

Principles of remuneration and other conditions of employment for senior executives

Senior executives include the President and other members of Group Management.

Trelleborg is to offer market-based conditions, making it possible for the Group to recruit, develop and retain senior executives. The remuneration structure shall comprise fixed and variable salary, pension and other remuneration, which, combined, form the individual's total remuneration. Trelleborg continuously gathers and evaluates information regarding market remuneration levels for relevant industries and markets.

It should be possible for the principles of remuneration to vary depending on local conditions.

The Board has appointed a Remunerations Committee, headed by the Chairman of the Board, which makes decisions on matters regarding remuneration and conditions of employment for employees who report directly to the President. The Board of Directors makes decisions on issues relating to remuneration and conditions of employment for the President and determines principles for the remuneration and other conditions of employment for other senior executives, which is put before the Annual General Meeting for resolution.

Remuneration

The remuneration structure shall be based on factors including expertise, experience and performance.

Cash-based remuneration shall comprise fixed and variable salary. Fixed salary is reviewed annually on January 1.

Variable salary shall be based on the extent to which pre-established, primarily quantitative, targets are achieved. Variable salary shall correspond to not more than 65 percent of fixed salary for the President and between 25 and 65 percent of fixed salary for other senior executives. The outcome does not constitute pensionable income and does not form the basis of vacation pay.

Pension

For pension agreements established after January 1, 2005, retirement age shall be 65. However, the pension agreement, shall allow both the company and the

senior executive the right, without special justification, to request early retirement from the age of 60. Pension agreements shall be premium-based and secured through insurance and can vary between a minimum of 20 percent and a maximum of 45 percent. For the President, the premium shall comprise at most 40 percent of fixed salary and for other senior executives stationed in Sweden, at most 30 percent of fixed salary.

As far as possible, older pension agreements shall be adapted to the above plan.

Other conditions

For the President, a maximum period of notice of termination of 24 months shall apply. For other senior executives, a maximum period of notice of 24 months shall apply. No additional severance pay shall apply.

In the event of termination by the executive, six months notice shall apply.

All senior executives shall have the right to a company car and healthcare insurance.

As far as possible, older agreements shall be adapted to the above plan.

Long-term incentive programs

The President and selected senior executives (approximately 40 individuals) who have a significant influence on the company's earnings per share are annually offered a cash-based long-term incentive program. This program applies over a period of three years. The target for the program comprises the Trelleborg Group's earnings per share based on the company's forecast for the first year of the program and an annual improvement of 10 percent for the subsequent two years. Participants and the target for the program are determined by the Board. The outcome is linked to the executive's target level for annual variable salary and is limited to a maximum of 25 percent of annual variable salary for the President and other executives. Payment takes place following completion of the program, that is, after three years, on the condition that the executive is still an employee of the Group at the end of the third year. The outcome does not constitute pensionable income and does not form the basis of vacation pay.