



The Board of Directors' proposal for principles of remuneration for senior executives

Senior executives including the President and other members of Group Management fall within the provisions of these principles. The principles are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the principles by the annual general meeting 2020. These principles do not apply to any remuneration decided or approved by the annual general meeting.

Trelleborg is a world leader in engineered polymer solutions that seal, damp and protect critical applications in demanding environments. Trelleborg's strategy of securing leading positions in selected segments is supported by four strategic cornerstones; Geographic balance, Portfolio optimization, Structural improvements and Excellence. These ensure that all levels within the Group maintain focus and conduct activities that are in line with the strategy. For more information regarding Trelleborg's business strategy, please see [Trelleborg Group Strategy](#).

A prerequisite for the successful implementation of Trelleborg's business strategy and safeguarding of its long-term interests, including its sustainability, is that Trelleborg is able to recruit, develop and retain qualified personnel. To this end, it is necessary that Trelleborg offers market aligned and competitive remuneration. These principles enable Trelleborg to offer the Group Management a competitive total remuneration. All variable cash remuneration covered by these principles shall aim at promoting Trelleborg's business strategy and long-term interests, including its sustainability.

Trelleborg does not have long-term share-related incentive plans. Such plans should be resolved by the general meeting and are therefore excluded from these principles. Of note, Trelleborg's principal owner – the Henry Dunker Donation Fund & Foundation – has offered Trelleborg's Group management call options in the past, with a term of five years. Trelleborg did not participate in the offer and will not have any expenses in connection with the offer. For more information regarding these incentive plans, including the criteria which the outcome depends on, please see [Trelleborg Group Management](#).

Types of remuneration

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one (annual variable salary) or several years (long-term incentive programs). For the President, the annual variable salary may amount to not more than 65 per cent of the total fixed cash salary under the measurement period for such criteria of the fixed annual cash salary. For other senior executives the annual variable salary may amount to not more than 55 per cent of the total fixed cash salary under the measurement period for such criteria of the fixed annual cash salary. The long-term incentive programs may amount to not more than 100 per cent of the maximum annual variable salary under the measurement period for such criteria of the annual variable salary. Variable cash remuneration shall only qualify for pension benefits to the extent required by mandatory collective agreement provisions or otherwise stated by local law.



For the President, pension benefits, including health insurance, shall be defined contribution. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for defined contribution pension shall amount to not more than 45 per cent of the fixed annual cash salary. For other senior executives, pension benefits, including health insurance, shall be defined contribution unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions or otherwise stated by local law. The pension premiums for defined contribution pension shall amount to not more than 35 per cent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance and company cars. Premiums and other costs relating to such benefits may amount to not more than 15 per cent of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these principles.

Criteria for awarding variable cash remuneration

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to Trelleborg's business strategy and long-term interests including its sustainability, by for example being clearly linked to the business strategy or promote the senior executive's long-term development.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation so far as it concerns variable remuneration to the President and the Board of Directors makes the approval. For variable cash remuneration to other senior executives, the President is responsible for the evaluation and the Remuneration Committee makes the approval, in accordance with the grandparent principle. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Right to withhold or reclaim remuneration

Terms and conditions for variable remuneration shall be designed so that the Board of Directors (i) has the right to limit or refrain from payment of variable remuneration if exceptional economic circumstances prevail and such a measure is considered reasonable, and (ii) has the right to withhold or reclaim variable remuneration paid to an executive based on results that afterwards were found to have been misstated because of wrongdoing or malpractice (so called malus and clawback).

The Board of Directors may at its discretion limit or refrain from payment of the individual variable salary if a senior executive including the President has breached or neglected Trelleborg's Code of Conduct and/or



our sustainability commitments as a responsible corporate citizen, including environmental, social and governance factors.

Termination of employment

The notice period may not exceed 24 months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice may not exceed an amount equivalent to the fixed cash salary for 24 months. No additional severance pay should apply. The period of notice may not to exceed six months without any right to severance pay when termination is made by the senior executive.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of Trelleborg have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the principles and the limitations set out herein are reasonable. The development of the gap between the remuneration to senior executives and remuneration to other employees will be disclosed in the remuneration report, starting 2021.

The decision-making process to determine, review and implement the principles

The board of directors has established a Remuneration Committee. The committee's tasks include preparing the Board of Directors' decision to propose principles for executive remuneration. The Board of Directors shall prepare a proposal for new principles at least every fourth year and submit it to the general meeting. The principles shall be in force until new principles are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the Group Management, the application of the principles for senior executive remuneration as well as the current remuneration structures and compensation levels in Trelleborg. The members of the Remuneration Committee are independent of Trelleborg and its Group Management. The President and other members of the Group Management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the principles

The Board of Directors may temporarily resolve to derogate from the principles, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve Trelleborg's long-term interests, including its sustainability, or to ensure Trelleborg's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the principles.