



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 company 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 on market-based remuneration levels for relevant industries and markets.

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

The Board has appointed a Remuneration Committee, headed by the Chairman, 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 are presented to the Annual General Meeting for resolution.

Remuneration

The remuneration structure is to be based on factors including position held, expertise, experience and performance.

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

Variable salary is to 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, the retirement age is to be 65. However, the pension agreement for the President shall entitle both

the company and the President, without special justification, to request early retirement from the age of 60.

Pension agreements are to be based on a defined contribution solution and secured through insurance and can vary between a minimum of 20 percent and a maximum of 45 percent. For the President, the premium is to 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 is to apply. For other senior executives, a maximum period of notice of 24 months is to apply. No additional severance pay is to apply.

In the event of termination by the executive, six months' notice is to apply.

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

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

Long-term incentive program

The President, senior executives and selected key individuals (approximately 40 people) 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 company's earnings per share, where the starting point comprises the outcome for earnings per share in the preceding year, with 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 33.3 percent of the maximum variable salary per year and program for the President and other executives. Payment takes place following completion of the program, that is, after three years, on 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.

