



Remuneration Committee's evaluation of remuneration of senior executives

The Remuneration Committee, comprising Board Chairman Sören Mellstig, Hans Biörck and Jan Carlson, 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 2014 Annual General Meeting. In its analysis, the Remuneration Committee also reviewed the remuneration structures and levels in the company.

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

Variable remuneration in 2014 comprised annual variable salary and long-term incentive programs. For 2014, Group Management – comprising 11 individuals – received SEK 18.0 M in annual variable salary. The outcome in 2014 was based on predetermined goals, for example, Trelleborg's pre-tax profit and operating cash flow, excluding the effects of structural changes and the profit effect from TrelleborgVibracoustic. In addition, a minor portion of the annual variable salary of the President and a few senior executives was based on the operating profit in TrelleborgVibracoustic, excluding the effects from structural changes. For the business areas, other operating key figures also served as targets for annual variable salary. The portion of annual variable salary in relation to fixed salary in 2014 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 2014 Annual General Meeting. For 2014, SEK 15.6 M was expensed for the cash-based long-term incentive program for 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 33.6 M, which corresponds 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 by the senior executives, thus optimizing their involvement in the Group's development and thereby benefiting the shareholders, while also providing the Trelleborg Group with the flexibility to reward top performances and retain senior executives.

In the assessment of the Remuneration Committee, the remuneration levels in Trelleborg during 2014 were in line with those offered in relevant industries and markets. In addition to Group Management, about 40 employees with significant influence on Trelleborg's earnings per share are invited to participate in the long-term incentive program each year.

The remuneration structures in the Trelleborg Group are 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 2014 Annual General Meeting have been appropriate and that they have been observed. This is also apparent from the auditors' statement in accordance with the Swedish Companies Act.

Trelleborg, March 2015

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