



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

The Board of Directors of Trelleborg AB (publ) proposes that the Annual General Meeting to be held on April 27, 2022 resolves to approve the following principles of remuneration for senior executives in Trelleborg. In relation to the current principles, the proposal mainly entails an amendment of the annual variable salary for the President and other senior executives. According to the proposal, the annual variable salary for the President and other senior executives may amount to not more than 100 percent of the total fixed cash salary during the measurement period of one year, compared to previously 65 percent for the President and 55 percent for other senior executives.

Senior executives, including the President and other members of Group Management, fall within the scope 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 2022 Annual General Meeting. These principles do not apply to any remuneration decided on 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 the Group's strategy for leading positions at www.trelleborg.com.

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 senior executives. To this end, it is necessary that Trelleborg offers market-aligned and competitive remuneration. These principles enable Trelleborg to offer senior executives competitive total remuneration. The aim of all variable cash remuneration covered by these principles is to promote Trelleborg's business strategy and long-term interests, including its sustainability.

Types of remuneration

Remuneration is to be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the Annual General Meeting may – irrespective of these principles – resolve on, among other items, share-based or share-price-based remuneration.

The satisfaction of criteria for awarding variable cash remuneration is to be measured over a period of one (annual variable salary) or several years (long-term incentive programs). For senior executives, including the President:

- the annual variable salary may amount to not more than 100 percent of the total fixed cash salary during the measurement period.
- the long-term incentive programs may amount to not more than 100 percent of the maximum annual variable salary during the measurement period.

Variable cash remuneration will 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, are to be defined contribution. Variable cash remuneration does not qualify for pension benefits. The pension premiums for defined contribution pension are to amount to not more than 45 percent of the fixed annual cash salary. For other senior executives, pension benefits, including health insurance, are to 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 are to amount to not more than 35 percent 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 percent of the fixed annual cash salary.

For employment contracts governed by legislation outside of Sweden, 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.



Trelleborg does not have any long-term share-based incentive plans. Such plans must be resolved by the Annual General Meeting and are therefore excluded from these principles.

Criteria for awarding variable cash remuneration

The variable cash remuneration is to be linked to predetermined and measurable criteria of a financial or non-financial nature. They may also be individualized, quantitative or qualitative objectives. The criteria are to be designed so that they contribute to Trelleborg's business strategy and long-term interests, including its sustainability by, for example, being clearly linked to the business results or promoting the senior executive's long-term development.

The extent to which the criteria for awarding variable cash remuneration have been fulfilled is to be evaluated/determined when the measurement period has ended. The Remuneration Committee is responsible for evaluating variable remuneration to the President, and subsequently to be approved by the Board of Directors. For variable cash remuneration to other senior executives, the President is responsible for the evaluation and subsequently to be approved by the Remuneration Committee, in accordance with the grandparent principle. For financial objectives, the evaluation is to be based on the latest financial information published by the Trelleborg Group.

Right to withhold or reclaim remuneration

Terms and conditions for variable remuneration are to 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 occur and if 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 claw back).

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 Trelleborg's 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 an employment is terminated by the company. Under such notice period all employment conditions will apply, unless otherwise expressly agreed between the company and the employee. Fixed cash salary during the notice period may not exceed the fixed cash salary for 24 months. Any agreement specifying the terms of termination need to be cost neutral to the company. The notice period may not exceed six months, without any right to severance pay, should a senior executive terminate the employment.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration principles, current salary and employment conditions for employees of Trelleborg have been taken into account. Information on the employees' total income, the components of the remuneration, and its increase and growth rate over time, has been evaluated. Thereafter, the Remuneration Committee and the Board of Directors decide whether the principles and the limitations set out herein are reasonable.

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 is to prepare a proposal for new principles at least every fourth year and submit such proposal to the Annual General Meeting. The principles shall apply until new principles are adopted by the Annual General Meeting. The Remuneration Committee is also to monitor and evaluate programs for variable remuneration for senior executives, the application of the principles for senior executive remuneration as well as the current remuneration structures and levels in Trelleborg. The members of the Remuneration Committee are independent from Trelleborg and its senior executives. The President and other members of senior executives do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by the same.



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' resolution in remuneration-related matters. This includes any resolution to derogate from the principles.

Shareholder's views

The Board of Directors has not received any views from the shareholders on the principles of remuneration for senior executives.