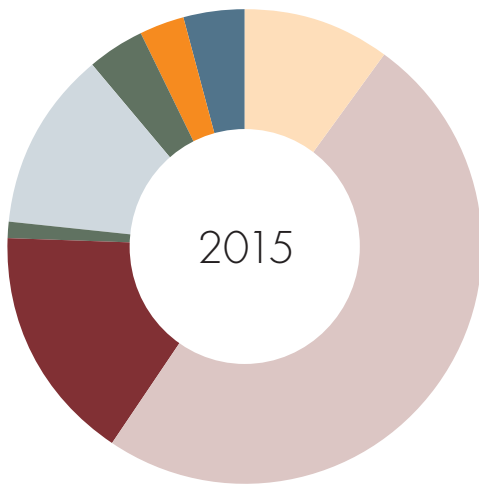


CENTRES	RESEARCH VOL. %	IN SEK MILLIONS
SEI Africa	3%	6.1
SEI Asia	11%	20.9
SEI Tallinn	4%	7.2
SEI York	13%	24.3
SEI Oxford	3%	6.0
SEI Stockholm/HQ	44%	81.2
SEI U.S.	21%	39.7
	100%	185.4

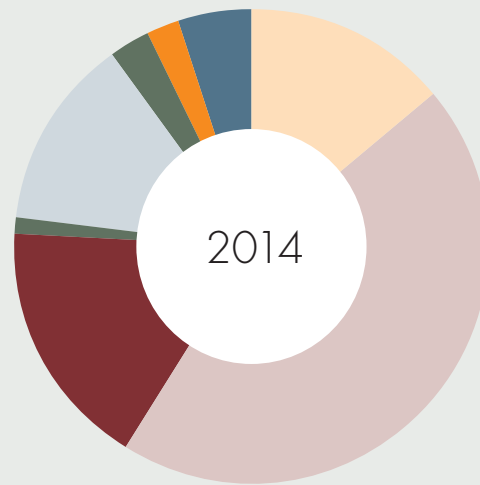


CENTRES	RESEARCH VOL. %	IN SEK MILLIONS
SEI Africa	2%	4.0
SEI Asia	9%	15.3
SEI Tallinn	3%	5.2
SEI York	14%	22.5
SEI Oxford	4%	7.0
SEI Stockholm/HQ	47%	77.2
SEI U.S.	20%	32.3
	100%	163.5

GEOGRAPHIC FOCUS OF RESEARCH FUNDS (SEI GLOBAL, PRO FORMA)



GEOGRAPHIC FOCUS OF RESEARCH FUNDING	RESEARCH VOL. %	IN SEK MILLIONS
Africa	10%	17.9
Global	49%	91.2
Europe	16%	30.6
Middle East	1%	1.3
Asia Pacific	12%	23.1
USA	4%	8.0
Arctic	3%	5.3
South and Central America	4%	8.0
	100%	185.4



GEOGRAPHIC FOCUS OF RESEARCH FUNDING	RESEARCH VOL. %	IN SEK MILLIONS
Africa	14%	23.4
Global	45%	74.0
Europe	17%	27.4
Middle East	1%	1.1
Asia Pacific	13%	21.0
USA	3%	4.7
Arctic	2%	3.7
South and Central America	5%	8.2
	100%	163.5



An aerial photograph of a city at sunset. The sky is a deep orange and yellow, with some dark clouds. In the foreground, there are several buildings with snow-covered roofs. A large, prominent dome is visible in the background, partially obscured by the haze of the sunset. The overall scene is hazy and atmospheric.

ANNUAL REPORT 2015, SEI FOUNDATION

**(STIFTELSEN THE STOCKHOLM ENVIRONMENT
INSTITUTE 802014-0763)**



SEI DIRECTOR'S REPORT

OPERATIONS

SEI is an international and independent non-profit research institute established in 1989 by the Swedish Government. SEI's vision is "A sustainable, prosperous future for all", and our mission is "To support decision making and induce change towards sustainable development around the world by providing integrative knowledge that bridges science and policy in the field of environment and development". SEI is a distributed institute, with centres and offices in Bangkok (Thailand), Boston, Davis and Seattle (U.S.), Oxford and York (UK), Stockholm (Sweden), Tallinn (Estonia), and Nairobi (Kenya).

The SEI Foundation includes SEI HQ, the SEI Stockholm centre, the SEI Asia centre, the SEI Africa centre and the subsidiary SEI Oxford Office Ltd (registered in UK under company No. 4404220, not consolidated). The global institute also includes the SEI Tallinn centre (The Estonian Institute for Sustainable Development, established in 1992 and registered in Estonia as an independent non-profit foundation with reg. No. 90000966), the SEI US centre (Stockholm Environment Institute U.S., Inc. registered 2006 in Massachusetts with EIN 20-4659308 as a 501 c3 non-profit organization) and the SEI York centre (SEI York, Environment Department, The University of York).

The financial statements on the following pages refer to the SEI Foundation only, registered in Sweden with organization number 802014-0763.

SEI carries out integrated policy oriented research on environment and development issues, tackling overarching systems challenges like climate change, energy systems transformation, vulnerability and disaster risk reduction, governance and globalization, as well as a range of more specific challenges related to water resources, sanitation, air pollution, urbanization, trade, behaviour and choice, and sustainable consumption and production. Our systems approach includes integrated research across scales, sectors and issues, such as on the water, food, and energy nexus, applied from the global to local scale, as well as on natural resources flows and impacts through trade and producer to consumer chains. The environment-development interactions and interdependences are at the centre of SEI's work and the work of the institute spans the entire global to local spectrum.

SEI's four integrated research themes represent different perspectives on sustainable development and serve as cross-centre platforms for synthesis, learning, exchange, and research and policy leadership:

- **Managing Environmental Systems** deals with the interaction between natural resources and human development, and how to make viable and sustainable choices in environmental systems as they link to social systems.
- **Reducing Climate Risk** is concerned with pathways to high-efficiency; low-carbon energy systems; the role of carbon markets and bio-resources; vulnerability analysis and adaptation

planning; and the integration of adaptation and disaster risk reduction into development plans.

- **Transforming Governance** is concerned with political and social change and the building of institutions at all levels in order to empower stakeholders and build their capacity, improve policy, build resilience, and transform society for sustainability.
- **Rethinking Development** examines the unfolding of a future of growing uncertainty, in which environmental factors have begun to bring about serious social, economic and geopolitical changes.

The themes generate and develop new research ideas and identify challenges that our work should address, while the theme leadership functions as an institute-wide collective that, together with the Research Director, Policy Director and Communications Director, guides the development of research and enhances its quality and relevance.

SEI also has a number of signature tools and platforms, such as:

- **LEAP**: Supporting innovation in energy planning and climate mitigation.
- **COMMEND**: Community for Energy, Environment and Development
- **WEAP**: Managing water for social development and environmental protection.
- **weADAPT**: Brokering knowledge and developing capacity on climate adaptation.

These tools and platforms form an important part of SEI's capacity development capacities and offer direct support to decision-makers at various scales around the world as well as possibilities to share examples. SEI is also increasingly building user communities around the tools, where COMMEND is an example

KEY DEVELOPMENTS DURING THE YEAR

2015 continued to be a year of progressive development and growth. SEI's core financial sustainability continued to strengthen through ongoing support from the Swedish Government, via Formas (SEK 28 million), and in particular through a new, long-term core support agreement with Sida, which provides SEK 200 million over the SEI strategy period (2015–

2019), which should be compared with SEK 100 million over four years under the previous agreement (2011–2014).

The increase in core funding has made it possible for SEI to invest in key strategic research areas as well as further strengthen core functions of the institute, including leadership, management, and communication. The additional funding from Sida enabled further investment in strategic research collaboration, for example in the Southern African Development Community (SADC) and in East Africa on the water, energy and food nexus, as well as in a number of projects on energy transformation and investment in renewable energy, with a particular focus on Africa. The government core support also included SEK 7 million dedicated to co-financing, which continues to enable SEI to enter into research programmes that require such funds, while at the same time strengthening SEI's financial sustainability, not least at the centre level.

The total income of the SEI Foundation in 2015 was SEK 133 million, with a net income of SEK 1.7 million. The net income, after adjustments made according to the tax return legislation, will be applied against the accumulated deficit (i.e. no taxable income for the 2015 income year as the remaining deficit at end of 2014 was SEK 5.4 million).

The SEI Foundation also continued to grow in terms of number of staff, from 98 in 2014 to 117 in 2015. Two recruitment processes related to senior leadership positions began in 2015, for a new SEI Asia Centre Director and a new SEI Human Resources Director.

The SEI Board met four times in 2015, with the annual, more extensive, meeting held at SEI Oxford in September. This Board meeting also included a presentation by researchers at the centre as well as a seminar with an external audience. The Science Advisory Council met once in 2015, in conjunction with the SEI Science Forum in June.

SEI places great emphasis on transparency along with independence and scientific rigour. In 2015 SEI received the highest possible five-star rating in the 2015 report published by Transparify. SEI has also maintained its ranking as the second most influential environment think tank in the world, according to the



Global Go To Think Tank Index. The index is based on an assessment of more than 6 500 think tanks worldwide, and is published in the 2015 Global Go To Think Tank Index Report, compiled annually by the University of Pennsylvania's Think Tanks and Civil Societies Program.

THE NEW SEI STRATEGY OUTLINES THE STRATEGIC DIRECTIONS

A key SEI-wide event in 2015 was the launch of the new 2015–2019 SEI Strategy (see www.sei-strategy.org). The strategy was developed through a consultative process, involving all SEI staff as well as discussions with key boundary partners. The strategy includes SEI's newly formulated vision: "A sustainable, prosperous future for all". It clusters SEI's seven key activities into two groups – delivering results and enabling delivery. The first group includes scientific research; policy engagement; and capacity development. The second includes communications; tools, platforms and ICT; organization and finance; and monitoring and learning. Each area is guided by an overarching objective and sets a number of goals for the strategy period.

Reaching the objectives and goals

This Annual Report presents examples of the research activities and outcomes of the SEI global institute and provides evidence of how the SEI Foundation fulfils its objectives according to its statutes:

"The primary objective of the Foundation shall be to initiate, carry out and disseminate studies and

other research on the assessment and development of technologies, policies and related environmental management techniques and strategies for an environmentally sustainable development of society. Within its field of activities, the Foundation shall co-operate with organizations, public authorities, institutions, companies and individuals world-wide."

The SEI Foundation has in 2015 contributed to reaching the objectives in five main ways:

- Through initiatives and projects where specific issues and questions were addressed.
- Through cooperation and interaction with Swedish and other government authorities (e.g. the Ministry of Environment, Ministry of Foreign Affairs, Sida, UN agencies) as well as with a range of other institutions, agencies and the private sector.
- Through increasing cooperation within the SEI global organization and through strengthening of research capacity and competence in key fields.
- Through various forms of outreach, including publications (e.g. scientific, policy oriented, and in the media), conferences and seminars, webinars, and social media).
- Through capacity development, in the form of training and dedicated events (not least linked to SEI's tools) and through capacity development integrated in initiatives and projects.

The objectives as described in the statutes are elaborated in the SEI Strategy, which is the main guiding document for the Institute, and operationalized through the annual plans for each SEI centre.



STRATEGY IMPLEMENTATION

The 2015–2019 Strategy outlines SEI’s strategic goals in seven areas with the following overarching objectives:

- **Scientific Research:** To enhance the quality and impact of our problem and solution driven scientific research.
- **Policy Engagement:** To provide effective decision support and engage in key policy arenas
- **Capacity Development:** To strengthen the capacity of individuals, organizations and institutions to make decisions that promote sustainable development.
- **Communications:** To produce and share knowledge more effectively, in partnership with decision-makers.
- **Tools, Platforms, and ICT:** To advance the technical development, accessibility, and application of our tools, platforms, and ICT environment.
- **Organization and Finance:** To be a diverse, attractive, and financially robust organization where the best researchers and professionals can thrive.
- **Monitoring and Learning:** To be a learning organization that – alongside our partners – continuously takes stock and learns from experience to deliver ever better results.

Under each area a number of goals have been defined that will be assessed annually at an institutional level as well as by the respective centres (annual

reports and SEI-wide key performance indicators). Templates for centre-level annual work programmes as well as annual reports have also been prepared.

Starting in 2015, SEI has invested institutional resources in research on key issues around sustainable development that the organization is particularly well placed to address. The SEI Initiatives, which were identified through a competitive, bottom-up process in 2014 as part of the strategy development, will in 2016 continue to function as hubs for research supported by both core and project funding. They support SEI’s further development and growth and catalyse additional, external funding as well as further recruitments. Eight initiatives are now being implemented:

- **The SEI Initiative on Behaviour and Choice** will examine how to bring about changes in behaviour, choice and decision-making, initially at the household level.
- **The SEI Initiative on Fossil Fuels and Climate Mitigation** aims to understand the factors that support movement towards and away from fossil fuel development through high quality and timely research.
- **The SEI Initiative on Low Emission Development Pathways** will study the effects of integrated mitigation of short-lived climate pollutants as well as other air pollution and greenhouse gases, and the realization of multiple benefits.



- **The SEI Initiative on Climate Finance** aims to untangle key controversial issues that have emerged as impediments to the mobilization, delivery and scaling up of climate finance.
- **The SEI Initiative on Producer to Consumer Sustainability** aims to understand the sustainability implications of the evolving trade, production and consumption patterns of major traded commodities in an increasingly resource-scarce and globalized world.
- **The SEI Initiative on Transforming Development and Disaster Risk Reduction** will connect disaster risk reduction (DRR) with inclusive, equitable and sustainable development.
- **The SEI Initiative on the Water, Energy and Food Nexus** will apply a nexus toolkit to address interconnected water, energy and food development challenges at different levels.
- **The SEI Initiative on Sustainable Sanitation** will seek to inject new momentum into the search for sustainable ways to boost sanitation provision in low- and middle-income countries through new research, knowledge exchange, capacity building and advisory services.

In 2016, a first evaluation of the results from the initiatives will be conducted and will assist management to follow up on progress and suggest possible changes in order to enhance impact.

In addition, SEI has invested in two strategic areas: the Sustainable Development Goals and Agenda 2030 implementation, and the SEI Gender and Social Equity Programme. The programme will both enhance SEI's gender related research but also serve as a platform to integrate gender perspectives more efficiently in SEI's work in major projects and initiatives (mainstreaming).

Stimulating SEI-wide collaboration

The strategic priority to further enhance SEI-wide collaboration continued in 2015. This has included both ways to stimulate collaboration in major initiatives and projects as well as opportunities for staff to work in other centres (both as short-term visitors and for longer-term secondments). In 2015, SEI also organized for the third time the SEI Science Forum, which gathered more than 100 SEI colleagues from across the institute in Stockholm. The Forum provides an opportunity to build relationships between researchers from different centres, develop new ideas, organize project and initiative meetings, gather the SEI global leadership (i.e. the Management Team and Theme Leadership) and host both internal and external events. Guests at the external day of the forum included Melinda Gates and Sweden's State Secretary Ulrika Modéer.

KEY DEVELOPMENTS AFTER THE YEAR END

There has been increasing pressure on Sida's overall budget due to the escalating costs following the growing number of refugees coming to Sweden. In February 2016 Sida notified SEI that the core support to SEI will be reduced by 2 MSEK per year in 2016-2018 (equivalent to 5%). This will be managed by SEI without significant impact on current work plans.

On January 1, 2016, the Mistra Council for Evidence-Based Environmental Management (Mistra EviEM) was transferred to SEI from The Royal Swedish Academy of Sciences.

EXPECTED FUTURE DEVELOPMENT

The outlook for 2016 is a year of continued financial stability and moderate growth. The core support from the Swedish government through Formas is increasing in 2016 (following a Government decision in December 2015) to SEK 30 million, and the new agreement with Sida provides a platform for further development of SEI's science to policy capacity. A number of projects funded through the EU Horizon 2020 funding programme have been initiated and will continue through 2016 and beyond. The project portfolio is in general very strong across the institute.

FINANCIAL OVERVIEW

Key figures

SEI Foundation	2015	2014	2013	2012	2011
Total income (MSEK)	133.3	121.2	107.9	100.8	102.0
Net income (MSEK)	1.7	1.7	3.1	-0.1	0.8
Total assets (MSEK)	83.5	64.4	67.0	45.0	50.2
Equity ratio (%)	20%	23%	20%	22%	20%
No. of staff end of period	117	98	87	72	74



ENVIRONMENTAL IMPACT

The aim of the SEI environmental policy is to carry out our work as sustainably as possible, aiming to minimize our own negative impact on the environment. This includes aspects such as reducing our carbon footprint by switching to more environmentally friendly modes of travel and using video conferencing and other communication technologies wherever possible.

We also aim to reduce waste, energy and water consumption in our office buildings. The owner of SEI's Stockholm Centre premises, Vasakronan, is in the process of installing solar panels on the roof of the office building in Stockholm. Vasakronan has a gold rating according to the rating system LEED (Leadership in Energy and Environmental Design). LEED is an international rating system which classifies buildings according to energy efficiency, waste management, infrastructure and management.

Travel and CO₂ emissions are being monitored by all centres. In 2015, SEI Foundation flights totalled just over 3,2 million km, with the release of ~530 tonnes CO₂e.

HUMAN RESOURCES

Monitoring and adjustment of work environment

The relocation of the SEI Stockholm Centre and HQ in December 2013 was a major change of the working environment. During 2015, the functioning of the new activity-based office was monitored and followed up on to adjust it to the needs of the organization. The Stockholm Centre experienced rapid growth in 2015 and it is a priority to constantly monitor and modify the work environment on the basis of new developments.

The SEI Africa Centre moved to a new office space at the World Agroforestry Centre (ICRAF) campus, which has enabled further expansion as well as an improved office environment.

Global employee survey

In collaboration with the global SEI employee representatives, SEI's management completed a global employee survey in 2014, with the aim of taking in the views of all staff members on how the organization is functioning and on how further improvements might be made. Survey results were presented to all staff, followed by internal workshops at all centres that identified priority areas for improvement, and follow-up work was carried out at each centre. The next employee survey will be conducted in 2016.

Significant risks and uncertainties

The main risk affecting SEI's sustainability is the relatively high dependence on funding provided by the Swedish Government. The increased collaboration with the Swedish Government is at the same time a strength. SEI is using the core funding to leverage additional, external support. This is clearly articulated as a goal in relation to the SEI Initiatives.

The activities of SEI are exposed to currency risks related to fluctuations in expected and contracted payments in projects, but on the whole the financial risks are relatively low.

Apart from the above, risks are mainly addressed in regular operations through appropriate risk management procedures in project planning and implementation ■

APPROPRIATION OF RESULTS

Appropriation of accumulated results (amounts in SEK)

The equity of the SEI Foundation at the beginning of 2015:	14 798 510
Net profit for the year 2015:	1 653 845
Final balance:	16 452 355



FINANCIAL STATEMENTS AND NOTES

INCOME STATEMENT

AMOUNTS IN SEK	NOTE	2015	2014
Government grant		28 000 000	28 000 000
External project funding	2	104 978 903	92 654 952
Sundry income	3	338 341	568 244
Total income		133 317 244	121 223 196
Personnel costs	4	-63 146 504	-53 970 870
Travel costs		-1 147 705	-1 092 545
External costs in projects	5	-54 002 520	-53 208 438
Other costs	5	-12 133 910	-11 237 644
Depreciation	6	-1 008 125	-1 014 503
Operating profit/loss		1 878 479	699 197
RESULT FROM FINANCIAL INVESTMENTS			
Interest income and similar profit items		50 390	989 472
Interest expense and similar loss items		-275 024	-21 424
Profit after financial items		1 653 845	1 667 245
Net Profit for the year		1 653 845	1 667 245

BALANCE SHEET

AMOUNTS IN SEK	NOTE	2015	2014
ASSETS			
FIXED ASSETS			
Tangible assets			
Furniture and office equipment	6	2 321 914	2 274 148
		2 321 914	2 274 148
FINANCIAL ASSETS			
Investments in group companies	7	1 439	1 439
Other long term receivables	8	1 250 000	1 250 000
		1 251 439	1 251 439
Total fixed assets		3 573 353	3 525 587
CURRENT ASSETS			
Current receivables			
Accounts receivable customers		1 316 647	2 792 402
Other receivables	9	1 452 997	1 108 824
Prepaid expenses and accrued income	10	5 236 309	4 347 339
		8 005 953	8 248 564
Cash and bank balances		71 965 642	52 578 775
Total Current assets		79 971 595	60 827 339
TOTAL ASSETS		83 544 947	64 352 925

EQUITY AND LIABILITIES

AMOUNTS IN SEK	NOTE	2015	2014
EQUITY			
Balance brought forward		14 798 510	13 131 265
Profit for the year		1 653 845	1 667 245
		16 452 355	14 798 510
CURRENT LIABILITIES			
Advance payments for work in progress	11	52 857 581	36 008 263
Accounts payable, suppliers		1 348 407	5 052 957
Liabilities, SEI Centers/affiliated companies abroad	12	1 330 334	2 923 763
Other liabilities		4 442 254	2 192 227
Accrued expenses and deferred income	13	7 114 017	3 377 204
		67 092 592	49 554 415
TOTAL EQUITY AND LIABILITIES		83 544 947	64 352 925
PLEGDED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets			
Floating charge		1 000 000	1 000 000
contingent liabilities	14	–	–

CASH FLOW STATEMENT

AMOUNTS IN SEK	NOTE	2015	2014
Net profit/loss from operations		1 653 845	1 667 245
Non-cash items (depreciation)	6	1 008 125	1 014 503
Net cash generated (used) in operating activities before changes in operating assets & liabilities		2 661 970	2 681 748
Increase (-) / decrease (+) in short-term receivables		242 612	-4 701 393
Increase (+) / decrease (-) in short-term liabilities		17 538 177	-4 301 898
Cash flow before investments		20 442 758	-6 321 543
INVESTING ACTIVITIES			
Capital expenditures (acquisition of equipment)	6	-1 055 891	-999 311
Proceeds from the sale of equipment		-	-
Net cash provided by investing activities		-1 055 891	-999 311
Net cash flow after investing & financing activities:		19 386 867	-7 320 854
Cash at beginning of year		52 578 775	59 899 628
Cash at end of year		71 965 642	52 578 775

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL ACCOUNTING PRINCIPLES

The financial statements have (since 2014) been prepared in accordance with BFNAR 2012:1 Annual Report guidelines (K3) issued by the Swedish Accounting Standards Board.

Accounting currency

The Annual Report is presented in Swedish kronor (SEK) and the amounts are in SEK unless otherwise stated.

Valuation principles

Assets and liabilities have been valued at acquisition value if not otherwise stated below.

Revenues

Percentage of completion method is applied to all those projects whose outcome can be satisfactorily calculated. Revenues from projects carried out on a current account basis are recognized in the income statement at the pace of completion. The degree of completion of a project is determined by comparing costs incurred to date with the estimated total contract costs. If it is probable that total project costs will exceed total contract revenue, the expected loss is immediately recognized as an expense in full. If there is significant uncertainty regarding payment or associated costs, no revenue is recognized.

Tangible fixed assets

Tangible fixed assets are recognized as assets if it is probable that economic benefit will accrue at a future date and if the acquisition value of the asset can be measured reliably. Tangible fixed assets are recognized at cost less accumulated depreciation based on estimated economic useful life.

The following principles for depreciation have been used:

Furniture and office equipment	5 years
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Leasing

All leasing agreements are classified as operational leasing which implies that lease payments are expensed on a straight-line basis over the lease term.

Asset impairment

The carrying values of the Foundation's assets are reviewed at every closing date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable value is estimated. An impairment loss is charged to the income statement. The recoverable value is the greater of fair market value less costs to sell and value in use.

Income tax

Income tax is not recognized in the income statement due to remaining deficits from previous years.

Receivables

Receivables have been individually assessed and are reported at the amount expected to be received.

Receivables and liabilities in foreign currency

Receivables and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the balance sheet date. Exchange differences arising on translation are recognized in the income statement.

Employee benefits

The Foundation's pension plans include both defined contribution pension plans and defined benefit pension plans. Obligations for all pension plans are recognized as expenses in the income statement as incurred.

Group accounting

The Foundation, as a parent company to SEI Oxford Office Ltd according to Note 7, does not set up group accounting, applying the 3§, chapter 7 of the Annual Accounts Act. Purchase of services from the subsidiary in 2015 amounted to SEK 3 005 866 (3 238 030), sales to the subsidiary in 2015 amounted to SEK 0 (200 797).

Estimates and assumptions

In the preparation of financial statements it is necessary for Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Those estimates and assumptions that can imply a risk for significant adjustments in accounted values are primarily valuation of work in progress in projects.

Incurred events within the Foundation or its environment may make it necessary to revise these estimates and assumptions. On an annual basis a review is made to determine whether there is any indication that the value of assets is lower than the accounted value. In such a case the asset's recoverable value is estimated, equal to the greater of fair market value less costs to sell and value in use.

NOTE 2 EXTERNAL PROJECT FUNDING

External project funding received from the following sources:

	2015		2014
Swedish International Development Cooperation Agency (Sida)	48 293 199	46.00%	49 528 462
The Swedish Research Council Formas	5 015 084	4.78%	4 339 689
European Commission	4 627 992	4.41%	3 587 601
The Swedish Foundation for Strategic Environmental Research (Mistra)	4 347 034	4.14%	4 376 530
United Nations (UNEP, UNESCO, UNOPS, UNU, UNISDR, FAO)	3 770 202	3.59%	2 188 447
Riksbankens Jubileumsfond	3 228 518	3.08%	1 899 801
Blue Moon Fund	2 669 418	2.54%	2 365 448
Swedish Civil Contingencies Agency (MSB)	2 355 105	2.24%	2 306 163
Swedish Energy Agency	2 154 807	2.05%	–
United Nations Environment Programme (UNEP) via Stichting DLO	2 111 463	2.01%	385 349
World Resources Institute (WRI)	1 824 143	1.74%	1 433 544
SINTEF Energi AS	1 682 087	1.60%	754 296
Bill & Melinda Gates Foundation	1 595 536	1.52%	1 452 123
The Swedish Environmental Protection Agency	1 565 006	1.49%	1 652 513
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	1 469 127	1.40%	779 485
Culture Foundation of the Swedish Postcode Lottery	1 324 476	1.26%	–
Ecosystem Services for Poverty Alleviation (ESPA)	1 187 235	1.13%	503 476
International Water Management Institute (IWMI)	1 097 018	1.04%	327 624
Swedish Ministry of Environment via Formas	1 000 000	0.95%	1 000 000
Nordic Climate Facility (NCF), through NEFCO	878 069	0.84%	1 255 858
Hugo Carlssons Stiftelse via Jernkontoret	819 389	0.78%	–
Nordic Council of Ministers	721 392	0.69%	371 876
International Center for Biosaline Agriculture (ICBA)	692 903	0.66%	698 633
NordForsk	673 183	0.64%	925 449
The Swedish Environmental Protection Agency via SCB	641 536	0.61%	–
Stockholmshem	633 211	0.60%	1 197 082
Global Green Growth Institute (GGGI)	549 973	0.52%	–
European Environment Agency (EEA)	548 358	0.52%	1 237 873
United Nations Environment Programme (UNEP) via PTAC	531 882	0.51%	–
CCICED via Simon Fraser University	528 902	0.50%	–
USAID via PACT	498 799	0.48%	526 775

	2015		2014
The Swedish Research Council (Vetenskapsrådet)	428 927	0.41%	–
McKinsey&Company	425 303	0.41%	–
SNV Netherlands Development Organization	417 949	0.40%	479 228
Swedish Meteorological and Hydrological Institute (SMHI)	357 313	0.34%	79 724
Global Resilience Partnership via ISC	310 601	0.30%	–
European Development Fund (EFA) via University of the West Indies	304 253	0.29%	–
International Development Research Centre (IDRC)	274 280	0.26%	–
USAID via Harvard University	262 829	0.25%	–
International Social Science Council (ISSC)	256 588	0.24%	–
Trivselhus AB	221 564	0.21%	–
USAID via ADPC	221 246	0.21%	–
AECOM	212 750	0.20%	–
Asia-Pacific Network for Global Change Research (APN)	210 714	0.20%	86 469
Asian Disaster Preparedness Center (ADPC)	172 039	0.16%	–
The Sustainability Institute	147 411	0.14%	56 950
Global Resilience Partnership via University of Sydney	140 213	0.13%	–
International Livestock Research Institute (ILRI)	132 111	0.13%	1 871 668
Institute for Advanced Sustainability Studies (IASS)	130 313	0.12%	–
The Commonwealth Scientific and Industrial Research Organization (CSIRO)	127 628	0.12%	349 530
USER-Chiang Mai University	125 739	0.12%	192 731
ECOFYS Netherlands BV	124 675	0.12%	294 960
World Bank	115 715	0.11%	–
National Environment Commission, Royal Government of Bhutan	92 944	0.09%	–
GFA Consulting Group GmbH	92 250	0.09%	–
Regeringskansliet (Government Offices of Sweden)	81 225	0.08%	26 976
University of York	76 300	0.07%	–
ClimateWorks Foundation	71 590	0.07%	–
FCG SIPU International AB	63 800	0.06%	–
UK Department for International Development (DFID)	55 056	0.05%	–
Swedish Society for Nature Conservation (SSNC)	47 325	0.05%	–
The Prince of Wales's Charitable Foundation	42 041	0.04%	59 809
Other	201 163	0.19%	4 062 810
	104 978 903	100.00%	92 654 952

NOTE 3 SUNDRY INCOME

	2015	2014
Reimbursement of travel & other expenses	208 081	184 766
Rent & associated costs recovered from affiliated researchers	116 267	381 572
Miscellaneous	13 993	1 906
	338 341	568 244

NOTE 4 EMPLOYEES AND PERSONNEL EXPENSES

	2015	2014
AVERAGE NUMBER OF EMPLOYEES (FTE)		
Sweden (of which men)	63 51%	64 51%
Thailand (of which men)	21 48%	18 52%
Kenya (of which men)	8 33%	5 29%
Total (of which men)	93 49%	87 50%

BOARD OF DIRECTORS AND MANAGEMENT

Board of Directors, number of members (of which men)	8 50%	7 43%
Management Team, number of members (of which men)	16 50%	15 53%

SALARIES, OTHER REMUNERATIONS AND SOCIAL FEES

To the board members and Executive Director	1 057 808	1 032 048
To other employees	44 005 423	36 805 060
Total	45 063 231	37 837 108

Social fees (of which pension costs)	17 534 023 (5 286 713)	15 185 239 (4 722 581)
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SEK 514 079 (previous year 250 038) of the pension costs relate to the Executive Director

SALARIES AND OTHER REMUNERATIONS BY COUNTRY

	2015	2014
Sweden	33 479 149	30 173 980
Thailand	8 449 130	6 079 774
Kenya	3 134 952	1 583 354
Total	45 063 231	37 837 108

TERMINAL BENEFIT

The Executive Director is entitled to a severance settlement amounting to one year's salary.

NOTE 5 AUDIT FEES AND LEASING AGREEMENTS

	2015	2014
Audit fee Mazars SET	121 440	107 040
Consultant's fee project audits (Mazars SET & others)	180 795	135 050
	302 235	242 090
LEASING COSTS		
Office premises Stockholm	4 638 116	4 036 382
Office premises Bangkok	463 236	486 779
Office premises Nairobi	209 039	37 665
Copy Machines	61 549	62 411
	5 371 940	4 623 237

ADDITIONAL INFORMATION ON LEASING AGREEMENTS

Office premises Stockholm

Base office rent is SEK 3 200 000 per year.

In 2014 the cost was reduced by a rebate of SEK 485 000.

Total costs in agreement include heating, cooling, waste disposal, electricity, archive rent, and property tax. The agreement includes a clause on index regulation, and is valid until 31 December 2018.

At 2015-12-31 contracted nominal future payments are SEK 11 501 724 excl. VAT and index adjustment.

Office premises Bangkok

Rent is THB 1 874 880 per year (= SEK 434 785).

The agreement is valid until 30 September 2016, and negotiation for extension and additional space is ongoing.

At 2015-12-31 contracted nominal future payments are THB 1 406 160 (= SEK 326 088).

Office premises Nairobi

Rent is USD 31/month/sqm for a total space of 98 sqm.

The agreement is valid until 31 January 2018.

At 2015-12-31 contracted nominal future payments are USD 75 950 (= SEK 634 365).

Copy Machines

Agreement SEK 4.248 per month excl. VAT.

The agreement is valid until December 2016.

At 2015-12-31 contracted nominal future payments are SEK 46 728 excl. VAT.

NOTE 6 FURNITURE AND OFFICE EQUIPMENT

	2015	2014
GROSS VALUE		
Opening balance	7 489 673	6 569 190
Acquisitions	1 055 891	999 311
Sale	–	-70 000
Discarded	–	-8 828
	8 545 564	7 489 673
ACCUMULATED DEPRECIATION		
Opening balance	-5 215 525	-4 279 850
Sale	–	70 000
Discarded	–	8 828
Depreciation charged	-1 008 125	-1 014 503
	-6 223 650	-5 215 525
Net book value	2 321 914	2 274 148

NOTE 7 INVESTMENTS IN GROUP COMPANIES

COMPANIES/CORPORATE IDENTITY NUMBER /REGISTERED OFFICE	NOMINAL VALUE ONE SHARE	NUMBER OF SHARES	SHARE (%)	BOOK VALUE
SEI Oxford Office Ltd, 4404220, Oxford	£1	100	100	1 439

NOTE 8 OTHER LONG TERM RECEIVABLES

Deposit according to the contract with SEI's landlord Vasakronan Fastigheter, for the duration of the lease of the office premises (currently until 2018-12-31). The deposited amount will earn interest* income which belongs to SEI and will be repaid to SEI together with the deposited amount upon termination of the lease.

(* the amount deposited with Vasakronan's bank account with Handelsbanken, with interest currently STIBOR T/N minus 0,6%)

NOTE 9 OTHER RECEIVABLES

	2015	2014
Preliminary tax paid	973 344	973 344
Other receivables	479 653	135 480
	1 452 997	1 108 824

NOTE 10 PREPAID EXPENSES AND ACCRUED INCOME

	2015	2014
Prepaid rent	1 140 432	1 142 916
Advance payments to project partners	3 680 586	2 950 769
Other prepayments	415 291	253 654
	5 236 309	4 347 339

NOTE 11 ADVANCE PAYMENTS FOR WORK IN PROGRESS

	2015	2014
Work in progress, costs incurred	-270 840 079	-309 292 682
Accrued interest revenue on advances (specified per project)	98 482	227 502
Deductible: advance payments	323 599 178	345 073 443
	52 857 581	36 008 263

The balance is reported as a liability, since the advance payments are higher than the accrued income.

Interest income, accrued as a general liability on advance payments, is included in Other liabilities.

The advance payments liability includes an amount of SEK 2 747 961 which is part of the Government core grant earmarked for co-funding (SEK 5 million in 2013, SEK 7 million in 2014, and SEK 7 million in 2015) and allocated to projects but not yet fully utilized according to the principles of accrual.

NOTE 12 LIABILITIES, SEI CENTERS/AFFILIATED COMPANIES ABROAD

	2015	2014
SEI Tallinn	9 118	281 706
SEI US	1 250 909	1 654 806
SEI Oxford	70 307	987 251
	1 330 334	2 923 763

NOTE 13 ACCRUED EXPENSES AND DEFERRED INCOME

	2015	2014
Accrued holiday pay	1 850 054	1 364 666
Accrued salaries and social charges	1 798 528	1 658 330
Sundry accruals	3 465 435	354 208
	7 114 017	3 377 204

NOTE 14 CONTINGENT LIABILITIES

According to the agreement*) signed with The University of York, describing the co-operation between SEI Foundation and the University, which is hosting the SEI York Centre, SEI Foundation undertakes to underwrite all eligible costs of the SEI York Centre, including contribution towards University administrative cost. Revenues of the centre will be set against eligible cost at the end of each academic year and, in the event of shortfall, SEI Foundation will make payment to the University on receipt of the University's invoice. There was no shortfall for the SEI York Centre in the University of York latest fiscal year, ending July 31, 2015. (* Currently contracted for the period 1st August 2011 - 31st July 2016)

Stockholm 2016-03-10



Lidia Brito



Andreas Carlgren



Stephen F. Lintner



Ingrid Petersson



Allan Polack



András Szöllösi-Nagy



Astrid Söderbergh Widding



Kerstin Niblaeus
Chair

Our audit report was submitted 2016-04-19



Håkan Sten
Authorised Public Accountant



Fredrik Gunnarsson
The Knowledge Foundation (KK-stiftelsen)

AUDITOR'S REPORT

To the board of Stiftelsen The Stockholm Environment Institute
Corporate identity number 802014-0763

Report on the annual accounts

We have audited the annual accounts of Stiftelsen The Stockholm Environment Institute for the year 2015. The annual accounts of the company are included in the printed version of this document on pages 39-60.

Responsibilities of the Board of Directors and the Executive Director for the annual accounts

The Board of Directors and the Executive Director are responsible for the preparation and fair representation of these annual accounts in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors and the Executive Director determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts on the basis of our audit. We conducted our audit in accordance with generally accepted auditing standards. This means that the Authorised Public Accountant has conducted his audit in accordance with International Standards on Auditing in Sweden and with generally accepted auditing standards in Sweden. Those standards require that the Authorised Public Accountant comply with ethical standards and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the foundation's preparation and fair presentation of the annual accounts 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 foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Executive Director, as well as evaluating the overall presentation of the annual accounts.

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

Opinions

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 Stiftelsen The Stockholm Environment Institute as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts, we have examined the administration of the Board of Directors and the Executive Director of Stiftelsen The Stockholm Environment Institute for the year 2015.

Responsibilities of the Board of Directors and the Executive Director

The Board of Directors and the Executive Director are responsible for administration under the Foundations Act and the Foundations Ordinance.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on whether we, based on our review, found that any Board Member or the Executive Director acted in contravention to the Foundations Act or the Foundations Ordinance. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion concerning management, in addition to our audit of the annual accounts, we examined significant decisions, actions taken and circumstances of the foundation in order to determine whether any member of the Board of Directors or the Executive Director is liable to the foundation or if there are any grounds for dismissal. We also examined whether any member of the Board of Directors or the Executive Director has, in any other way, acted in contravention of the Foundations Act, the Foundations Ordinance or the Annual Accounts Act.

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

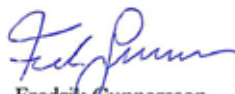
Opinions

In our opinion the Board Members and the Executive Director have not acted in contravention of the Foundations Act, the Foundations Ordinance or the Annual Accounts Act.

Stockholm 19/4 2016



Håkan Sten
Authorized Public Accountant



Fredrik Gunnarsson
Lay Auditor

Photo references

- p. 4-5: Davidlohr Bueso
- p. 6: Erik G Trigos
- p. 10: Jeff Attaway
- p. 26: DFID - UK Department
for International Development
- p. 30: Oscar
- p. 46: US Mission to the United
Nations Agencies in Rome

SEI is an independent, international research institute. It has been engaged in environment and development issues at local, national, regional and global policy levels for more than a quarter of a century. SEI supports decision making for sustainable development by bridging science and policy.

