

Remuneration report 2022

This report describes how the principles for remuneration of senior executives at Trelleborg, adopted by the 2022 Annual General Meeting, were implemented in 2022. The report has been prepared in accordance with the Swedish Companies Act and the remuneration rules issued by the Swedish Corporate Governance Board.

Scope, purpose and deviations

A prerequisite for the successful implementation of Trelleborg's business strategy and safeguarding of its long-term interests, including its sustainability strategy, is that Trelleborg is able to recruit and retain qualified personnel. To this end, it is necessary that Trelleborg offers market-based and competitive remuneration. Trelleborg's principles for remuneration of senior executives enable Trelleborg to offer executives a competitive total remuneration. Under these principles, executive remuneration shall be on market terms and may consist of the following components: fixed salary, variable salary (annual variable salary and long-term incentive programs), pension provisions and other benefits.

The variable remuneration shall be linked to predetermined and measurable criteria, which may be financial or non-financial. These may also be individualized, quantitative or qualitative objectives.

The principles, which were adopted unanimously by the 2022 Annual General Meeting, were fully implemented in 2022.

The auditor's report regarding Trelleborg's compliance with the principles for remuneration of senior executives is available under Corporate governance at www.trelleborg.com.

No remuneration was reclaimed or limited, nor did the company refrain from making any payment in 2022.

Share-based remuneration

Trelleborg does not have any long-term share-based incentive plans. It should be noted that Trelleborg's principal owner – the Henry Dunker Donation Fund & Foundations – offered Trelleborg Group Management call options in 2018 with a term of five years. Trelleborg did not participate in this offer and any expenses in connection herewith will therefore not be incurred for the Trelleborg Group. For more information regarding this incentive plan, including the criteria on which the outcome will be based, please refer to the section on Trelleborg Group Management on pages 56–57 of 2022 Annual Report.

Application of performance criteria

The performance criteria forming the basis for the President's variable remuneration have been selected to ensure delivery in line with Trelleborg's strategy and to encourage behavior that is in the long-term interests of Trelleborg. The strategic objectives and short and long-term business priorities for 2022 have been taken into account in the selection of performance measures. The performance criteria forming the basis for the one-year annual variable salary were Earnings before tax or Earnings before interest and tax (EBT or EBIT), Operating cash flow (OCF) and a sustainability target. The performance criteria for the three-year long-term incentive (LTI) program

was Earnings per share (EPS). All performance criteria exclude items affecting comparability.

Further information on executive remuneration

Further information on executive remuneration is available in Note 10 (Employees and personnel costs) on pages 81–82 of the 2022 Annual Report. Information on the work of the Remuneration Committee in 2022 is set out in the Corporate Governance Report, available on pages 43–47 of the 2022 Annual Report.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in Note 10 on page 82 of the 2022 Annual Report.

Information on key developments 2022

The President and CEO summarizes Trelleborg's overall performance in his statement on pages 4–7 of the 2022 Annual Report.

1 – TOTAL REMUNERATION OF THE PRESIDENT AND CEO

Table 1 below sets out the total remuneration expensed or paid to Trelleborg's President and CEO during 2022 and 2021.

SEK 000s	Year	Fixed remuneration		Variable remuneration		Extraordinary items	Pension costs	Total remuneration	Proportion of fixed and variable remuneration ¹
		Fixed salary	Other benefits	Annual variable salary	Long-term incentive program				
Peter Nilsson, President and CEO	2022	12,317	220	7,279	7,559		5,363	32,738	55/45
	2021	11,917	221	8,956	4,614		5,181	30,889	56/44

¹ Pension included in fixed remuneration.

2A – PERFORMANCE OF THE PRESIDENT AND CEO IN THE REPORTED FISCAL YEAR

Table 2A below describes how the criteria for variable short-term remuneration were expensed during the fiscal year.

Remuneration components	Relative weighting of the performance criteria	a) Measured performance and b) actual award/remuneration outcome	
Peter Nilsson, President and CEO	Earnings before tax (EBT) ²	65%	a) EUR 618.8 M b) SEK 4,918,000
	Operating cash flow (OCF) ²	25%	a) EUR 478.2 M b) SEK 1,603,000
Sustainability	10%	a) Full achievement	
		b) SEK 757,000	

² Excluding items affecting comparability.

2B – PERFORMANCE OF THE PRESIDENT AND CEO IN THE REPORTED FISCAL YEAR

Table 2B below describes how the criteria for variable long-term remuneration were expensed during the fiscal year.

Remuneration components	Relative weighting of the performance criteria	a) Measured performance and b) actual award/remuneration outcome	
Peter Nilsson, President and CEO	Earnings per share (EPS) ³ 2022 (Program 2020–2022)	33.3%	a) SEK 18.31 b) SEK 2,520,000
	Earnings per share (EPS) ³ 2022 (Program 2021–2023)	33.3%	a) SEK 18.31 b) SEK 2,520,000
	Earnings per share (EPS) ³ 2022 (Program 2022–2024)	33.3%	a) SEK 18.31 b) SEK 2,520,000

³ Excluding items affecting comparability.

3 – COMPARATIVE INFORMATION ON CHANGE IN REMUNERATION AND TRELLEBORG PERFORMANCE

Table 3 – Changes in remuneration and Trelleborg performance over the last five reported fiscal years.

Annual change	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2022
Executive remuneration					
Peter Nilsson, President and CEO, SEK 000s	-5,285 (-19.0%)	-3,860 (-17.2%)	+12,257 (65.7%)	+1,849 (6.0%)	32,738
Trelleborg's performance					
Earnings before interest and tax (EBIT) ⁴ , SEK M	-36 (-0.8%)	-376 (-8.1%)	+1,023 (23.9%)	+2,197 (41.4%)	6,973
Earnings per share (EPS) ⁴ , SEK	-0.45 (-3.7%)	-1.0 (-8.4%)	+3.36 (30.8%)	+4.06 (28.5%)	18.31
Employee remuneration					
Average total remuneration on a full-time-equivalent basis of employees of Trelleborg AB, excluding Group Management, SEK 000s	+17 (1.5%)	-64 (-5.6%)	-90 (-8.3%)	-35 (3.5%)	957
Development of gap between the remuneration of senior executives and remuneration of employees of Trelleborg AB, excluding Group Management, %	-2.89	-1.17	7.01	1.25	

⁴ Excluding items affecting comparability.