



## **Remuneration Committee's evaluation of remuneration to senior executives**

The Remuneration Committee, comprising Board Chairman Anders Narvinger, Claes Lindqvist and Hans Biörck, hereby submits the following evaluation of the variable remuneration and application of the guidelines for remuneration to senior executives in the Trelleborg Group adopted by the 2011 Annual General Meeting. In its analysis, the Remuneration Committee also reviewed the remuneration structures and levels in the company.

The remuneration structure to senior executives in the Trelleborg Group shall comprise fixed and variable salaries, pension and other remuneration.

Variable remuneration in 2011 comprised variable salary and a long-term incentive program. For 2011, Group Management – comprising 11 individuals – received SEK 15.3 M in variable salary. The outcome was based on predetermined goals regarding Trelleborg's pretax profit and operating cash flow, excluding the effects of structural changes, as approved by the Board. The portion of variable salary in relation to fixed salary in 2011 was within the limits of a maximum 65 percent for the President and between 25 and 65 percent for the other senior executives approved by the 2011 Annual General Meeting. In 2011, SEK 13.7 M was expensed for the cash-based long-term incentive program to Group Management, which has been introduced annually since 2005. The programs extend for a period of three years and the first payment is made to executives who have not given notice of termination of employment in the Trelleborg Group on December 31 of the year the program expires. In total, Group Management received variable remuneration of SEK 29.0 M, which amounts to about one-third of their total remuneration. It is the Remuneration Committee's opinion that this portion of variable remuneration is within the interval of remuneration that can be influenced that optimizes the senior executives' involvement in the Group's development and thereby benefits the shareholders, while also providing the Trelleborg Group the flexibility to reward top performances and retain senior executives.

Total remuneration to senior executives in 2011 amounted to 0.3 percent of the Group's total operating expenses; a proportion that is within the range that the Remuneration Committee considers is in proportion to these persons' responsibility for the company's development.

The Remuneration Committee assessed that the remuneration levels in Trelleborg during 2011 were in line with those offered in relevant industries and markets. In addition to Group Management, about 30 employees with significant influence on Trelleborg's earnings per share are invited to participate in the long-term incentive program each year.

The remuneration structure in the Trelleborg Group is based on such factors as position, expertise, experience and performance.

It is the opinion of the Remuneration Committee that the remuneration principles adopted by Trelleborg's 2011 Annual General Meeting have been appropriate and that they have been observed. This is also concluded in the auditors' statement in accordance with the Swedish Companies Act.

Trelleborg, March 2012

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