



## ANNUAL REPORT

Translation of the Estonian original

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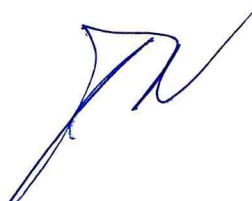
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## Management Report

### SEI TALLINN IN 2015

The Stockholm Environment Institute Tallinn Centre, SEI Tallinn, bridges science and policy by providing decision makers with integrated knowledge and independent research in the fields of environment and sustainable development.

Our mission is to induce change towards sustainable development in Estonia and the Baltic Sea region, Central and Eastern Europe, and with the Stockholm Environment Institute (SEI) international network globally. In addition to the Stockholm and Tallinn centres, the Stockholm Environment Institute ([www.sei-international.org](http://www.sei-international.org)) international network includes centres in UK (York, Oxford), USA (Boston, Seattle, Davis), Asia (Bangkok), and Africa (Nairobi).

2015 was the first year of the new SEI strategy (2015-2019). In the new strategy, the Stockholm Environment Institute continues the execution of its current mission in addition to a unified vision „A sustainable, prosperous future for all.“ The three major fields of our activity and outputs in the new strategy are: high-level research, input to policy processes and increasing awareness and skills. To achieve them we are focusing our efforts on four areas of activity: communication; analytical tools, platforms and ICT; organization, governance and sustainable funding; monitoring and evaluation of our work and institutional learning.

The most important projects in 2015 were research into food waste and food loss in Estonian households and food industry, and in partnership with several universities and organisations, projects ENFRA (Estonian National Climate Adaptation Strategy for Infrastructure and Energy Sectors) and BioClim (Climate change adaptation strategy and measures for thematic fields of natural environment and bioeconomy). All three projects were procured by the Estonian Ministry of the Environment. Additionally, project on assessment and valuation methods for ecosystem services was concluded and developing of the Estonian Marine Strategy Framework was continued. Also, advice was provided in the process of Tallinn City running for the 2018 European Green Capital Award and international projects “Source to Sea” and Go4Baltic kicked-off.

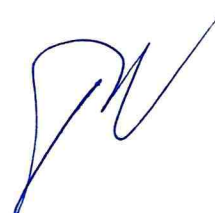
The number of scientific and popular publications of SEI Tallinn increased during the year. Communication activity enlivened and that showed in the media coverage of our research results and in the internal changes within the institution.

Revenues of SEI Tallinn were 779 thousand Euros (2014: 555 thousand Euros), reaching the same level as prior to 2014. 74% of revenues came from public funding and core funding and 26% from business activities. The biggest financiers were The Stockholm Environment Institute (core funding and project co-funding), EEA Norway Grants Estonia, European Commission, Ministry of the Environment and Environmental Investment Centre.

SEI Tallinn continues with a three-member Supervisory Board consisting of Jakob Granit (SEI Global Deputy Director and Stockholm Centre Director), Erik Puura (Vice Rector for Development of the Tartu University, PhD in Chemical Engineering), Linnar Viik (IT College lecturer and member of the Council, member of the European Institute for Innovation & Technology Governing Board and Estonian Research and Development Council).

### MAIN ACTIVITIES

SEI Tallinn activities are aimed at identifying different environmental and developmental problems facing society, as well as finding and developing solutions for these problems. The main parts of SEI Tallinn’s activities aimed at integrating environmental sustainability into economic and social areas, raising awareness of these issues, as well as building capacity among different stakeholders in Estonia, the Baltic Sea region and Central and Eastern Europe.





## RESEARCH AND PUBLICATIONS

The scale of SEI Tallinn activities is very broad: scientific research, applied research, expert opinions, trainings, consulting, lectures, disseminating outcomes and publication of research results, as well as participation in various expert commissions.

For more information on SEI Tallinn's research projects please visit our web page at <http://www.sei-international.org/tallinn> (English) and [www.seit.ee](http://www.seit.ee) (Estonian). The overview of the performed work, trainings and conferences in 2015 can be found in the Annex of the Management Report (Table 3).

Last year, altogether **39** projects were carried out. About half of them were international cooperation projects. The analysis of important societal issues or new problems and the collection of needed data take time, thus the duration of our projects varies from a few months to several years.

In 2015, SEI Tallinn's experts published altogether **18** publications (articles, monographs, presentations, policy views and other creative activities).

### Scholarly articles in journals (1.2):

- Czajkowski, M., H. Ahtiainen, J. Artell, W. Budziński [...] T. Nömmann [...] H. Tuhkanen et al. (2015). Valuing the commons: An international study on the recreational benefits of the Baltic Sea. *Journal of Environmental Management*, vol. 156 (2015): 209-217. DOI:10.1016/j.jenvman.2015.03.038
- Kuldna, P., K. Peterson, K. R. Kuhi-Thalfeldt (2015). Knowledge brokering on emissions modelling in Strategic Environmental Assessment of Estonian energy policy with special reference to the LEAP model. *Environmental Impact Assessment Review*, vol. 54 (2015): 55-60. DOI:10.1016/j.eiar.2015.06.001
- Filho, W. L., J. Kruopienė, Å. Stenmarck, H. Moora (2015). Towards sustainable waste management in the Baltic Sea region countries: the contribution of universities. *Progress in Industrial Ecology, An International Journal (PIE)*, Vol.9, No.1, pp.96 – 108. DOI: 10.1504/PIE.2015.069847
- Filho, W.L., L. Brandli, H. Moora, J. Kruopienė, and Å. Stenmarck (2015). Benchmarking approaches and methods in the field of urban waste management. *Journal of Cleaner Production*, online 28 September 2015. DOI: /10.1016/j.jclepro.2015.09.065

### Published research project, report or study (2.5.):

- Peterson, K. (2015). Järelevalvaja otsustused keskkonnamõju hindamise programmi ja aruande heakskiitmisel. SEI Tallinna väljaanne nr 27 [Approval decisions by EIA and SEA competent authorities. SEI Tallinn Publications Series No27]. Tallinn: SEI Tallinn. ISSN 1406-6637, ISBN 978-9949-9501-8-8 (pdf), 37 p. <http://seit.ee/et/publikatsioonid?id=4561>
- Moora, H., E. Urbel-Piirsalu, K. Õunapuu (2015). Toidujäätmete ja toidukao teke Eesti kodumajapidamistes ja toitlustusasutustes. [Analysis of food waste and food loss in Estonian households and food service sector]. SEI project report 2015-08. <http://www.seit.ee/publications/4562.pdf>
- Lahtvee, V. (2015). NORSTRAT: Comprehensive policy package for decarbonisation of the Estonian electricity production by 2050. NORSTRAT project report. <http://seit.ee/publications/4636.pdf>
- Lahtvee, V. (2015). NORSTRAT: Development of Baltic Power System for the utilisation of region's vast renewable energy potential. NORSTRAT project report. <http://seit.ee/publications/4637.pdf>
- SEI Tallinn, Estonian University of Life Sciences, Baltic Environment Forum, Fridtjof Nansen Institute. 2015. Estonian Climate Adaptation Strategy for Infrastructure and Energy (ENFRA) For the project summary see: <https://www.weadapt.org/knowledge-base/national-adaptation-planning/estonian-climate-adaptation-strategy-for-infrastructure-and-energy>
- Estonian University of Life Sciences, University of Tartu, SEI Tallinn, Estonian Fund for Nature. 2015. BioClim: Kliimamuutuste mõjuanalüüs, kohanemisstrateegia ja rakenduskava looduskeskkonna ja biomajanduse teemavaldkondades. [Adaptation strategy and action plan to the climate change in the topic





areas of biodiversity and bioeconomy]. Tartu-Tallinn, 726 p. For the project summary see: <https://www.weadapt.org/knowledge-base/the-bioclim-climate-change-adaptation-strategy-project-estonia>

- **Karlõseva A., Nõmmann S., Nõmmann T., Urbel-Piirsalu E., Budzinski W., Czajkowski M., Hanley N** (2015). Marine trade-offs: Comparing the benefits of off-shore wind farms and marine protected areas. No 2015-19, Working Papers from Faculty of Economic Sciences, University of Warsaw. [http://www.wne.uw.edu.pl/files/1514/3259/5538/WNE\\_WP167.pdf](http://www.wne.uw.edu.pl/files/1514/3259/5538/WNE_WP167.pdf)

### Articles in collections (3.2.):

- **Peterson, K.** (2015). Lisa 1. Juhised õpetajale. Säätva arengu kontseptsiooni selgitamine ja näitlikustamine. Henno, I., Raus, R. (Toim.) [Annex 1. Instructions for teachers. Clarification and illustration of the concept of sustainable development]. *Training Materials for basic schools' teams. Developing the curricula and trainings for the Environment Agency's procurement on further training*. Tallinn: the Environment Agency. ISBN 978-9949-9606-3-7, pp.28-41. [http://www.keskkonnaharidus.ee/wp-content/uploads/2015/07/Kogumik\\_pohikool.pdf](http://www.keskkonnaharidus.ee/wp-content/uploads/2015/07/Kogumik_pohikool.pdf)
- **Peterson, Kaja** (2015). Lisa 2. Kuidas säästva arengu teemat mõtestada ja praktikas rakendada? Henno, I.; Raus, R. (Toim.). [Annex 2. How to interpret the theme of sustainable development and put it into practice?] *Training Materials for basic schools' teams. Developing the curricula and trainings for the Environment Agency's procurement on Further training for teachers in formal education.* Tallinn: the Environment Agency. ISBN 978-9949-9606-3-7, pp. 42-43. [http://www.keskkonnaharidus.ee/wp-content/uploads/2015/07/Kogumik\\_pohikool.pdf](http://www.keskkonnaharidus.ee/wp-content/uploads/2015/07/Kogumik_pohikool.pdf)
- **Peterson, Kaja** (2015). Ptk 1.2. Jätkusuutlikkuse kontseptsioon ja praktika. Henno, I.; Raus, R. (Toim.). Chapter [1.2. The concept and practice of sustainability.] *A collection of training materials for high school and vocational school teams. The Environment Agency's procurement on Further training - developing the curricula and trainings for teachers in formal education and for non-formal environmental education specialists*. Tallinn: the Environment Agency. ISBN 978-9949-9606-4-4, pp. 27-45. [http://www.keskkonnaharidus.ee/wp-content/uploads/2015/07/Kogumik\\_gymnaasium.pdf](http://www.keskkonnaharidus.ee/wp-content/uploads/2015/07/Kogumik_gymnaasium.pdf)
- **Peterson, Kaja** (2015). Ptk. 2.3. Jätkusuutlikkus globaalses ja kohalikus kontekstis. Henno, I.; Raus, R. (Toim.). [Ch. 2.3. Sustainability in the global and the local context.] *Training Materials of non-formal environmental education specialists. The Environment Agency's procurement on Further training - developing the curricula and trainings for teachers in formal education and for non-formal environmental education specialists*. Environment Agency. ISBN 978-9949-9606-5-1, pp. 64-82. [http://www.keskkonnaharidus.ee/wp-content/uploads/2015/07/Kogumik\\_mitteformaal.pdf](http://www.keskkonnaharidus.ee/wp-content/uploads/2015/07/Kogumik_mitteformaal.pdf)

### Conference abstracts:

- **Kallaste, T.** (2015). Päikeseenergeetika ja perspektiivid vesinikuna salvestamisel. TEUK XVII, Taastuvate energiaallikate uurimine ja kasutamine : seitsmeteistkümnenda konverentsi kogumik, 12. novembril 2015, Tartu. [Perspectives of hydrogen generation with solar pv-panels. In: TEUK XVII, Investigation and usage of renewable energy sources : seventeenth conference proceedings, 8th November 2012, Tartu]. Tartu, Eesti Maaülikool. ISBN 978-9949-569-07-6 (pdf), pp. 33-44. [http://tek.emu.ee/userfiles/taastuvenergia\\_keskus/TEUK%20kogumikud/kogumik%20TEUK%20XVII\\_we b.pdf](http://tek.emu.ee/userfiles/taastuvenergia_keskus/TEUK%20kogumikud/kogumik%20TEUK%20XVII_we b.pdf)
- Polikarpus, V., T. **Kallaste** (2015). Kurenurme päikeseelektrijaamas asutakse energiat salvestama vesinikuna. TEUK XVII, Taastuvate energiaallikate uurimine ja kasutamine : seitsmeteistkümnenda konverentsi kogumik, 12. novembril 2015, Tartu. [The Kurenurme solar park could produce hydrogen. In: TEUK XVII, Investigation and usage of renewable energy sources : seventeenth conference proceedings, 8th November 2012, Tartu]. Tartu, Eesti Maaülikool. ISBN 978-9949-569-07-6 (pdf), pp. 58-69. [http://tek.emu.ee/userfiles/taastuvenergia\\_keskus/TEUK%20kogumikud/kogumik%20TEUK%20XVII\\_we b.pdf](http://tek.emu.ee/userfiles/taastuvenergia_keskus/TEUK%20kogumikud/kogumik%20TEUK%20XVII_we b.pdf)



**Textbooks and other publications for learning purposes (6.2.):**

- Kaasik, M., T. Kallaste, V. Kimmel, M. Maasikmets, S. Noe, H. Orru, O. Roots, E. Tamm, E. Teinemaa (2015). Editor: V. Kimmel. Õhusaaste käsiraamat [Air Pollution Manual ]. Tallinn, Ajakirjade Kirjastus. ISBN 978-9949-39-074-8, 126 p.

**INPUT TO POLICYMAKING**

With our work we provide input into analysing problematic issues in society and finding alternative solutions both in Estonia and in the Baltic Sea Region as well as at the European level (see chapter Research Fields).

**Policy processes in Estonia**

Under the direction of Dr. Harri Moora active contributions were made to several analyses and surveys on shaping the Estonian waste management policy. Commissioned by the Estonian Ministry of the Environment, three waste surveys were carried out outlined in more detail in the section Overview of the Research Fields – Environmental Management.

Dr. Kaja Peterson was chosen to lead the Estonian Sustainable Development Commission in 2015. During the two previous years she had held the position of vice-chairwoman in the organisation. The Sustainable Development Commission organised five sessions and several thematic discussions (development plan on the internal security, focus report “Survey on Estonian men”, plan on competitive strength “Estonia 2020”, proposal to renew “Sustainable Estonia 21”). As a chairwoman of the Sustainable Development Commission, Kaja Peterson also participated at the Sustainable Development Summit at the UN headquarters in New York as a member of the Estonian delegation.

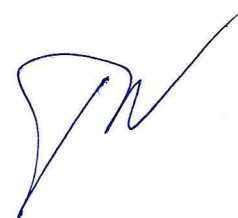
**Work in commissions and working groups:** SEI Tallinn’s experts share their expert knowledge by participating in the work of various commissions and working groups. As a founding member of the Estonian Council of Environmental NGOs (EKO), SEI Tallinn contributes to the work of the following committees: member of the Commission on Environmental Impact Assessment expert licences at the Ministry of the Environment, Estonian Commission of Sustainable Development at the Government Office; the Energy Council of the Ministry for Economy and Communications, the Monitoring Commission of Rural Development Plan (RDP) 2007-2013, Steering Committee and Monitoring Committee of the Transport Strategy 2014-2020, Steering Committee of National Oil Shale Development Plan 2016-2030. SEI Tallinn is also a founding board member of the Estonian Association for Environmental Management (EKJA). Through the hosting of the secretariat, we contribute to the development of environmental management of the companies belonging to the Association.

SEI Tallinn’s experts also belong to the Environmental Commission and the City Management Commission of Tallinn City Council, the steering group of the Republic of Estonia Environmental Board, Tallinn City Council the Commission of Energy of the Estonian Academy of Sciences as well as the expert group on Economic Impact of Energy Market Development Plan 2030.

**Participation in the compilation and evaluation of the policies and development plans:** SEI Tallinn experts gave their assessments to the following national processes and documents - Environmental Impact Assessment Reports (TAK, ENMAK 2030+, PAK), Framework Plan for Environmental Charges; Framework of the National Climate Policy; and National Strategy for Climate Adaptation. Experts were involved in the compilation of the policy proposals and plans of EKO, including the Transport Development Plan (TAK) 2014-2020, the National Energy Development Plan (ENMAK) 2030+, National Oil Shale Development Plan 2016-2030, impact assessment of the national waste management policy and regulation.

**Policy development processes in the Baltic Sea Region and EU**

Harri Moora participated in the assessment of the implementation of the European Union policies on waste / legislation requested by the European Commission. Evelin Urbel-Piirsalu participated at the 20 years of EMAS (EU Eco-management and Audit Scheme) jubilee conference since SEI Tallinn has throughout the years supported and





promoted the EMAS certification in Estonia, as well as consulted the organisations to apply for the EMAS certification.

Valdur Lahtvee from SEI Tallinn, upon the request of the European Commission, participated in the assessment of various development plans such as the implementation plans of Structural funds 2014-2020 as well as the assessment of the efficiency, feasibility and accordance with policy goals of measures. Lahtvee has also actively participated in policy dialogue between the European Commission and stakeholders on new policy initiatives either directly or through Environmental NGO networks like Green Budget Europe and Transport and Energy, etc.

SEI Tallinn experts Tea Nõmmann, Aljona Karlõseva and Sulev Nõmmann participated in the social and economic analysis working group set up for the implementation of the European Commission's Marine Strategy Framework Directive in order to exchange information and to harmonize the methods of compiling the programme of measures for the Estonian Maritime Strategy.

SEI Tallinn's experts also applied for funding from LIFE in collaboration with HELCOM in order to develop methodologies to assess the HOLAS II ecosystem, that SEI Tallinn is also contributing to. In addition, SEI Tallinn continued participating at the CBSS meetings.

Dr. Kaja Peterson participated as a review editor in the working group of the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) working under the auspices of the UN, concentrating on the topic of pollinators, pollination and its connection with food production, with the aim of developing policy recommendations. The discussions were held at the UN Food and Agriculture Organisation (FAO) headquarters in Rome.

## CAPACITY BUILDING

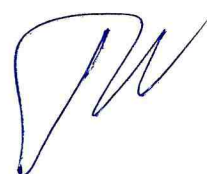
The SEI Tallinn mission - to motivate sustainable change – makes it important to share knowledge with key stakeholders. In 2015, numerous trainings were conducted on themes such as impact assessment, environmental education, business and institutional ecological footprint reduction, as well as energy conservation. For example:

- Education for Sustainable Development – a series of training courses for teams of primary and gymnasium teachers and non-formal education specialists (Client - Environmental Board)
- University course „Sustainable design“ (as part of the Project Innolabs, ERASMUS+), a collaboration between the Estonian Academy of Arts and SEI Tallinn
- Strategic Leadership towards Sustainability, lectures in Tallinn Technical University (Client - Tallinn Technical University, Department of Environmental Engineering)
- Promotion and implementation of Green Office scheme in Estonia - a series of training courses for businesses and public bodies (SEI Tallinn, financier Estonian Environmental Investment Centre)
- Coordination of Green Key and trainings in Estonia (Client - Enterprise Estonia (EAS))
- Reducing ecological footprint – training for SMEs (SEI Tallinn, financier Estonian Environmental Investment Centre)
- Conducting Energy Saving Workshops at regional environmental education conferences for teachers (Service for government authorities, Client - Environmental Board)

## OVERVIEW OF THE RESEARCH FIELDS

### ENVIRONMENTAL MANAGEMENT

Projects in 2015 contributed mainly to the sustainable consumption and production in Estonia and other countries in the Baltic Sea region. The majority of the programme activities were directed at the implementation of resource efficiency, sustainable waste management and integrated product policy (IPP) instruments including environmental





management systems and environmental management tools. For example, the implementation of simple environmental management systems and the Green Office system were promoted as suitable for small businesses. The experts worked closely with the Estonian Association for Environmental Management, Enterprise Estonia and the Estonian Chamber of Commerce and Industry to educate and consult companies on environmental management issues.

SEI Tallinn experts actively participated in the Estonian waste management policy development and impact assessment of the related legislation. At the request of the Ministry of the Environment, SEI Tallinn conducted three studies – an overview of the working mechanisms of the collection and handling models of electric and electronic appliances and batteries; a methodological guide for calculating the formation and recycling of municipal waste on a governmental level the; and as a continuation to the 2014 survey on food waste, an analysis of the amounts of food waste and reasons for its generation in the food retail and industry, commissioned by the Ministry of the Environment.

In addition to the work carried out in the field of waste policy and resource efficiency, the topics of eco-innovation and environmental management were on the agenda. The Environmental Management programme contributed actively to the International Erasmus+ programme Project „Innolabs“ (Student Innovation Labs – a way to sustainable and socially responsible growth). The aim of the project is to increase the design and innovation education in Estonia, Latvia and Cyprus, thereby raising the knowledge and innovation capacity of students and enterprises and through this contribute to the sustainable economic development of these countries.

## ENVIRONMENTAL ECONOMICS

The year 2015 saw the continuation of the project on the Assessment methods for ecosystem services. The project's overall aim is to contribute to the decrease of biodiversity loss in riverine habitats and of ecosystems in the European Union by supporting the situation and the restoration of ecosystems and ecosystem services in Estonia. In collaboration with partners, the project foresees development of the methodologies of mapping and assessing marine and inland water ecosystem services, the compilation of a list of environmental indicators for monitoring ecosystem services, recommendations for the assessment methods for ecosystem services will be worked out in order to find monetary values of pilot water bodies. The role of SEI Tallinn's experts is to compile the assessment methodology and value assessment through two case studies.

Another important project that has started is compiling the Estonian Marine Strategy in collaboration with the Tartu University Marine Institute and the Tallinn University of Technology Marine Systems Institute. While compiling the Marine Strategy, the cost-effectiveness of the measures and the socio-economic impact of the strategy was analysed. The Marine Strategy is necessary for the Republic of Estonia in order to build the capacity for managing the pressure factors influencing the marine environment. Both the above mentioned projects are financed by the EEA Financing mechanism 2009-2014, programme "*Integrated Marine and Coastal Management*".

Work was continued on the project *Measure What Matters*, a global initiative aiming to bring greater alignment between business, national and global measures of 'success' towards the needs of people and planet. Led by GEC ([Green Economy Coalition](#)), the project brings together SEI ([Stockholm Environment Institute](#)), A4S ([The Prince's Accounting for Sustainability Project](#)), GRI ([Global Reporting Initiative](#)) and IIED ([International Institute for Environment and Development](#)). SEI Tallinn's experts are participating in the project by researching the approach of sustainable capital and the green economy indicators of companies.

Commissioned by the Stockholm International Water Institute (SIWI), work on creating the background document for the international project Source to Sea platform or the UN Global Environment Fund (GEF), was started.

The programme also participated in the work of SEI's initiatives Transforming Development and Disaster Risk and Producer and Consumer Sustainability, also in the international projects samuti Better Finance for Sustainable Energy Transitions in Africa and ENSO Expert Network on Second Opinions.



A scientific article on the project GES-REG (*Good Environmental Status through Regional Coordination and Capacity Building*) finished in 2013 was published about the results of the socio-economic analysis on assessing the value of a planned wind park and marine protection area north of Hiiumaa island.

## CLIMATE AND ENERGY

The most important study to highlight in 2015 is the Estonian Climate Adaptation Strategy for Infrastructure and Energy (ENFRA) commissioned by the Ministry of the Environment. In addition to assembling the large-scale study, a two-day training on climate change adaptation was organised during the study, led by the Fridtjof Nansen Institute (Norway). Also, various other trainings were carried out to a number of local experts during the course of the project.

Work continued on the joint project among Nordic countries, NORSTRAT, by drawing up scenarios on the Baltic energy market developments and comparing them using the energy scenario modeling tool LEAP.

Work continued also on the project Short Lived Climate Pollutants (SLCP), with the aim of

to promoting the Estonian authorities and experts to evaluate the skills of SLCP emission projections and to compare the costs and benefits of policy measures dealing with emissions.

The project HERON was launched coordinated by the National and Kapodistrian University, (Greece, Athens), for the evaluation and mapping of the social, economic, cultural and educational barriers in the buildings and transport sectors, using the modelling tool LEAP.

In addition, work was started for reviewing the Directive 2003/87/EC on greenhouse gas emission allowance trading for the period 2021-2030 and its impact on Estonia. This study analyzed whether and to what extent would reforming the directive influence the installations in Estonian listed as bearing a significant risk of carbon leakage.

## SUSTAINABLE DEVELOPMENT

Work in the field tend to focus mostly on introducing the principles of sustainable development, policy impact assessments, sustainable transport and mobility and the development of methods of urban ecology.

The highlights of 2015 include the project BioClim, commissioned by the Ministry of the Environment and carried out in collaboration with the Estonian University of Life Sciences. As part of the project, extensive chapters on the biodiversity and bio-economy sectors were created for the climate change adaptation strategy and implementation plan. The study defined ecosystem services in 11 sub-domains and assessed their vulnerability to climate risks. Also, a cost estimate for the whole policy document up to 2030 and to 2050 was created.

The programme contributed to the drawing up the fundamentals of climate policy for the transport field, as commissioned by the Ministry of the Environment. A separate area of work comprised the projects carried out Tallinn City Environment Department: compiling the biodiversity monitoring plan, putting together the application for Tallinn City to become the European Green Capital, as well as organising the conference Human Impact on the Tallinn Environment.

Experts participated in a number of committees and expert teams. The Programme Director led the work of the Sustainable Development Commission working under the auspices of the Government Office.

As part of international surveys, the FP7 project FLAGSHIP included a case study on the long-term development plan of the energy sector as well as amending the future scenarios for Europe. The BONUS programme project "Go4Baltic" was launched, aiming at draw up recommendations to reduce the eutrophication of the Baltic Sea by researching the policy coherence, synergies and conflicts of the Baltic Sea countries and international environmental and agricultural policies.





## ORGANISATION

### MANAGEMENT

Daily activities of SEI Tallinn are coordinated by a single-member Management Board (Director Tea Nõmmann). The Management Board is supervised by the SEI Tallinn three-member Supervisory Board. At the time of the annual report approval in January 2015, there are three members on the SEI Tallinn Supervisory Board: Jakob Granit, Linnar Viik and Erik Puura. Members of the Supervisory Board are appointed by the founder, Stockholm Environment Institute.

Belonging to the SEI international network SEI Tallinn follows the SEI strategy and policies, and staff is involved in the management and operation.

The Director Tea Nõmmann is a member of the SEI Management Team (MT), which consists of all Centre Directors and other Directors. MT is a decision making body in terms of SEI Wide policies and strategies.

SEI Tallinn's Senior Expert Dr Evelin Urbel-Piirsalu is a co-leader of SEI research theme 4 - Rethinking development. Marketing and Communication Manager Helen Saarniit participates in the SEI global communications team and publications publishing teamwork. Külli Freimann manages and coordinates the Institute's performance monitoring system (Planning, Monitoring, Evaluation and Communication - PMEC) in SEI Tallinn.

### Research Management

The Stockholm Environment Institute Strategy 2015-2019 is focusing on eight main initiatives:

- *Behaviour and choice*
- *Low emission development pathways*
- *Climate finance*
- *Producer to consumer sustainability*
- *Transforming development and disaster risk reduction*
- *The water, energy and food nexus*
- *Sustainable sanitation*

The SEI Tallinn research foci are in line with SEI strategic themes. Operational research work in SEI Tallinn is carried out in four programs. SEI research themes are divided by SEI Tallinn programs as follows: (1 – managing environmental systems, 2 – reducing climate risks, 3 - transforming governance, 4 – rethinking development) in the following way:

*Table1 SEI Tallinn and SEI research themes*

	Environmental Management	Climate and Energy	Sustainable Development	Environmental Economy
<b>1. Managing environmental systems</b>			✓	✓
<b>2. Reducing climate risks</b>	✓	✓		
<b>3. Transforming governance</b>	✓	✓	✓	✓
<b>4. Rethinking development</b>	✓	✓	✓	✓





## COMMUNICATION

In 2015, SEI Tallinn had a part-time communications expert during the first half of the year and a full time marketing and communication manager during the second half of the year. The practice of sending out SEI Tallinn's quarterly newsletters including the most important news items, was continued.

For the first time, SEI Tallinn participated at the Swedish opinion week in Almedalen and the similar Opinion Festival held in Paide, Estonia. In the latter, SEI Tallinn's experts participated in discussions in four panels: Mari Jüssi participated in the discussion about establishing a speed limit of 80km/h in Estonia, Harri Moora was part of the discussion *The „best before“ of food waste is due. What next;* and Ann Runnel organised a discussion on the topic *How could Estonia be more noticed in the world in the field of environment-friendly innovations?* as well as participating in the discussion *Is it possible to change the world?*

SEI Tallinn started a collaboration with the Estonian Health Care Museum in the context of the photo exhibition *The food of the future* (a collaboration between *National Geographic* and the museum). SEI Tallinn's Programme Director Harri Moora gave interviews to the media regarding the exhibition more specifically on the trends of food waste in Estonia and in the world, as well as doing a training to the Health Care Museum's staff working with school groups, on the topic of food waste. The collaboration with the museum will also continue in the year to come when SEI Tallinn's research on the topic of food waste will be used to open movie nights organised by the museum as part of the photo exhibition.

The topic catching most attention from the media were the results of the food waste survey launched at the beginning of the year.

Also, collaboration started with the new Russian-speaking TV channel in the Estonian media landscape, ETV+.

In 2015, SEI Tallinn continued to make wide use of the common SEI identity. Two project reports bearing the SEI visual identity were published during the year. At the end of December, SEI Tallinn gave up its parallel business name Estonian Institute of Sustainable Development, underlining its common international identity with the global organisation.

Collaboration between the SEI global communications team became more active as well as SEI Tallinn's contribution to the SEI webpage through web news items and Q&As.

One of the objectives of the current strategy period is to contribute to the improvement of the researchers' communication skills for the development of which there were many possibilities in the face of online trainings organised by the headquarters. SEI Tallinn also continued to develop the so-called peer-review system, which will further increase the quality and reliability of our work.

For the first time as part of its communication approach, SEI Tallinn started creating short videos and activated its Facebook profile, reflecting the SEI-wide digital redesign process started in 2015. The aim of the digital redesign is to update the SEI webpage and communication methods, by making the news feed more user friendly, responsive to web users in different world regions and more visual, by using all digital possibilities.

## EMPLOYEES

The main asset of SEI Tallinn is its employees. As of 31.12.2015, the number of our employees is 20, two of them on parental leave. The full time equivalent of employees as of 31.12.2015 was 16.8. There were the following changes in the composition of SEI Tallinn's staff in 2015: one senior and two junior experts left the organisation, a marketing and communication manager and two junior experts assumed office. Overall, the employee rotation in SEI Tallinn is low, the medium employment relationship being 9.7 years as of 2015.



Currently, there are a total of six experts in SEI Tallinn with doctoral degrees and nine with master's degrees, two of them participating in a doctoral programme. The qualification and self-development are important for the Institute. In 2015, the support for participation of employees at scientific conferences and international courses was continued through the SEI Tallinn Training Fund. At the beginning of the year development discussions were carried out with all employees.

Labor costs with social insurance payments comprised a total of 538,826 Euros (412,181 Euros in 2014), including fees paid to Board members. Social insurance payments totalled 65,748 Euros in 2015 (52,800 Euros in 2014).

## ENVIRONMENTAL MANAGEMENT AND THE WELFARE OF EMPLOYEES

The aim of SEI Tallinn's environmental policy is to 'walk our talk' and to undertake its activities as sustainably as possible to minimize its negative environmental impacts. The financial accounting system of SEI Tallinn (*Directo*) has been developed so that in addition to financial information, environmental impacts or our organisation are monitored on an ongoing basis. SEI Tallinn annually monitors the following environmental indicators: energy consumption, business travel (air travel) CO<sub>2</sub> formation, paper and water consumption etc.

SEI Tallinn's main environmental impacts are caused by the electricity used to heat the office and supply the IT equipment, as well as the business related air travel necessary for many of the international projects.

The well-being of employees is ensured, in addition to good and interesting work, by the pleasant working environment and health. SEI Tallinn takes care of their employees' health by organising regular health checks and supporting the staff health prevention annually. In 2015, also the physical environment of the Institute was improved through the renovation and renewal of several common premises, bringing freshness and colour into the working environment.

## FUNDING

SEI Tallinn's revenues totalled 779,000 euros (2014: 555,000 euros) in 2015, reaching the same level as before 2014 (the rise in revenues compared to 2014 was 40%). 74% of the revenues is made up by financing by grants and core funding and 26% revenue from business activities.

SEI Tallinn's public interest driven research, development and capacity building activities are financed by different sources. SEI Tallinn's income originates largely (over 50%) from public sector institutions (Estonian government and municipal institutions and other public sector organisations, as well as public sector institutions of the EU and other member states). The following table provides an overview of the institute's financial sources.

The main financial sources in 2015 and before can be seen in the following table. The biggest financial contributors to SEI Tallinn's projects were the EEA and Norway grants the European Commission and Estonian government institutions including Ministry of the Environment, Environment Investment Centre, Republic of Estonia Environmental Board, the Estonian Research Council, the company Eesti Energia AS and SEI (core funding and project co-funding).





**Table2. SEI Tallinn's funding sources (%) 2008-2015**

Funding sources (% of total annual revenues)	2015	2014	2013	2012	2011	2010	2009	2008
<b>European Commission</b>	12	15	35	44	43	47	30	27
<b>Other International Organizations (incl SEI)</b>	12	24	26	14	11	10	16	19
<b>EEA</b>	44	11	0	0	0	0	0	0
<b>Estonian Universities</b>	0	1	1	2	1	1	1	1
<b>Estonian Non-Governmental sector</b>	3	8	5	4	2	5	4	4
<b>Estonian Private Sector</b>	3	1	2	6	3	1	7	6
<b>Estonian Government Sector</b>	14	20	18	20	27	21	25	25
<b>Core Fund</b>	12	20	13	10	13	15	17	18
<b>TOTAL:</b>	100	100	100	100	100	100	100	100
<b>EUR thousand</b>	779	554	777	807	646	588	520	578

## Proposals and tenders

Altogether **43 proposals/tenders** were submitted by SEI Tallinn in 2015 for various research and development funding schemes and public tenders. Positive decisions were made in 13 cases (30%). Almost 3/4 of the proposals were submitted to international funding schemes (Interreg, Horizon 2020, Life + etc), the rest of the proposals to either Estonian funders (Environmental Investment Centre) or tenders (e.g. Ministry of the Environment, Government Office, Environmental Research Centre, Environmental Board and the companies).

## Partners in cooperation projects in 2015

### In Estonia:

- Marine Systems Institute at Tallinn University of Technology
- Department of Economy, Tallinn University of Technology
- Department of Thermal Engineering, Tallinn University of Technology
- Tallinn University, Institute of Ecology
- Estonian Marine Institute of Tartu University
- Estonian University of Life Sciences, Institute of Technology
- Estonian University of Life Sciences, **Institute of Agricultural and Environmental Sciences**
- Peipsi Centre for Transboundary Cooperation
- Estonian Fund for Nature
- Baltic Environmental Forum
- Estonian Environmental Research Centre
- Estonian Academy of Arts
- Tallinn Bird Club

### International:

- Belgium: University of Antwerp
- Bulgaria: The Centre for Inclusive Education, BG; Black Sea Energy Research Centre - BSERC
- Holland: Stichting NHL
- Italy: Istituto di Studi per l'Integrazione dei Sistemi (ISIS), Bocconi University
- Greece: National and Kapodistrian University of Athens
- Cyprus: Cyprus University of Technology
- Norway: SINTEF Energy; Norwegian The Fridtjof Nansen Institute (FNI)
- Germany: FGM-Amor; Rupprecht Consult



- Poland: University of Warsaw
- Sweden: Swedish University of Agricultural Sciences (SLU)
- Germany: Wuppertal Institute for Climate, Environment and Energy
- Serbia: University of Belgrade
- Finland: University of Helsinki; Natural Resources Institute Finland (LUKE)
- Great Britain: Oxford Brookes University
- Denmark: COWI A/S; Aalborg University; Roskilde University

## Overview of the works and customers/funders in 2015

Table 3. SEI Tallinn works and financiers in 2015

No	Project	Customer/Financer
<b>ENVIRONMENTAL MANAGEMENT</b>		
1	Green Ideas for Tourism for Europe (GIFT for Europe)	The Centre for Inclusive Education, BG / ERASMUS+
2	Implementation of the EU Eco-Management & Audit Scheme (EMAS) at the Tallinn City Government Environmental Board	Tallinn City Government Environmental Board
3	Development of the calculation model for municipal waste in Estonia	Ministry of the Environment
4	Survey on food waste in the Estonian food retail and industry sector	Ministry of the Environment
5	Conducting a sorting survey of mixed waste combusted in the Iru Power Plant	Eesti Energia AS
6	Overview of the working mechanisms of the collection and handling models of electric and electronic appliances and batteries	Ministry of the Environment
7	Strategic Leadership towards Sustainability, TUT lectures	Tallinn University of Technology Department of Environmental Engineering
8	Reducing the ecologic footprint of SMAs	Environmental Investment Centre
9	Promoting the Green Office system and the implementation of environmentally friendly tenders in Estonia	SEI York/ European Commission, FP7 Environment
10	Coordination of Green Key in Estonia	EAS / European Social Fund
11	Promoting the Green Office system and the implementation of environmentally friendly tenders in Estonia	Environmental Investment Centre
12	Assistance of the Estonian Association for Environmental Management	Estonian Association for Environmental Management (EKJA)
13	Sustainable innovation labs - Developing innovation platforms for the benefit of sustainable and socially responsible growth	Foundation for Society / ERASMUS+
<b>ENVIRONMENTAL ECONOMICS</b>		
14	Compiling the background paper for the Source to Sea platform in collaboration with SIWI for the UN Global Environment Facility (GEF)	Stockholm International Water Institute (SIWI)
15	Development of methods for assessment, valuation and mapping of ecosystem services of marine and inland waters	Ministry of the Environment; project coordinator Peipsi Centre for Transboundary Cooperation / EEA Grants (Integrated Marine and Inland Water Management), Estonian

16	Measure What Matters	SEI York/ Mava Foundation
17	Developing a Programme of Measures for the Estonian Marine Strategy	Estonian Environmental Research Centre / EEA Grants (Integrated Marine and Inland Water Management)
18	Better Finance for Sustainable Energy Transitions in Africa	SEI Africa / Sida
19	Expert Network on Second Opinions (ENSO)	SEI Stockholm / CICERO
20	SEI Initiative Producer to Consumer Sustainability	SEI / Programme Support New Initiatives
21	SEI Initiative Transforming Development and Disaster Risk	SEI / Programme Support New Initiatives
<b>CLIMATE AND ENERGY</b>		
22	ENFRA - Estonian National Climate Adaptation Strategy for Infrastructure and Energy	Ministry of the Environment / EEA support
23	HERON - Forward-looking socio-economic research on energy efficiency in EU countries in the sector of housing and transport	EC Horizon 2020; project coordinator: National and Kapodistrian University of Athens, Greece
24	NORSTRAT - Nordic power road map 2050: Strategic choices towards carbon neutrality	SINTEF Energi AS / Nordic Energy Research
25	Study on „Examining the Greenhouse gas emission allowance trading directive 2003/87/EC for the period 2021-2030 and its impact for Estonia"	Ministry of the Environment
26	Capacity Building on Short Lived Climate Pollutants (SLCP) in Estonia	Environment Investment Centre
27	Overview of fulfilling the EU climate policy goals in Estonia and assessment on the EU climate policy goals' correspondence in Estonia when implementing the EU structural measures 2014-2020	COWI A/S, Denmark / European Commission, DG Climate Action
28	Transposition and implementation of the EU Energy Directive	UAB "DGE Baltic Soil and Environment"
<b>SUSTAINABLE DEVELOPMENT</b>		
29	Coherent policies and governance of the Baltic Sea Ecosystems/ Go4Baltic	Arhus University, Denmark (project coordinator) /European Commission, BONUS: Sustainable ecosystem services, Estonian Research Council
30	BIOCLIM – Climate change adaptation strategy and measures for thematic fields of natural environment and bioeconomy	Ministry of the Environment / EEA support
31	FLAGSHIP - Forward Looking Analysis of Grand Societal Challenges and Innovative Policies	European Commission, FP7 Socio-Economic Sciences and Humanities / coordinator (ISIS), Italy
32	Analysis of the Tallinn City application to the Commission on the European Green Capital Award	Tallinn City Environment Department
33	EKO study on transport governance	Estonian Council of Environmental NGOs (EKO)
34	Education for Sustainable Development – series of training courses for teams of primary and gymnasium teachers and non-formal education specialists	Tallinn University, Institute of Ecology / Environmental Board



35	EU-wide establishment of enduring national and European support networks for sustainable urban mobility/ ENDURANCE	EPOMM - European Platform on Mobility Management (project coordinator) / European Commission, IEE Intelligent Energy Europe; SEI matching funds
36	The foundations of the Estonian climate policies – leading the transport working group	Ministry of the Environment
37	Tallinn biodiversity action plan	Tallinn City Environment Department
38	Conference "Human impact on the Tallinn environment " (January 2016)	Tallinn City Environment Department
39	Participation at the work of the Estonian Council of Environmental NGOs	Ministry of the Environment

## SEI TALLINN'S GOALS FOR 2016

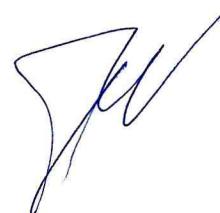
In 2016, SEI Tallinn shall continue its ongoing work and further development of its competence in the field of analysing policy impact on sustainable development, environmental management, climate and energy research, as well as environmental economics.

Our goal in 2016 is the continuous implementation of the global cross-SEI organization strategy (2015-2019). Since several rounds of the various EU funding program calls will be open in 2016, an important objective is the preparation of societally important, value-adding, and successful applications for international funding, and the development of successful project teams.

In 2016, new projects financed by the EU and EEA such as BLASTIC, NATTOURS, Gift for Europe, HELCOM TAPAS) will be launched. Ending projects include Endurance, Developing the Methodologies of Mapping, Assessing and Valuing Marine and Inland Water Ecosystem Services, Developing a Programme of Measures for the Estonian Marine Strategy, and Innolabs.

In the autumn of 2016, SEI Tallinn will organise the next edition of the Sustainable Development Forum, this year concentrating on the topic of food production and waste.

At the time of the annual report compilation in January 2016 there are about **30** projects in process.

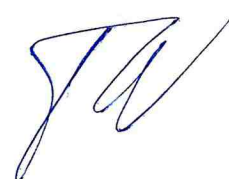


## The Financial Statements

### Balance sheet

(in euros)

	31.12.2015	31.12.2014	Note
Assets			
Current assets			
Cash and cash equivalents	296,014	233,739	2
Receivables and prepayments	161,515	199,958	3
<b>Total current assets</b>	<b>457,529</b>	<b>433,697</b>	
Non-current assets			
Receivables and prepayments	5,686	0	3
Property, plant and equipment	26,639	13,160	5
<b>Total non-current assets</b>	<b>32,325</b>	<b>13,160</b>	
<b>Total assets</b>	<b>489,854</b>	<b>446,857</b>	
Liabilities and net assets			
Liabilities			
Current liabilities			
Payables and prepayments	273,075	223,804	7
<b>Total current liabilities</b>	<b>273,075</b>	<b>223,804</b>	
<b>Total liabilities</b>	<b>273,075</b>	<b>223,804</b>	
Net assets			
Foundation/Issued capital	87,151	87,151	
Reserves	7,785	15,973	
Accumulated surpluses (deficits) from previous periods	119,929	115,668	
Surplus (deficit) for annual period	1,914	4,261	
<b>Total net assets</b>	<b>216,779</b>	<b>223,053</b>	
<b>Total liabilities and net assets</b>	<b>489,854</b>	<b>446,857</b>	

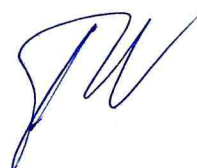




## Statement of activities

(in euros)

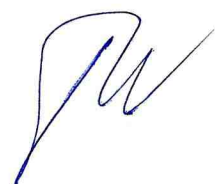
	2015	2014	Note
Revenue			
Donations and grants	576,481	363,721	8
Business income	202,412	191,688	9
<b>Total revenue</b>	<b>778,893</b>	<b>555,409</b>	
Expenses			
Miscellaneous operating expenses	-225,944	-130,299	10
Labour expense	-538,826	-416,248	11
Depreciation and impairment of non-current assets	-11,032	-3,900	5
Other expenses	-1,138	-999	
<b>Total expenses</b>	<b>-776,940</b>	<b>-551,446</b>	
<b>Surplus (deficit) from operating activities</b>	<b>1,953</b>	<b>3,963</b>	
Other financial income and expenses	-39	298	
<b>Net surplus (deficit) for annual period</b>	<b>1,914</b>	<b>4,261</b>	



## Statement of cash flows

(in euros)

	2015	2014	Note
Cash flows from operating activities			
Surplus (deficit) from operating activities	1,953	3,963	
Adjustments			
Depreciation and impairment of non-current assets	11,032	3,900	5
Profit (loss) from sale of non-current assets	128	0	5
Other adjustments	-8,188	0	
<b>Total adjustments</b>	<b>2,972</b>	<b>3,900</b>	
Changes in receivables and prepayments related to operating activities	32,757	82,923	3
Changes in liabilities and prepayments related to operating activities	49,271	-8,819	7
Interest received	19	15	
Interest paid	-58	0	
<b>Total cash flows from operating activities</b>	<b>86,914</b>	<b>81,982</b>	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-24,639	-8,553	5
<b>Total cash flows from investing activities</b>	<b>-24,639</b>	<b>-8,553</b>	
<b>Total cash flows</b>	<b>62,275</b>	<b>73,429</b>	
Cash and cash equivalents at beginning of period	233,739	160,018	2
<b>Change in cash and cash equivalents</b>	<b>62,275</b>	<b>73,429</b>	
Effect of exchange rate changes	0	292	
Cash and cash equivalents at end of period	296,014	233,739	2





## Statement of changes in net assets

(in euros)

				Total net assets
	Foundation/ Issued capital	Reserves	Accumulated surplus (deficits)	
<b>31.12.2013</b>	87,151	17,843	115,668	220,662
Net surplus (deficit) for annual period	0	0	4,261	4,261
Changes in reserves	0	-1,870	0	-1,870
<b>31.12.2014</b>	87,151	15,973	119,929	223,053
Net surplus (deficit) for annual period	0	0	1,914	1,914
Changes in reserves	0	-8,188	0	-8,188
<b>31.12.2015</b>	87,151	7,785	121,843	216,779

As of 31.12.2015 the reserve fund under the net assets comprises a training fund in amount of 3,491 euros (2014: 5,927) and a support fund for operating activities in amount of 4,294 euros (2014: 10,046). In 2015 the use of the training fund for workforce development activities amounted to 2,436 euros and the use of the reserve fund formed to support the operating activities amounted to 5,752 euros.



## Notes to the Financial Statements

### Note 1 Accounting policies

#### General information

The financial statements of SEI Tallinn SA (foundation) have been prepared in accordance with the Generally Accepted Accounting Principles of Estonia and utilizing the acquisition cost model, unless otherwise specified in the accounting policies below. The Estonian Generally Accepted Accounting Principles are based on internationally acknowledged accounting and reporting principles, whose main requirements are stipulated in the Accounting Act of the Republic of Estonia and supplemented by the guidelines issued by the Accounting Standards Board.

The financial statements have been prepared in euros, unless specified otherwise.

#### Cash

Cash equivalents comprise short-term highly liquid investments that can be converted into a known amount of cash and that do not involve any significant risk of market value change, incl. cash in hand and on bank accounts, fixed-term deposits of up to 3 months and shares of interest market fund.

#### Foreign currency transactions and financial assets and liabilities denominated in foreign currencies

Foreign currency transactions have been reported based on official rates of the European Central Bank prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euros as of the balance sheet date based on the official exchange rates of the European Central Bank prevailing on the balance sheet date.

Profits and losses from foreign currency transactions are recorded in the statement of activities of the reporting period.

#### Receivables and prepayments

All receivables (e.g. accounts receivable, accrued income, and other short-term and long-term receivables), except receivables acquired for resale, are generally reflected at adjusted cost in the balance sheet.

The adjusted cost of short-term receivables is generally equal to their nominal value (less possible discounts), therefore the short-term receivables are reflected at their estimated collectible amounts (reflected for example in the invoice, contract or any other source document) in the balance sheet.

#### Property, plant and equipment and intangible assets

Assets with an acquisition cost of over 320 euros and useful life exceeding one year are accounted for as property, plant and equipment. Items with a useful life of over one year, but whose acquisition cost is below 320 euros, are classified as low-value items until taken into use and are fully expensed when the asset is taken into use. Expensed low-value assets are accounted for off the balance sheet.

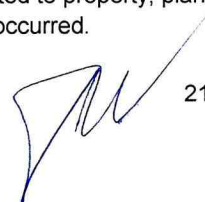
Items of property, plant and equipment are initially recognised at their acquisition cost, which comprises the purchase price and any costs directly attributable to the acquisition.

After recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and possible accumulated impairment losses.

If an item of property, plant and equipment consists of separately identifiable parts which have different useful lives, the parts are accounted for as separate asset items and are assigned depreciation rates which correspond to their useful lives.

Subsequent costs related to an item of property, plant and equipment, such as the costs of replacing part of it, are recognised in the carrying amount of the item if the following conditions are met:

(a) it is probable that there are future economic benefits associated with the costs, and (b) these costs can be measured reliably. The carrying amount of the parts which are replaced is derecognised. All other costs related to property, plant and equipment are recognised as an incurred expense over the period when the respective expense occurred.





Items of property, plant and equipment are depreciated using the straight-line method. Each item is assigned a depreciation rate which corresponds to its useful life.

Items of property, plant and equipment are depreciated until their residual value exceeds their carrying amount. The residual value of an asset is the amount that the company would currently obtain from disposal of the asset, if the asset were already of the age and in the condition expected at the end of its useful life.

The depreciation methods, depreciation rates and residual values of property, plant and equipment are reviewed at least at the end of each financial year and, if expectations differ from previous estimates, the changes are recognised prospectively.

The company assesses the carrying amount of an item of property, plant and equipment should any circumstances indicate that an asset may be impaired. Upon the presence of such circumstances the company shall conduct an assessment of the impairment. If the carrying amount of an asset exceeds its estimated recoverable amount, the asset or the cash-generating unit to which the asset belongs is written down to its recoverable amount. The recoverable amount of an asset is the current value of estimated cash flows (value in use) to be derived from the asset or the fair value of the asset, less selling costs, depending on which of these values is higher. Where necessary, the fair value of an asset is determined with the assistance of independent experts. Impairment losses on assets are recognised in the statement of activities as "Depreciation and impairment of non-current assets".

If there is any indication that the recoverable amount of an asset exceeds the carrying amount, the impairment loss recognised in prior periods is reversed and the carrying amount of the asset is increased; however, the amount attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined had no impairment loss been previously recognised for the asset. A reversal of an impairment loss is recognised in the statement of activities in the same row in which the original impairment loss was recognised.

The carrying amount of an item of property, plant and equipment is derecognised when the item is disposed of or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included as other operating income or other operating expenses in the statement of activities of the period in which the item is derecognised.

#### **Minimal acquisition cost 320**

##### **Useful life of non-current assets (in years)**

Asset group	Useful life
Furniture	10
IT	2.5-5
Other property, plant and equipment	2.5-5

#### **Leases**

In the case of operating leases, the leased assets are carried in the balance sheet of the lessor. Operating lease payments are recognised as lessor's income and lessee's expense on a straight-line basis over the lease period.

#### **Financial liabilities**

Financial liabilities are recognised initially at their acquisition cost, which is the fair value of the remuneration received for the financial liability. After initial recognition, financial liabilities are measured at an adjusted acquisition cost based on an effective interest rate. Transaction costs are taken into consideration upon calculating the effective interest rate, and charged to expenses over the term of the financial liability. Financial liabilities acquired for resale are measured at their fair value and any changes in the fair value are recorded in the statement of activities. Interest expenses related to the financial liability are recognised as an expense when incurred and presented in the statement of activities as financial income and expenses. Financial liabilities are derecognised when the obligations have been discharged, cancelled or expire.

#### **Donations and grants**

Accounting for received donations and grants (incl. receipts for specific purposes) is based on the following principles:

(a) donations and grants not designated for a specific purpose are recognised as income when the donation/grant becomes available;

(b) donations and grants designated for specific purposes are recognised as income when the donation/grant becomes available and the accompanying conditions are met.

### Revenue

Revenue of SEI Tallinn is based on three different financing principles: core funding, project funding and business revenue.

- *SEI core funding* is project funding by the Stockholm Environment Institute (SEI), which mainly covers SEI-Tallinn's general administrative expenses.
- *Other project funding* received is used to cover operating expenses of specific projects funded by the donor. These funds are reported in the balance sheet as liabilities (prepayments) and as revenue in the amount of the project's expenses during the period or depending on the proportion of execution.
- *Business revenue* comprises all other revenue (sale of different services, sale of books etc.) and work performed outside project funding e.g. revenue from projects related to conducting environmental audits and consultations on integrated environmental permits etc. In addition, competitive trainings (e.g. ISO standards, environmental management etc.) are also reflected in this section.

Revenue from the sale of services is reflected upon the rendering of services.

Interest income is recognised on accrual basis using internal interest rates.

### Expenses

Expenses are recognised in the same period as the income related to them. Expenses, which are likely to be used for earning economic profit in future, are reflected as assets when they arise and are reflected as expenses during the period(s) they give profit (e.g. costs of property, plant and equipment). Expenses, which are used for creating income during the accounting period or are not used for creating income, are reflected as expenses in the period when they occur.

### Related parties

In preparing the annual report of SEI Tallinn SA, related parties are the founder of the foundation and legal entities in the founder's consolidation group, chief management, supervisory board members, close family members of the above mentioned individuals and enterprises under their control or material influence.

According to the assessment of the company management, the prices used in transactions with related parties do not considerably differ from market prices.

In 2009 the foundation created a reserve fund under the net assets to support the operating activities in amount of 40,264 euros. This fund is used to cover the expenses related to the programs of operating activities if the grants and business income of the annual period do not cover the expenses of the programs for the annual period to the full extent. In addition to the mentioned sub-fund, the foundation has also established a training fund to support the development activities of employees, whereas the development activities may comprise participation in professional conferences and training and other such activities, which are not related to specific projects but are important for the foundation's development.

## Note 2 Cash and cash equivalents

(in euros)

	31.12.2015	31.12.2014
Cash at bank	296,014	233,739
<b>Total cash and cash equivalents</b>	<b>296,014</b>	<b>233,739</b>



### Note 3 Receivables and prepayments

(in euros)

	31.12.2015	Allocation by remaining maturity		Note
		Within 12 months	Within 1-5 years	
Accounts receivable	164,868	159,182	5,686	
Accounts receivable	164,868	159,182	5,686	
Tax prepayments and receivables	322	322	0	7
Prepayments	2,011	2,011	0	
Deferred expenses	2,004	2,004	0	
Other paid prepayments	7	7	0	
<b>Total receivables and prepayments</b>	<b>167,201</b>	<b>161,515</b>	<b>5,686</b>	

	31.12.2014	Allocation by remaining maturity		Note
		Within 12 months	Within 1-5 years	
Accounts receivable	198,502	198,502	0	
Accounts receivable	198,502	198,502	0	
Tax prepayments and receivables	113	113	0	7
Prepayments	1,343	1,343	0	
Deferred expenses	1,328	1,328	0	
Other paid prepayments	15	15	0	
<b>Total receivables and prepayments</b>	<b>199,958</b>	<b>199,958</b>		

### Note 4 Tax prepayments and liabilities

(in euros)

	31.12.2015		31.12.2014	
	Prepayment	Liability	Prepayment	Liability
Value added tax	0	16,880	0	9,954
Personal income tax	0	5,190	0	4,419
Income tax on fringe benefits	0	489	0	659
Social tax	0	12,055	0	9,029
Contributions to mandatory funded pension	0	569	0	388
Unemployment insurance tax	0	689	0	696
Other tax prepayments and liabilities	222	0	13	720
Prepayment account balance	100		100	
<b>Total tax prepayments and liabilities</b>	<b>322</b>	<b>35,872</b>	<b>113</b>	<b>25,865</b>

See also Notes 4 and 7.



## Note 5 Property, plant and equipment

(in euros)

				Total
	Computers and computer systems	Machinery and equipment	Other property, plant and equipment	
<b>31.12.2013</b>				
Acquisition cost	28,307	28,307	40,055	68,362
Accumulated depreciation	-19,800	-19,800	-40,055	-59,855
<b>Residual cost</b>	8,507	8,507	0	8,507
Acquisitions and additions	880	880	7,673	8,553
Other acquisitions and additions	880	880	7,673	8,553
Depreciation	-3,728	-3,728	-172	-3,900
<b>31.12.2014</b>				
Acquisition cost	28,021	28,021	46,198	74,219
Accumulated depreciation	-22,362	-22,362	-38,697	-61,059
<b>Residual cost</b>	5,659	5,659	7,501	13,160
Acquisitions and additions	20,167	20,167	4,472	24,639
Depreciation	-9,510	-9,510	-1,522	-11,032
Other changes	-128	-128	0	-128
<b>31.12.2015</b>				
Acquisition cost	36,828	36,828	50,670	87,498
Accumulated depreciation	-20,640	-20,640	-40,219	-60,859
<b>Residual cost</b>	16,188	16,188	10,451	26,639

## Note 6 Operating lease

(in euros)

### Accounting entity as lessee

	2015	2014
Operating lease expense	21,975	22,183

Future operating lease expense under non-cancellable lease contracts		
	31.12.2015	31.12.2014
within 12 months	15,338	15,925
within 1-5 years	22,512	35,959

Operating lease expense comprises the expenses related to the lease contract of the office and the operating lease expense of a car. The interest rate agreed in the operating lease contract of the car is 3.50 + 6-month Euribor, the contract period will end in 2017.

## Note 7 Payables and prepayments

(in euros)

	31.12.2015	within 12 months	Note
Supplier payables	34,086	34,086	
Employee payables	25,451	25,451	
Tax payables	35,872	35,872	3
Other payables	774	774	
Other accrued expenses	774	774	
Prepayments received	176,892	176,892	
<b>Total payables and prepayments</b>	<b>273,075</b>	<b>273,075</b>	
	31.12.2014	within 12 months	Note
Supplier payables	43,406	43,406	
Employee payables	13,380	13,380	
Tax payables	25,865	25,865	3
Other payables	460	460	
Other accrued expenses	460	460	
Prepayments received	140,693	140,693	
<b>Total payables and prepayments</b>	<b>223,804</b>	<b>223,804</b>	

## Note 8 Donations and grants

(in euros)

	2015	2014
Grants for operating expenses	576,481	363,721
<b>Total donations and grants</b>	<b>576,481</b>	<b>363,721</b>

The Management Report provides information on SEI Tallinn's funding sources for the total annual revenues during the period 2008-2015.



**Note 9 Business income**

(in euros)

	2015	2014
Sales revenue (other international organizations)	8,624	13,920
Sales revenue (EEA)	82,500	49,500
Sales revenue (Estonian public sector)	73,200	74,436
Sales revenue (Estonian private sector)	21,500	5,557
Sales revenue (Estonian educational institutions)	2,617	3,350
Sales revenue (other Estonian organizations)	13,971	35,560
Sales revenue (SEI Stockholm)	0	9,365
<b>Total business income</b>	<b>202,412</b>	<b>191,688</b>

The Management Report provides information on SEI Tallinn's funding sources for the total annual revenues during the period 2008-2015.

**Note 10 Miscellaneous operating expenses**

(in euros)

	2015	2014
Leases	13,920	13,920
Energy	8,861	11,503
Electricity	5,173	5,982
Fuel	3,688	5,521
Miscellaneous office expenses	27,249	30,408
Travel expense	41,159	27,018
Training expense	836	3,138
Other	133,919	44,312
<b>Total miscellaneous operating expenses</b>	<b>225,944</b>	<b>130,299</b>

**Note 11 Labour expense**

(in euros)

	2015	2014
Wage and salary expense	398,213	306,668
Social security taxes	134,592	105,513
Fringe benefits	6,021	4,067
<b>Total labour expense</b>	<b>538,826</b>	<b>416,248</b>
<b>Average number of employees in full-time equivalent units</b>	<b>17</b>	<b>16</b>

## Note 12 Related parties

(in euros)

Name of accounting entity's parent company	Stockholm Environment Institute
Country where accounting entity's parent company is registered	Sweden

Number of members at the end of financial year		
	31.12.2015	31.12.2014
Number of members who are legal entities	1	1

### Related party balances according to groups

	31.12.2015		31.12.2014	
	Receivables	Liabilities	Receivables	Liabilities
Founders and members	977	0	37,868	0
Other entities belonging into same consolidation group	3,653	0	0	0

2015	Purchases	Sales
Founders and members	0	163,245
Other entities belonging into same consolidation group	0	7,751
<b>2014</b>		
	<b>Purchases</b>	<b>Sales</b>
Founders and members	0	214,675
Other entities belonging into same consolidation group	0	8,907
Management and higher supervisory body and individuals with material ownership interest and entities under their material and prevalent influence	376	6,066

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2015	2014
Remuneration	49,139	39,403







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## **INDEPENDENT AUDITOR'S REPORT**

(Translation of the Estonian original)

**To the general meeting of Stockholm Environment**

**Institute Foundation Tallinn Office**

**Grant Thornton Baltic OÜ**

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REG. CODE 10384467  
VAT CODE EE100086678

We have audited the accompanying financial statements of Stockholm Environment Institute Foundation Tallinn Office, which comprise the balance sheet as at 31 December 2015, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 17 to 28.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Estonia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (Estonia). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Stockholm Environment Institute Foundation Tallinn Office as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in Estonia.



Mati Nõmmiste  
Sworn Auditor  
License number 178

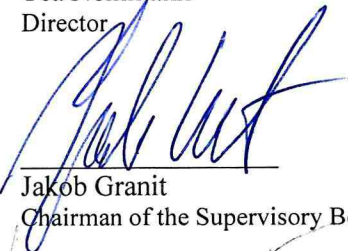
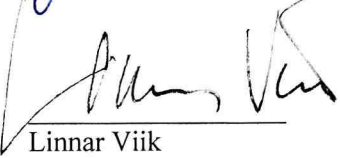
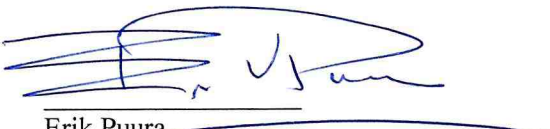
Grant Thornton Baltic OÜ  
License number 3

Tallinn, 2 March 2016



## SIGNATURES

The annual report of SEI Tallinn SA for 2015 is signed on 10 June 2016. We hereby confirm that the information presented herein is correct.

  
\_\_\_\_\_  
Tea Nõmmann  
Director  
\_\_\_\_\_  
Jakob Granit  
Chairman of the Supervisory Board  
\_\_\_\_\_  
Linnar Viik  
Member of the Supervisory Board  
\_\_\_\_\_  
Erik Puura  
Member of the Supervisory Board