



### **Remuneration Committee's evaluation of remuneration of 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 of senior executives in the Trelleborg Group adopted by the 2012 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 2012 comprised variable salary and a long-term incentive program. For 2012, Group Management – comprising 11 individuals – received SEK 18.3 M in variable salary. The outcome in 2012 was based on predetermined goals, for example, Trelleborg's pretax profit and operating cash flow, excluding the effects of structural changes. For the business areas, other operational key figures comprised goals for the annual variable salary. The portion of variable salary in relation to fixed salary in 2012 was within the limits of a maximum 65 percent for the President and between 25 and 65 percent for the other senior executives as approved by the 2012 Annual General Meeting. In 2012, SEK 13.3 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 31.6 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, which 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.

The Remuneration Committee assessed that the remuneration levels in Trelleborg during 2012 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 2012 Annual General Meeting have been appropriate and that they have been observed. This is also the conclusion of the auditors' statement in accordance with the Swedish Companies Act.

Trelleborg, March 2013

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