



### **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, 2023, resolves to approve the following principles of remuneration for senior executives in Trelleborg.

Senior executives, including the President and CEO as well as 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 2023 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 industries 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 section of Group's strategy at [www.trelleborg.com](http://www.trelleborg.com).

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, 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 remuneration covered by these principles is to promote Trelleborg's business strategy and long-term interests, including its sustainability profile.

#### **Types of remuneration**

Remuneration is to be on market terms and may consist of the following components: fixed salary, variable 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 remuneration is to be measured over a period of one year (short-term incentive program) or several years (long-term incentive programs). The following applies for senior executives, including the President and CEO:

- the short-term incentive program may amount to not more than 100 percent of the fixed salary during the measurement period.
- the long-term incentive programs may amount to not more than 100 percent of the fixed salary during the measurement period.

Further variable remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 percent of the fixed salary and may not be paid more than once each year per individual. Any resolution on such remuneration for the President and CEO shall be made by the Board based on a proposal from the Remuneration Committee. Any resolution on such remuneration for other senior executives shall be made by the Remuneration Committee based on a proposal from the President and CEO.

Variable 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 and CEO pension benefits, including health insurance, are to be defined contribution. Variable 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 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 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 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 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 strategy 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 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 CEO, subsequently to be approved by the Board of Directors. For variable remuneration to other senior executives, the President and CEO is responsible for the evaluation, 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 and CEO, 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**

If employment of a senior executive is terminated by the company, the contractual notice period will not exceed 24 months. During the notice period all employment conditions will apply, unless otherwise expressly agreed between the company and the employee. No additional severance payments will be made to the employee. When a senior executive terminates their employment,

the contractual notice period will not exceed six months, and there is no right to any severance pay.

### **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, have 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 remuneration principles for Group Management. 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 CEO including 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 strategy, 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.

### **Description of significant changes compared to previous principles of remuneration for senior executives**

Under the section **Types of remuneration**, the following changes are proposed.

Previously, the definition of annual maximum outcome for the long-term incentive program was linked to the annual maximum outcome of the short-term incentive program. The proposal is to link the annual maximum outcome in the long-term incentive program to the fixed salary from 2023. This means that the structure can be independently defined for both the short- and the long-term incentive program. This change itself doesn't have any impact on the size of the long-term incentive program entitlement (neither higher or lower).

For attraction and performance purposes in extraordinary circumstances the following new amendment have been proposed:

Further variable remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not

exceed an amount corresponding to 100 percent of the fixed salary and may not be paid more than once each year per individual. Any resolution on such remuneration for the President and CEO shall be made by the Board based on a proposal from the Remuneration Committee. Any resolution on such remuneration for other senior executives shall be made by the Remuneration Committee based on a proposal from the President and CEO.