



Auditor. The Annual General Meeting appoints an auditor that examines the annual report and accounts, the consolidated financial statements, the administration of the Board of Directors and President and the annual report and accounts of subsidiaries, and submits an audit report.

Auditor 2013. Trelleborg's auditor is the PricewaterhouseCoopers AB firm of authorized public accountants, including Authorized Public Accountants Mikael Eriksson and Eric Salander. Mikael Eriksson is the Auditor in Charge. The 2013 Annual General Meeting appointed PricewaterhouseCoopers AB as Trelleborg's auditor for a period of one year.

President and Group Management.

The President and CEO manages the day-to-day administration of Trelleborg. The President is assisted by Group Management comprising presidents of business areas and managers of corporate staff functions.

Group Management 2013. At the end of 2013, Group Management comprised 11 individuals. In 2013, Group Management held five meetings. These meetings focused on the Group's strategic and operational performance and budget follow-up. Trelleborg's operations are organized into five business areas. These consist of about 20 business units, which in turn comprise approximately 40 product areas.

For additional information about Group Management, refer to pages 60-61.

Internal Control. The responsibility of the Board of Directors for internal control is regulated by the Swedish Companies Act and the Swedish Corporate Governance Code. Internal control over financial reporting is included as a part of the overall internal control at Trelleborg, and constitutes a central component of Trelleborg's corporate governance.

Trelleborg has defined internal control as a process that is influenced by the

Board of Directors, the Audit Committee, the President, Group Management and other employees, and is formulated to provide reasonable assurance that Trelleborg's goals are achieved in terms of the following: effective and efficient business activities, reliable reporting and compliance with applicable legislation and regulations. The Internal Control process is based on a control environment that creates discipline and provides structure for the other four components of the process – risk assessment, control structures, information and communication, and monitoring. The starting point for the process is the regulatory framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Internal control over financial reporting.

Internal control of the financial reporting aims to provide reasonable assurance of the reliability of external financial reporting in the form of interim reports, annual reports and year-end reports, and to en-

Auditor's remuneration 2013

SEK M	2013	2012
<i>PricewaterhouseCoopers</i>		
Audit assignment	22	27
Audit activities other than audit assignment	1	4
Tax consultancy services	5	5
Other services	19	10
<i>Other auditors</i>		
Audit assignment	0	1
Tax consultancy services	0	1
Other services	0	-
Total	47	48



MIKAEL ERIKSSON
Authorized Public Accountant, Auditor in Charge

Auditor of the Trelleborg Group since 2011. Partner of PricewaterhouseCoopers AB since 1989. Qualifications: Graduate in business administration, Authorized Public Accountant since 1984. Assignments: Readsoft, Meda, EcoLean and Elverket. Born: 1955



ERIC SALANDER
Authorized Public Accountant

Auditor of the Trelleborg Group since 2010. Partner of PricewaterhouseCoopers AB since 2005. Qualifications: Graduate in business administration, Authorized Public Accountant since 2000. Assignments: Sony Mobile Communications, Gambro, Hilding Anders, Getinge and Bong. Born: 1967.



sure that external financial reporting is prepared in accordance with legislation, applicable accounting standards and other requirements on listed companies.

Control environment. The Board of Directors bears overall responsibility for internal control over financial reporting. The Board has established a written work plan for the Board of Trelleborg that defines the Board’s responsibilities and regulates the internal distribution of work between itself and its committees. The Board has established an Audit Committee from within its ranks to represent the Board in matters concerning the monitoring of Trelleborg’s financial reporting and, in relation to financial

reporting, to monitor the efficiency of Trelleborg’s internal control, internal audit and risk management activities. The Audit Committee is to also represent the Board by keeping itself informed in matters relating to the audit of the annual report and the consolidated financial statements, reviewing and monitoring the auditor’s impartiality and independence and providing assistance when preparing proposals regarding the appointment of auditor for approval by the Annual General Meeting. The Audit Committee is also to represent the Board by monitoring the Group’s work in relation to CR and ERM issues and day-to-day financing operations and annually reviews and makes proposals for changes to the

Treasury Policy. The Board has also established instructions for the President of Trelleborg and instructions for financial reporting to the Board of Trelleborg. The responsibility for maintaining an effective control environment and the day-to-day work involving internal control is delegated to the President.

The Group’s Internal Control staff function serves as the Group’s internal audit function and reports to the Audit Committee and the Group’s CFO. The function focuses on developing, enhancing and securing internal control over the Group’s financial reporting by proactively concentrating on the internal control environment and by examining the effectiveness of internal control.

Internal control structure of the Trelleborg Group

	Company 1	Company 2	Business area 1	Business area 2	Purchasing	Treasury	Etc.
	Self-assessment		Internal audits		Training/Tools		
Financial reports and reporting processes	<ul style="list-style-type: none"> Group-wide reporting system with quarterly feedback from subsidiaries Companies respond to how they comply with the Group’s minimum requirements for good internal control in selected processes 		<ul style="list-style-type: none"> Internal audits are conducted by the Internal Control staff function in cooperation with internal resources from other staff functions and external consultants 		<ul style="list-style-type: none"> Training programs in defined processes relating to minimum requirements for good internal control are carried out when necessary 		
Purchasing process	<ul style="list-style-type: none"> Deficiencies are identified, measures are planned and implemented by the companies 		<ul style="list-style-type: none"> Internal audits of IT security are carried out by the head of Group IT together with external consultants 		<ul style="list-style-type: none"> The purpose of the training programs is to raise awareness and understanding of efficient processes and good internal control 		
Inventory process	<ul style="list-style-type: none"> Encompasses approximately 110 subsidiaries, of which the largest approximately 45 companies must apply both A and B levels in terms of minimum levels for good internal control and the approximately 65 smaller companies will only apply the A level 		<ul style="list-style-type: none"> Comprises seven selected processes and about 280 minimum requirements for good internal control 		<ul style="list-style-type: none"> Training programs are a forum for the exchange of experience and sharing best practice 		
Sales process	<ul style="list-style-type: none"> Covers seven selected processes and about 280 minimum requirements for good internal control 		<ul style="list-style-type: none"> Internal audits result in observations, recommendations and proposals for decisions and measures 		<ul style="list-style-type: none"> Training programs in defined processes related to minimum requirements for good internal control are also held as an integrated part of the internal audits 		
Process for property, plant and equipment	<ul style="list-style-type: none"> All relevant employees annually confirm in writing their knowledge of, and compliance with, the Group’s internal policy instruments 		<ul style="list-style-type: none"> Identified deficiencies are followed up on a quarterly basis by business area controllers and the Internal Control staff function 		<ul style="list-style-type: none"> A section on the intranet section is available to provide employees access to standardized tools and documents, as well as examples of business solutions 		
IT security process							
Salary management process, incl. pensions and other compensation							



Internal policy instruments for financial reporting primarily comprise the Treasury Policy, Communication Policy, Finance Manual (defining the accounting and reporting rules), and the Group's definition of processes and minimum requirements for good internal control over financial reporting.

Risk assessment. Trelleborg's risk assessment of financial reporting aims to identify and evaluate the most significant risks that affect internal control over financial reporting in the Group's companies, business areas and processes. The risk assessment results in control targets that ensure that the fundamental demands placed on external financial reporting are fulfilled and comprise the basis for how risks are to be managed through various control structures. The risk assessment is updated on an annual basis under the direction of the Internal Control staff function and the results are reported to the Audit Committee.

Risk assessment in relation to other areas is carried out within the framework of the Enterprise Risk Management process, which is described on pages 44-45.

Control structures. The most significant risks identified in terms of financial reporting are managed through control structures in companies, business areas and processes. Management may entail that these risks are accepted, reduced or eliminated. The control structures aim to ensure efficiency in the Group's processes and good internal control and are based on the Group's approximately 280 minimum requirements for good internal control in the seven defined, significant processes that are shown in the diagram on page 55. The minimum requirements encompass about 110 subsidiaries of which the largest approximately 45 companies must apply both A and B levels in respect of minimum requirements for good internal

control and the approximately 65 smaller companies only the A level. The control structures in the accounting and reporting process, which are significant for ensuring the reliability of financial reporting, contain 50 of the approximately 280 minimum requirements for good internal control.

Information and Communication. Information and communication regarding internal policy instruments for financial reporting are available to all relevant employees on Trelleborg's intranet. Information and communication relating to financial reporting is also provided through training. The Group has a process in which all relevant employees confirm awareness of and compliance with the Group's internal policy instruments. The Group's CFO and the Head of the Internal Control staff function report the results of their work on internal control as a standing item on the agenda of the Audit Committee's meetings. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are continuously reported to the Board. External financial reporting is performed in accordance with relevant external and internal policy instruments. The process for the Group's whistleblower policy has been gradually improved.

Monitoring. Monitoring to ensure the effectiveness of internal control over financial reporting is conducted by the Board, the Audit Committee, the President, Group Management, the Internal Control staff function, Group Treasury and the Group's companies and business areas. Monitoring includes the follow-up of monthly financial reports in relation to budget and targets, quarterly reports with results from self-assessments in the Group's companies and business areas, and results from internal audits. Monitoring also encompasses

following up observations reported by the company's auditor. The Internal Control staff function works in accordance with an annual plan that is approved by the Audit Committee. The plan is based on the risk analysis and encompasses prioritized companies, business areas and processes, as well as work programs and budgets.

Activities in 2013. In 2013, the Internal Control staff function conducted 37 internal audits (26) in 16 countries (12), of which 13 were IT security audits (12). Emphasis was on Europe, China and the U.S. Most of the internal audits were conducted by the Internal Control staff function in cooperation with internal resources from other staff functions with specialist competence in such areas as purchasing and finance, or jointly with controllers from various business areas. Internal audits of IT security were carried out by the head of the IT Group staff function together with external consultants. In 2013, the Internal Control staff function worked on a broad front with reviews of all processes. A particular focus area for 2013 was the management of project accounting.

Focus in 2014. In 2014, the Internal Control staff function will continue to work broadly with the review of all processes and follow up of implementation of new ERP systems. Geographically, the Internal Control staff function will place greater emphasis on growth markets, although about half of the internal audits will take place in Europe.

CR organization and reporting. The annual CR reporting complies with the Global Reporting Initiative (GRI) guidelines.

Trelleborg's CR organisation and reporting. Principles for the company's CR reporting are described in detail at www.trelleborg.com/cr. Both there, and in