

CHAIRMAN OF THE BOARD ON CORPORATE GOVERNANCE



“The Board has devoted time and energy to the long-term market and structural issues that will ensure continued growth based on market penetration, complementary acquisitions and divestments in polymer solutions.”

Focusing of operations

The turbulent economic environment in recent years has shown that the Trelleborg Group's long-term strategy is effective in both good times and bad. The comprehensive efficiency-enhancement programs implemented in 2008 and 2009 further strengthened the stability of the company's long-term value creation and we can see the effect of this in, for example, the positive sales and earnings trend of recent years. On this basis, the Board continued its business activities in 2011 by primarily addressing future-oriented structural issues to ensure the continued focus of operations on those markets and segments with the best potential for sustainable profitable growth.

One important step was the agreement that Trelleborg signed with Freudenberg concerning a joint company in antivibration solutions. The new company will become a global leader with strong competitiveness and good growth potential. Securing the best legal and operational platform was an important task during the year, and these efforts will continue into 2012 when the new company is planned to be operational. The agreement with Freudenberg opens new strategic perspectives for Trelleborg. The Board has devoted time and energy to the long-term market and structural issues that will ensure continued growth based on market penetration, complementary acquisitions and divestments in polymer solutions.

During the second half of the year, the global economic recovery was once again hit by growing uncertainty, mainly due to debt problems in the eurozone. As a result, the Board's work in Trelleborg became gradually more focused on heightened vigilance and decision preparedness in anticipation of the impact on demand that a weakening economic trend can bring.

Trelleborg's financial strength

During the year, Trelleborg strengthened its long-term financing by concluding an agreement for a new revolving credit facility, which will form a solid base for the Group's financing up until 2016 and will increase flexibility moving forward. The Group's capital structure remained healthy, with a level of net debt that was on a par with 2010 and a debt/equity ratio that dropped to 48 percent.

Corporate governance plays a significant role

Corporate governance and responsibility issues play a major role in the Board's daily work. There must be a good balance between developing the Group's business opportunities, and identifying and managing the risks posed by an increasingly complex and dynamic business environment. The number of internal audit programs was increased and the focus was on business-supporting initiatives for the operations in high-growth countries. This concentration on reviewing processes will continue in 2012.

Openness and transparency are key conditions for an effective and sound governance and control culture. The Board monitors the continued development of various processes for external communication and information related to external stakeholder groups to ensure that this is conducted in accordance with relevant laws, regulations and standards. In a similar fashion, the Group is working toward continuous improvements in the quality of content and channels for all types of internal communication, so that this can play the important role of the bearer of knowledge and values for efficient and ethical value creation, and long-term confidence in the Trelleborg Group.

Anders Narvinger
Chairman of the Board

CORPORATE GOVERNANCE

Trelleborg is a publicly traded Swedish limited liability company listed on NASDAQ OMX Stockholm. Trelleborg applies the Swedish Code of Corporate Governance and presents its 2011 Corporate Governance report in this section. Trelleborg has no deviations to report. The report has been examined by the company's auditor.

Shareholders

Share capital in Trelleborg amounts to SEK 2,620 M, represented by 271,071,783 shares, each with a par value of SEK 9.67.

Trelleborg has two classes of shares: 28,500,000 Series A shares and 242,571,783 Series B shares. Series A shares carry ten votes and Series B shares carry one vote. All Series A shares are owned by the Dunker Funds and Foundations, which comprise a number of foundations, funds and management companies created through testamentary disposition by former owner and founder of the Helsingborg and Trelleborg rubber-production plants, Henry Dunker, who died in 1962.

At year-end, the number of shareholders was 51,572 (49,975).

Of the total number of shares, foreign shareholders accounted for approximately 23 percent (20). Institutions accounted for the majority of ownership. At the end of the year, 66 percent (74) of the total number of shares were owned by legal entities, 34 percent (26) by private individuals.

For further information on the share and shareholders, refer to pages 102-103 and Trelleborg's website.

Annual General Meeting 2011

The Annual General Meeting took place on April 20, 2011 in Trelleborg. At the

meeting, 656 shareholders (623) were in attendance, personally or by proxy, representing about 72 percent (63) of the total number of votes. A single shareholder, Dunker Funds and Foundations, represented approximately 76 percent (87) of the votes at the meeting. The Chairman of the Board, Anders Narvinger, was elected Chairman of the Meeting.

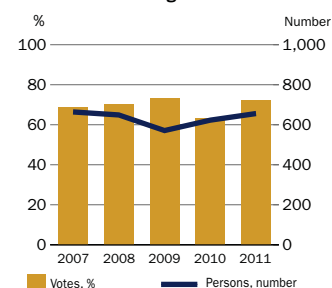
All Board members elected by the Annual General Meeting were present.

Resolutions

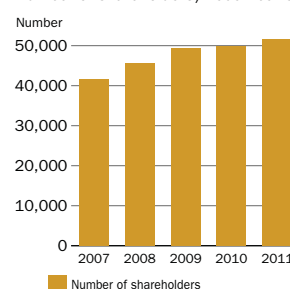
The minutes from the Annual General Meeting have been made available on Trelleborg's website. The resolutions passed by the Meeting included the following:

- Dividends to be paid for the 2010 fiscal year as per the Board's and President's proposal in the amount of SEK 1.75 per share.
- Re-election of all Board members.
- Re-election of Anders Narvinger as Chairman of the Board.
- Fees to the Board members and remuneration of the auditor.
- Principles for remuneration and other employment terms for the President and other senior executives.
- Procedures for the Nomination Committee's appointment and work.

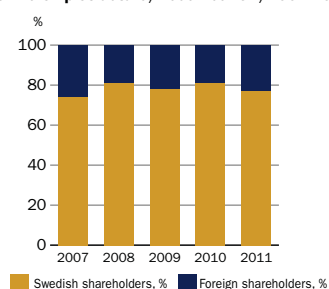
Annual General Meeting attendance 2007-2011



Number of shareholders, December 31, 2007-2011



Ownership structure, December 31, 2007-2011



Further information on corporate governance

The following information is available at www.trelleborg.com

- Prior Corporate Governance reports, from 2004 and onward.
- Information regarding Trelleborg's Annual General Meetings since 2004 and onward:
 - Notification of AGM
 - Minutes of AGM
 - President's presentations
 - Press release

Nomination Committee for the 2012 Annual General Meeting

The 2011 Annual General Meeting passed a resolution regarding the Nomination Committee and assigned the Chairman of the Board the task of asking representatives of the company's five major shareholders at the close of the third quarter to each appoint one member to the Nomination Committee. The composition of the Nomination Committee was published on Trelleborg's website and through a press release on October 26, 2011. At the end of the third quarter, the Nomination Committee represented approximately 64 percent (66) of the shareholders' votes.

The guidelines of the principal owners for the selection of candidates to be nominated to the Board specify that they shall possess knowledge and experience relevant to Trelleborg's operations. The Nomination Committee observes the rules regarding the independence of Board members, as stated in the Swedish Code of Corporate Governance.

The Nomination Committee for 2012 held 3 meetings (3) and a number of telephone conferences. The members of the Nomination Committee and the shareholders who appointed them are presented in the table below. In addition, the Chairman of the Board, Anders Narvinger, was a member of the Nomination Committee for 2012.

As a basis for the Committee's work, information on the company's operations and strategic focus was presented by the President. The Chairman of the Board presented the annual evaluation of the Board members' activities, and provided information on the Board's work during the year. Each chairman of the Board's committees provided further information on work in the various committees. The Nomination Committee has also met with a number of individual Board members for interviews and discussions.

Nomination Committee for the Annual General Meeting

Name/Representing	Share of votes, September 30, 2011	Share of votes, December 31, 2011
Rolf Kjellman (Chairman) Henry and Gerda Dunker Foundation	54.4%	54.4%
Henrik Didner Didner & Gerge Funds	3.6%	3.4%
Peter Rönström Lannebo Funds	2.4%	2.3%
Thomas Eriksson Swedbank Robur Funds	1.9%	2.1%
Johan Held AFA Insurance Companies	1.6%	1.5%
Total	63.9%	63.7%

Proposals to the Annual General Meeting 2012

The Nomination Committee has formulated the proposals below for submission to the 2012 Annual General Meeting for resolution:

- The Nomination Committee resolved to propose that the Annual General

Meeting re-elect all Board members: Hans Björck, Claes Lindqvist, Sören Mellstig, Peter Nilsson, Bo Risberg, Nina Udnes Tronstad, Heléne Vibbleus Bergquist and Anders Narvinger as Chairman.

- The Nomination Committee has decided to propose the re-election of PricewaterhouseCoopers AB as the company's auditor in 2012.

The Board of Directors

In 2011, Trelleborg's Board of Directors comprised eight members elected by the Annual General Meeting, including the President and CEO. Employees elect three representatives and one deputy to the Board of Directors.

The Group's CFO, Bo Jacobsson, who was succeeded by Carolina Dybeck Happe on April 26, 2011, attends the Board meetings as does the General Counsel, Ulf Gradén, who serves as the Board's secretary. Other salaried employees of the Group participate in the Board meetings to make presentations on specific matters when necessary.

Work of the Board of Directors

The number of Board meetings in 2011 was 9 (12). The work focused largely on structural issues and the strategic plan.

February	No. 1: Legal disputes and insurance coverage, Year-end Report, 2010 Annual Report, Committee reports, Audit report, Structural issues, Financing, Prior to the AGM.
	No. 2: Financing.
April	No. 3: Interim report for first quarter, Structural issues, Financing, Prior to the AGM, Committee reports.
	No. 4: Statutory Board meeting.
July	No. 5: Interim report for second quarter, Audit Report, Committee reports.
September	No. 6: Review of Trelleborg's operations in Brazil, Structural issues.
October	No. 7: Strategic plan 2012-2014.
	No. 8: Interim report for third quarter, Committee reports, Structural issues.
December	No. 9: Forecast for 2012, Strategic plan 2012-2014, Structural issues, Committee reports, Audit report.

The President presents a report on the operations' performance at ordinary Board meetings. All business areas are usually given an opportunity to make an in-depth presentation of their operations at a Board meeting at least once per year. The Board conducts reviews with the auditor when audit reports are to be considered.

Independence of the Board

The Board's assessment, which is shared by the Nomination Committee, of the Board members' independence in relation to the company and the shareholders is presented in the table on pages 38-39. As evident from the table, Trelleborg complies with the Swedish Code of Corporate Governance's requirements that the majority of the Board members elected by the General Meeting must be independent in relation to the company and the company management, and that at least two of these shall also be independent in relation to the company's major shareholders.

Evaluation of Board members 2011

The Chairman of the Board is responsible for evaluating the Board's work, including the work of individual members. This occurs annually in accordance with an established process. Periodically, evaluation is conducted with the assistance of external consultants.

In 2011, the evaluation was conducted, in part, as a self-assessment whereby the Chairman of the Board interviewed all Board members individually and, in part, through interviews and discussions involving the Nomination Committee and a number of individual Board members, as well as feedback and discussions with the entire Board of Directors.

The evaluation focused on such aspects as supply and demand of specific expertise and work methods. The evaluation is also used by the Nomination Committee as the basis for proposals for Board members and remuneration levels.

Audit Committee

In 2011, the Audit Committee comprised Heléne Vibbleus Bergquist, who also chairs the Committee, Claes Lindqvist, Sören Mellstig and Anders Narvinger. The Group's CFO, Bo Jacobsson, who was succeeded by Carolina Dybeck Happe on April 26, 2011, the Group's General Counsel and Secretary of the Audit Committee, Ulf Gradén, and the Head of the Internal Control staff function participate in the Audit Committee meetings, as does the company's auditor, when necessary.

In 2011, the Audit Committee held five (five) meetings. Its work mainly focused on:

- Accounting issues.
- Review of interim reports, year-end reports and annual reports.

- Establishment and follow-up of annual work plans for the Internal Control staff function.
- Review of continuous reporting from the Internal Control staff function relating to internal audits and the proactive work on the internal control environment.
- Follow-up of activities relating to the Group's corporate responsibility issues and risk management.
- Review of reports from the company's AGM-elected auditor, including the auditor's audit plan.
- Review of the plan for production of the Annual Report.

Finance Committee

In 2011, the Finance Committee comprised Heléne Vibbleus Bergquist, who also chairs the Committee, Claes Lindqvist, Sören Mellstig and Anders Narvinger. The Group's CFO, Bo Jacobsson, who was succeeded by Carolina Dybeck Happe on April 26, 2011, and the Group's General Counsel and Secretary of the Finance Committee, Ulf Gradén, participate in the meetings of the Finance Committee. Head of Group Treasury also participates when necessary. In 2011, the Finance Committee held five (five) meetings. Its work mainly focused on:

- A review of financial reports from Group Treasury.
- Financing issues.
- Financial operations and policies.
- Financial risk management.

Remuneration Committee

In 2011, the Remuneration Committee comprised Anders Narvinger, who also chairs the Committee, Claes Lindqvist and Hans Björck.

Senior Vice President, Human Resources, Sören Andersson, also Secretary of the Remuneration Committee, participates in Committee meetings.

In 2011, the Remuneration Committee held five (six) meetings. Its work mainly focused on:

- Terms of employment and incentive issues for senior executives.
- The Group's management resource planning.

Auditor

Trelleborg's auditor is the PricewaterhouseCoopers AB firm of authorized public accountants, including authorized public accountants Mikael Eriksson and Eric Salander. Mikael Eriksson is the Auditor in Charge. PricewaterhouseCoopers AB was elected by the 2008 Annual General Meeting for a period of four years.



MIKAEL ERIKSSON

Authorized Public Accountant, Auditor in Charge

Auditor of the Trelleborg Group since 2011. Partner of PricewaterhouseCoopers AB since 1989. Qualifications: Graduate in business administration, Authorized Public Accountant since 1984. Assignments: Beijer Electronics, G&L Beijer, Midway, Readsoft, Sveaskog, EcoLean, Svenskt Näringsliv. Born: 1955.



ERIC SALANDER

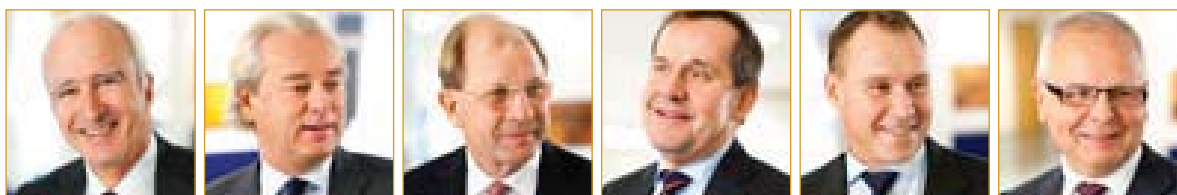
Authorized Public Accountant

Auditor of the Trelleborg Group since 2010. Partner of PricewaterhouseCoopers AB since 2005. Qualifications: Graduate in business administration, Authorized Public Accountant since 2000. Assignments: Sony Ericsson, Hilding Anders, Gambro and Bong. Born: 1967.

Auditor's remuneration 2011

SEK M	2011	2010
PricewaterhouseCoopers		
Audit assignment	34	34
Audit activities other than audit assignment	4	4
Tax consultancy services	6	3
Other services	5	17
Other auditors		
Audit assignment	1	1
Audit activities other than audit assignment	–	–
Tax consultancy services	0	–
Other services	0	0
Total	50	59
Of which discontinued operations	–	1

THE BOARD OF DIRECTORS



Name	Anders Narvinger	Hans Biörck	Claes Lindqvist	Sören Mellstig	Peter Nilsson	Bo Risberg
Position		Advisor for Skanska AB.	President of Henry Dunkers Förvaltnings AB.		President and CEO.	President and CEO of Hilti Corporation, Liechtenstein.
Qualifications	M.Sc. Eng., Faculty of Engineering, Lund University, and B.Sc. Business and Economics, Uppsala University.	Graduate in business administration.	Graduate in business administration and M.Sc. Eng.	Graduate in business administration.	M.Sc. Eng.	MBA and B.Sc. Eng.
Year elected	1999. Chairman of the Board since 2002.	2009	2004	2008	2006	2010
Born	1948.	1951	1950	1951	1966	1956
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish	Swedish
Other assignments	Chairman of Alfa Laval AB (publ), Coor Service Management AB and TeliaSonera (publ) and Capio. Board member of JM AB, Pernod Ricard SA and ÅF AB.	Board member of the Dunker Funds and Foundations, the Swedish Financial Reporting Board and SF Bio AB.	Executive Director of Henry and Gerda Dunkers' Foundation and Foundation No. 2. Board member of Dunker Foundations, Svenska Handelsbanken South Region, Novotek AB (publ), among others.	Chairman of Apotek Hjärtat, Textilia, Ferrosan MD A/S. Neron HSU AB and the Swedish Defence Research Agency (FOI). Board member of Dako A/S.	Board member of Beijer Alma AB (publ), Trioplast Industrier AB and The Chamber of Commerce and Industry of Southern Sweden.	Board member of Grundfors Holding A/S. Board member of IMD Supervisory Board.
Dependence	No.	Yes. Dependent in relation to the company's major shareholders through his assignment on behalf of Trelleborg's main owner, Dunker Funds and Foundations.	Yes. Dependent in relation to the company's major shareholders through his assignment on behalf of Trelleborg's main owner, Dunker Funds and Foundations.	No.	Yes. Dependent in relation to the company as a result of his position as Trelleborg's President.	No.
Previous experience	A number of senior management positions in the ABB Group, including President and CEO of ABB Sweden and President of The Association of Swedish Engineering Industries.	CFO of Skanska AB, Autoliv Inc. and Esselte AB.	A variety of senior positions at ASEA and Åkerlund & Rausing as well as President and CEO of Högåns AB and Öresundskraft AB.	President and CEO of Gambro and CFO and Vice President of Incentive.	Business Area President, Trelleborg Engineered Systems and other posts within the Trelleborg Group, as well as management consultant at BSI.	Various management positions at AT Kearney and with ABB in Sweden and Canada.
Own and related-party holdings 2011	30,404 shares.	–	30,404 shares.	95,809 shares.	80,572 shares and 100,000 call options.	9,011 shares.
Own and related-party holdings 2010	30,404 shares.	–	30,404 shares.	60,809 shares.	80,572 shares and 100,000 call options.	5,000 shares
Audit Committee attendance	Member 5 of 5	–	Member 5 of 5	Member 4 of 5 ¹⁾	–	–
Finance Committee attendance	Member 5 of 5	–	Member 5 of 5	Member 3 of 5 ²⁾	–	–
Remuneration Committee attendance	Chairman 5 of 5	Member 5 of 5	Member 5 of 5	–	–	–
Board meeting attendance	Chairman 9 of 9	Member 9 of 9	Member 9 of 9	Member 8 of 9 ¹⁾	Member 9 of 9	Member 9 of 9
Remuneration 2011*						
Board, SEK 000s	1,050	400	400	400	–	400
Committee, SEK 000s	150	50	150	100	–	–
Total 2011, SEK 000s	1,200	450	550	500	–	400
Remuneration 2010*						
Board, SEK 000s	950	360	360	360	–	360
Committee, SEK 000s	150	50	150	100	–	–
Total 2010, SEK 000s	1,100	410	510	460	–	360

1) Not present at meeting 1, 2011.

2) Not present at meeting 1 and meeting 3, 2011.

* Remuneration paid to the Board of Directors for the period May 2011 – April 2012. The fees paid to the members of the Board of Directors elected by the Annual General Meeting are approved by the Annual General Meeting based on the proposals of the Nomination Committee. For 2011, remuneration was paid as per the table above. Remuneration is not paid to members of the Finance Committee. No consulting fees were paid to Board members. Remuneration is not paid to Board members who are also employed by the Group. Remuneration excludes travel allowances.

► For additional information concerning remuneration, see Note 3, pages 81-82



Name	Nina Udnes Tronstad	Heléne Vibbeus Bergquist	Peter Larsson	Karin Linsjö	Mikael Nilsson	Birgitta Håkansson
Position	Group Executive of Kvæner and President of Kvæner Verdal AS.	Management Consultant.	Appointed by the Unions of the Trelleborg Group (PTK).	Appointed by the Unions of the Trelleborg Group (LO).	Industrial worker, appointed by the Unions of the Trelleborg Group (LO).	Salaried employee, appointed by the Unions of the Trelleborg Group (PTK).
Qualifications	M.Sc. Eng.	Graduate in business administration.	Engineer.	Elementary school and plant training.	Training in labor law, economics and personnel policy.	Secretarial studies, training in IT and accounting.
Year elected	2010	2004	2011	2000	2009	2008
Born	1959	1958	1965	1954	1967	1950
Nationality	Norwegian	Swedish	Swedish	Swedish	Swedish	Swedish
Other assignments	Chairman of the Board, Kværner Piping Technology AS and Kværner Jacket Technology AS. Board member of Kværner Stord AS.	Board member of Nordic Growth Market NGM AB, Renewable Energy Corporation ASA, TradeDoublers AB (publ), Tyréns AB and SIDA.	Chairman of Unionen Trelleborg AB.		Chairman of Trelleborg Swedish Works Council (LO) and Chairman of Trelleborg European Works Council. Board member of Avdelning 52 Hus AB.	Vice Chairman of Unionen Trelleborg AB.
Dependence	No.	No.	–	–	–	–
Previous experience	Various management positions at Statoil in Norway, Sweden and Denmark.	Senior Vice President, Group Controller, AB Electrolux, Authorized Public Accountant, partner and member of the Board of PricewaterhouseCoopers in Sweden.				
Own and related-party holdings 2011	–	4,550 shares.	1,800 shares.	501 shares.	–	6,102 shares.
Own and related-party holdings 2010	–	4,550 shares.	1,800 shares.	501 shares.	–	1,602 shares.
Audit Committee attendance	–	Chairman 5 of 5	–	–	–	–
Finance Committee attendance	–	Chairman 5 of 5	–	–	–	–
Remuneration Committee attendance	–	–	–	–	–	–
Board meeting attendance	Member 9 of 9	Member 9 of 9 ³⁾	Employee representative (PTK). 6 of 9 ⁴⁾	Employee representative (LO). 9 of 9	Employee representative (LO). 9 of 9	Deputy employee representative (PTK). 9 of 9
Remuneration 2011*						
Board, SEK 000s	400	400	–	–	–	–
Committee, SEK 000s	–	150	–	–	–	–
Total 2011, SEK 000s	400	550	–	–	–	–
Remuneration 2010*						
Board, SEK 000s	360	360	–	–	–	–
Committee, SEK 000s	–	150	–	–	–	–
Total 2010, SEK 000s	360	510	–	–	–	–

3) Participated by telephone at meeting 8, 2011.

4) Appointed as member by employees at the 2011 AGM.

* Remuneration paid to the Board of Directors for the period May 2011 – April 2012. The fees paid to the members of the Board of Directors elected by the Annual General Meeting are approved by the Annual General Meeting based on the proposals of the Nomination Committee. For 2011, remuneration was paid as per the table above. Remuneration is not paid to members of the Finance Committee. No consulting fees were paid to Board members. Remuneration is not paid to Board members who are also employed by the Group. Remuneration excludes travel allowances.

► For additional information concerning remuneration, see Note 3, pages 81-82

GROUP MANAGEMENT



Name	Peter Nilsson	Carolina Dybeck Happe	Lennart Johansson	Jim Law	Claus Barsøe
Position	President and CEO Other assignments: Board member of Trelleborg AB (publ), Beijer Alma AB (publ), Trioplast Industrier AB and The Chamber of Commerce and Industry of Southern Sweden.	Chief Financial Officer (CFO)	Business Area President, Trelleborg Engineered Systems.	Business Area President, Trelleborg Automotive.	Business Area President, Trelleborg Sealing Solutions.
Qualifications	M.Sc. Eng.	M.Sc. in business administration.	M.Sc. Eng.	Bachelor of Science Electrical Engineering, BS General Engineering, Minor in Business.	Graduate in business administration.
Born	1966	1972	1960	1955	1949
Nationality	Swedish	Swedish	Swedish	American	Danish
Previous experience includes	Business Area President, Trelleborg Engineered Systems and other posts at the Trelleborg Group, as well as management consultant at BSI.	Various positions within Assa Abloy and EF.	President of Kemira Kemi, business unit manager of Kemira OY and Perstorp AB.	Business Unit President, Global Anti Vibration Solutions at Trelleborg Automotive. VP Sales & Engineering, Yale, South Haven.	Market Director of Alfa Laval, various positions at Busak+Shamban and Polymer Sealing Solutions.
Own and related-party holdings 2011	80,572 shares and 100,000 call options*.	11,800 shares (own and family members).	25,000 call options*.	–	25,000 call options*.
Own and related-party holdings 2010	80,572 shares and 100,000 call options*.	–	25,000 call options*.	–	25,000 call options*.
Employed	1995	2011	2005	1997	2003
In current position since	2005	2011**	2005***	2011	2003

* The principal owner Henry and Gerda Dunkers Donation Fund No. 2 issued a call option program in February 2008. At that time, nine senior executives purchased 255,000 call options in Trelleborg at a price of SEK 10.98 per call option. Each call option entitles the holder to purchase one share of Series B in Trelleborg AB during the period March 15, 2008 – March 15, 2012 at an exercise price at SEK 125.50. As a result of the implemented rights issue in 2009 and in accordance with terms and conditions of the options, the exercise price was recalculated to SEK 57.70 per share and each call option will entitle the holder to purchase 2.18 shares. The principal owner's objective of the call option program is to promote the long-term commitment of management executives in the company. Trelleborg AB did not participate in the offer and will not have any expenses in connection with the offer.

** Carolina Dybeck Happe replaced Bo Jacobsson as CFO on April 26, 2011. Carolina Dybeck Happe will be succeeded by Ulf Berghult as CFO in the first half of 2012.

*** During the first quarter of 2012, Lennart Johansson has been appointed as the Trelleborg Group's representatives on the management board of the planned joint venture between Trelleborg and Freudenberg. Three people from the business area will assume new positions in Trelleborg's Group Management: Denis Blanc, Mikael Fryklund and Dario Porta.

Remuneration of Group Management 2011

SEK 000s	Fixed salary	① Annual variable salary	② Long-term program ¹⁾	③ Other benefits	Total	④ Pension	Total including pension
President	2011 8,447 ²⁾	4,711	3,900	172	17,230	3,254	20,484
	2010 7,559	4,550	2,275	163	14,547	2,847	17,394
Executive Vice President ³⁾	2011 1,605	566	–	64	2,235	5,108	7,343
	2010 3,220	1,250	625	112	5,207	2,375	7,582
Group Management, others (9 persons) ⁴⁾	2011 28,456	10,029	9,751	624	48,860	7,382	56,242
	2010 27,222	12,731	5,289	845	46,087	7,998	54,085
Total	2011 38,508	15,306	13,651	860	68,325	15,744	84,069
Total	2010 38,001	18,531	8,189	1,120	65,841	13,220	79,061

1) Expensed 2011. 2) Of this amount, fixed salary represented SEK 8,000,000 with the remainder mainly consisting of a change in vacation pay liability. 3) The Vice President was employed in the Group until June 30, 2011. No new Vice President was subsequently appointed. 4) Changes in Group Management took place in 2011 and, at the end of the year, Group Management comprised nine individuals in addition to the President.

Principles for remuneration

The following are the principles for remuneration of senior executives adopted by the Annual General Meeting:

- Trelleborg will offer market-based terms of employment that enable the company to recruit, develop and retain senior executives.
- The remuneration structure will comprise fixed and variable salary, pension and other remuneration, which together form the individual's total remuneration package.

- Trelleborg continuously gathers and evaluates information on market-based remuneration levels for relevant industries and markets.
- Principles for remuneration may vary depending on local conditions.
- The remuneration structure will be based on such factors as position, expertise, experience and performance.

Senior executives comprise the President and other members of Group Management. The principles are supplemented by a policy for benefits for senior executives as well as a global Remuneration Policy covering all managers and senior salaried employees. In 2011, total remuneration of Group Management amounted to SEK 68,325,000 (65,841,000), excluding pension premiums, and SEK 84,069,000 (79,061,000), including pension premiums.



Name	Maurizio Vischi	Sören Andersson	Patrik Romberg	Ulf Gradén	Claes Jörwall
Position	Business Area President, Trelleborg Wheel Systems.	Senior Vice President, Human Resources.	Senior Vice President Corporate Communications	Senior Vice President, General Counsel and Secretary.	Senior Vice President, Taxes and Group Structures.
Qualifications	MBA	University studies in economics, sociology and education.	MBA and university studies in behavioral science and education.	Master of Law, Reporting Clerk, Court of Appeal.	Graduate in business administration.
Born	1955	1956	1966	1954	1953
Nationality	Italian	Swedish	Swedish	Swedish	Swedish
Previous experience includes	Various management positions at Pirelli.	Various HR posts at SCA.	Various posts at Unilever and the Trelleborg Group.	Corporate Legal Counsel at Mölnlycke and General Counsel at PLM/Rexam.	Department manager at the Swedish National Tax Board.
Own and related-party holdings 2011	–	6,080 shares and 10,000 call options*.	901 shares.	10,000 call options*.	16,031 shares.
Own and related-party holdings 2010	25,000 call options*.	6,080 shares and 10,000 call options*.	901 shares.	10,000 call options*.	16,031 shares.
Employed	1999	1998	2006	2001	1988
In current position since	2001	1998	2011 ****	2001	1988

* The principal owner Henry and Gerda Dunkers Donation Fund No. 2 issued a call option program in February 2008. At that time, nine senior executives purchased 255,000 call options in Trelleborg at a price of SEK 10.98 per call option. Each call option entitles the holder to purchase one share of Series B in Trelleborg AB during the period March 15, 2008 – March 15, 2012 at an exercise price at SEK 125.50. As a result of the implemented rights issue in 2009 and in accordance with terms and conditions of the options, the exercise price was recalculated to SEK 57.70 per share and each call option will entitle the holder to purchase 2.18 shares. The principal owner's objective of the call option program is to promote the long-term commitment of management executives in the company. Trelleborg AB did not participate in the offer and will not have any expenses in connection with the offer.

**** Patrick Romberg replaced Viktoria Bergman as Senior Vice President Corporate Communications on October 1, 2011.

① Annual variable salary

The annual variable salary is based on the achievement of predefined targets for a number of performance indicators. The 2011 targets pertained among other things to the Group's profit before tax and the Group's operating cash flow, both excluding the effect of structural changes, as approved by the Board of Directors. Annual variable salary does not constitute pensionable income and does not form the basis of vacation pay. In 2011, the President's variable salary was a maximum of 65 percent of fixed salary. For other senior executives, variable salary was a maximum of 30-60 percent of fixed salary in 2011.

② Long-term incentive program

Since 2005, the Board of Directors has annually resolved to introduce a long-term incentive program for the President and for certain senior executives considered to exercise a significant influence on the Trelleborg Group's earnings per share. These programs are ongoing, three-year programs. The Board determines annually whether to instigate new programs and, if so, the scope, objective and participants of such new programs. The incentive programs are cash-based and constitute a supplement to the annual variable salaries, provided that the executive has not terminated his employment at the Trelleborg Group as per December 31 in the year in which the program ends.

Purpose

The incentive programs are directional and have long-term content. The aim is to continue to promote and retain the commitment of senior executives to the Group's development, thereby increasing value for the Group's shareholders.

Target figures

The target value for the incentive programs is the Trelleborg Group's earnings per share, with an annual improvement of 10 percent, excluding items affecting comparability and the impact of any share buyback programs, and includes the costs for the programs.

For the current programs, the Board has established a target of SEK 2.56 in earnings per share for 2009, a target of SEK 2.85 for 2010 and a target of SEK 5.20 for 2011, with the upper cap for payments for all programs set at 25 percent of the maximum annual variable salary per program per year.

Outcome and payment

The result is calculated annually and accumulated over the three-year period and potential payments are made in the first quarter of the year after the program expires. For the program approved for 2009, payment will be made in the first quarter of 2012, for the program approved for 2010, payment will be made in the first quarter of 2013, and for the program approved for 2011, payment will be made in the first quarter of 2014. The payments do not constitute pensionable income and do not form the basis of calculation of vacation pay. In 2011, earnings were charged with SEK 26,798,000 (20,541,000) and additional payroll expenses of SEK 6,396,000 (4,373,000).

Other incentive programs

The Group has no ongoing convertible debenture or warrant programs at the present time.

③ Other benefits

The President and other senior executives have the possibility of having a company car and medical expenses insurance.

④ Pension

The pension agreement is a defined-contribution scheme. For the President and other senior executives, the premium can vary between 20 and 45 percent of the fixed salary. For the President, the premium is computed as 40 percent of the fixed salary. Pensionable age for the President is 65; however, both the company and the President have the right, without special motivation, to request early retirement from the age of 60, with a mutual six-month notice of termination. If the President enters early retirement, the employment agreement and pension agreement are rendered invalid as of that time. Some of the senior executives have agreements specifying mutual rights to request early retirement from the age of 60. In this case, compensation amounting to 60 percent of fixed annual salary is paid until the age of 65, after which the regular retirement pension payments become effective.

Severance pay

For the President, termination of employment by the company shall be subject to a period of notice of 24 months. The period of notice from the President is six months. During the period of notice, fixed salary is payable. Certain senior executives have extended notice of termination periods when initiated by the company, normally 12, 18 or 24 months, whereas the notice period is six months when initiated by the senior executive.

For additional information concerning remuneration, see Note 3, pages 81-82.

OVERVIEW OF GOVERNANCE IN THE TRELLEBORG GROUP

Shareholders

The right of shareholders to make decisions on the affairs of Trelleborg is exercised at the Annual General Meeting or, where appropriate, at an Extraordinary General Meeting, which is Trelleborg's highest decision-making body. The Annual General Meeting is usually held in April. The Meeting adopts the Articles of Association and, at the Meeting, the shareholders appoint Board members, the Chairman of the Board and auditor, and makes decisions regarding their fees. In addition, the Annual General Meeting passes resolutions regarding the adoption of the income statement and the balance sheet, the allocation of the company's profit and the discharge from liability of the Board members and the President. The Annual General Meeting also makes resolutions regarding the appointment of the Nomination Committee and its work, and the principles for the remuneration and employment terms for the President and other senior executives.

Auditor

Trelleborg's auditor, elected by the Annual General Meeting, examines the company's annual reports and accounts, as well as the Board's and the President's management. Historically, Trelleborg's auditor has been elected for periods extending for four years. The auditor bases its work on an audit plan and obtains the Audit Committee's opinions on Trelleborg's risks with regard to financial reporting before the audit plan is established. The auditor continuously reports observations to the Audit Committee throughout the year and to the entire Board after the hard-close audit during the autumn and in connection with the adoption of the six-month report and the annual report by the Board. The auditor's assignment is presented in a written auditor's report at the Annual General Meeting.

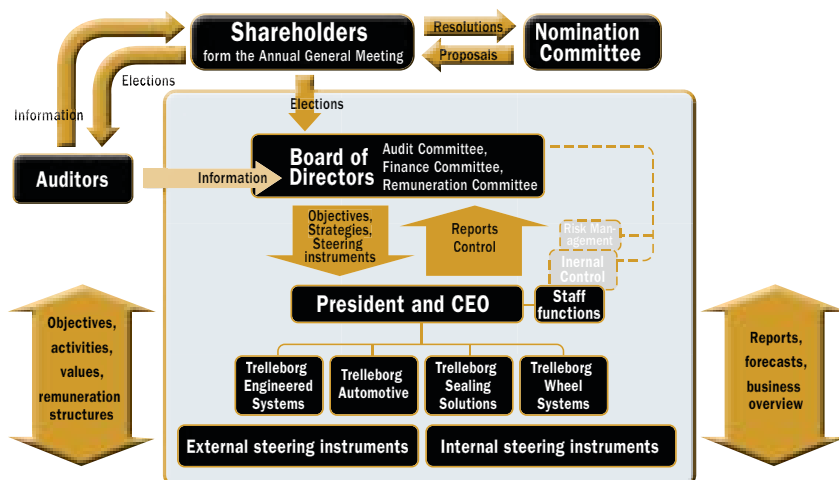
Nomination Committee

Procedures for the Nomination Committee's appointment and work are adopted by the Annual General Meeting. The Nomination Committee prepares and submits proposals to the Meeting on the election of Board members, the Chairman of the Board and, where appropriate, the auditor as well as their fees. The Nomination Committee shall consist of five members. They shall be representatives of the five largest shareholders at the close of the third quarter, who are to be contacted by the Chairman of the Board at that time. These shareholders then have the right to appoint one member each. The Nomination Committee may also decide that the Chairman of the Board be a part of the Committee, but not be appointed to serve as its chairman.

Board of Directors

Composition of the Board

In accordance with the articles of association, the Board of Directors shall consist of three to ten members, without deputies. Board members are elected annually by the Annual General Meeting for the period until the next Annual General Meeting. In accordance with legislation, employees elect three Board members and a deputy. Trelleborg's CFO participates in the Board meetings as does the General Counsel, who also serves as the Board's Secretary. The Board has established three committees, the Audit Committee, the Finance Committee and the Remuneration Committee.



Responsibilities of the Chairman

The Chairman is responsible for the work of the Board being well organized and conducted efficiently, and that the Board fulfills its obligations. The Chairman monitors operations in dialogue with the President. He is responsible for ensuring that other Board members receive the information and documentation necessary to maintain a high level of quality in discussions and decisions, and checking that the Board's decisions are executed. The Chairman is responsible for ensuring that new Board members undergo requisite introductory training and that the Board continuously updates and deepens its knowledge of the company. The Chairman is also responsible for annually evaluating the Board's activities, and this evaluation is then shared with the Nomination Committee. The Chairman represents the company in all ownership issues.

Responsibilities and work of the Board

The Board is responsible for managing operations in the interest of the company and all its shareholders in accordance with external and internal steering documents. The framework comprises a written formal work plan for the Board that is adopted by the Board each year. The Board monitors the President's work through ongoing reviews of the operation over the year. The Board's responsibilities include ensuring that there are effective systems for follow-up and control of the company's operations, that there is satisfactory internal control and that internal steering instruments have been established. In addition, the responsibilities of the Board include setting targets and strategies, decisions concerning major acquisitions and divestments of operations or other major investments and loans in accordance with the Treasury Policy. The Board issues financial reports. The Board annually evaluates the President and other senior executives and oversees the planning of managerial succession. Trelleborg's Board of Directors meets at least seven times per year.

The Board's responsibility for financial reporting

The Board ensures the quality of financial reporting, in part, through instructions to the President, instructions regarding financial reporting to the Board and through the Communications Policy and,

in part, by considering reports from the Audit Committee. The Board also assures the quality of financial reporting by considering interim reports, year-end reports and annual reports in detail at its respective meetings. The Board has delegated to Group management the responsibility for ensuring the quality of financial press releases and presentation material in conjunction with meetings with the media, shareholders and financial institutions.

Board committees

- The Audit Committee's objective, in accordance with the instructions for the Audit Committee established by the Board of Trelleborg, is to represent the Board by monitoring the company's financial reporting and, in conjunction with this task, oversee the effectiveness of the company's internal control, internal audit and risk management. The Audit Committee's objective is also to keep itself informed in matters relating to the audit of the Annual Report and the consolidated financial statements, to review and monitor the auditor's impartiality and independence, and to provide assistance when preparing proposals regarding the appointment of the auditor for approval by the Annual General Meeting. The Audit Committee shall also act on behalf of the Board to support and monitor the Group's work with corporate responsibility and the overall coordination of the Group's risk management. The results of the Audit Committee's work in the form of observations, recommendations, motions and measures are reported to the Board on a regular basis, usually at the subsequent Board meeting.
- The Finance Committee's objective is to represent the Board in day-to-day issues relating to financing, to support and monitor financial operations, to annually assess and propose changes to the Treasury Policy, to evaluate and prepare matters for decision by the Board and, after each meeting, to report on its work at the subsequent Board meeting.
- The Remuneration Committee's objective is to represent the Board in matters concerning remuneration and terms of employment for the President and executives reporting directly to the President based on the principles adopted by the Annual General Meeting and the applicable policy. The Committee regularly presents reports on its work to the Board.

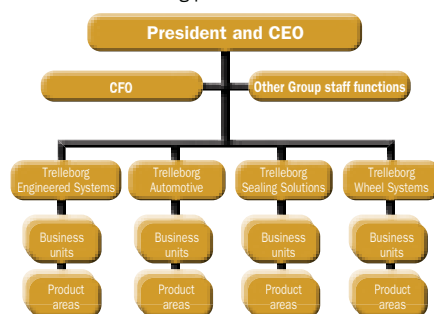
President and Group Management

The President and CEO manages Trelleborg's day-to-day operations in accordance with external and internal governance instruments. The framework for this work comprises written instructions to the President established by the Board every year. The President is assisted by Group Management comprising managers for business areas and corporate functions. In consultation with the Chairman of the Board, the President prepares necessary information and documentation on the basis of which the Board can make well-founded decisions. The President presents matters and motivates proposed decisions. The President answers to and regularly reports to the Board regarding the performance of the company.

Trelleborg's operations are organized into four business areas. These encompass 20 business units that cover about 40 product areas. Trelleborg has a decentralized structure, with a strong focus on responsibility and performance, which is combined with clearly defined Group-wide processes that aim to achieve synergies.

The President leads the work conducted by Group Management and renders decisions in consultation with other members of the management team. At year-end 2011, Group Management comprised ten individuals.

Group Management holds regular management meetings. In 2011, Group Management held five meetings. These focus on the Group's strategic and operational development and budget follow-up. In addition to these meetings, close cooperation takes place on a daily basis on various issues between the operational business and representatives of the various staff functions. The company aims to create an open, clear and honest working culture, with short decision-making paths.



Internal Control

The Group's Internal Control staff function acts as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. Within the scope of the defined process called Internal Control, the function works on developing, improving and ensuring internal control over financial reporting in the Group, in part, by proactively focusing on the internal control environment and, in part, by examining how internal control works. The proactive work on the internal control environment focused particularly on developing and improving processes and establishing minimum requirements for good internal control over financial reporting documented in internal governance instruments and developing and providing training and tools in the Group for internal control over financial reporting. Efforts to examine the effectiveness of internal control include risk assessments as a basis for prioritization, development and follow-up of self-assessments in the Group's companies and business areas, which are supplemented with internal audits. The internal control process is formulated to provide reasonable

assurance that the goals of the Trelleborg Group are achieved in terms of appropriate and effective business activities, reliable reporting and compliance with applicable legislation and regulations. The process is based on a control environment throughout Trelleborg that creates discipline and provides a structure for the other four components of the process, namely, risk assessment, control structures, information and communication, and monitoring. Internal Control over financial reporting aims to provide reasonable assurance with regard to the reliability of external financial reporting and that external financial reporting is prepared in accordance with legislation, applicable accounting standards and other requirements on listed companies. Internal steering instruments for financial reporting primarily comprise the Trelleborg's Treasury Policy, Communication Policy, Finance Manual (defining the accounting and reporting rules), and the Group's definition of processes and minimum requirements for good internal control over financial reporting. Internal control is described in more detail on pages 44-46.

Risk Management

Risk Management is a staff function. Within the scope of Trelleborg's Enterprise Risk Management process (ERM process), risks in Group companies, business areas, business units and processes are identified, evaluated and managed. The ERM process is conducted centrally by the Risk Management staff function and is led by an ERM Board composed of representatives of the business areas and the Group staff functions. The function reports to the Group's General Counsel and provides the Audit Committee with regular reports. Risk Management is described in more detail under Risks and risk management on pages 28-33.

External steering instruments

The external steering instruments that constitute the framework of corporate governance within Trelleborg include the Swedish Companies Act, the Annual Accounts Act, the listing agreement with NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance and other relevant legislation.

Internal steering instruments

The internally binding steering instruments, in addition to the Articles of Association adopted by the Annual General Meeting, include:

- Rules of procedure for the Board of Directors of Trelleborg.
- Instructions for the Audit Committee established by the Board of Trelleborg.
- Instructions for the President of Trelleborg.
- Instructions for financial reporting to the Board of Trelleborg.
- Trelleborg's Code of Conduct.
- Trelleborg's Treasury Policy.
- Communication Policy.

In addition to these steering instruments, there are a number of policies and manuals that contain binding rules, as well as recommendations that provide principles and guidelines for the Group's operations and employees. These include Trelleborg's Values and the Finance Manual, which defines the accounting and reporting rules, definition of processes and the minimum requirements to ensure good internal control, including internal control over financial reporting and the Remuneration Policy. Employees

can view complete versions of the Group's numerous governance instruments on Trelleborg's intranet.

Rules of procedure of the Board of Directors

Each year, the Board of Directors establishes a written work plan clarifying the Board's responsibilities and regulating the internal division of duties between the Board and its committees, including the role of the Chairman, the Board's decision-making procedures, its meeting schedule, procedures governing the convening, agenda and minutes of meetings, as well as the Board's work on accounting and auditing matters, as well as financial reporting. The rules of procedure also govern how the Board is to receive information and documentation as the basis for its work and to be able to make well-founded decisions.

Instructions for the President

Each year, the Board of Directors also establishes written instructions for the President that clarify the President's responsibility for operational management, the form and content of reporting to the Board, requirements of internal governance instruments and issues that always require a Board decision or reporting to the Board, such as the adoption of interim reports, annual reports and year-end reports, decisions regarding major acquisitions and divestments of operations, decisions regarding other large investments, decisions about investments and loans in accordance with Trelleborg's Treasury Policy, information on guarantees above a certain level, adoption of remuneration and employment terms for the President and executives reporting directly to him.

Code of Conduct

The Trelleborg Group works to create added value for its stakeholders without compromising the Group's high ambitions with regard to the environment and social responsibility. The Code of Conduct establishes how Trelleborg should conduct its business, including principles within the areas of Workplace and environment, Marketplace, Society and Community, and Corporate Governance. The Code of Conduct applies to all employees, including managers and Board members in the Trelleborg Group, in all markets, always and without exception. Trelleborg also encourages suppliers, sales representatives, consultants and other business partners to adopt the principles of both the Global Compact and Trelleborg's own Code of Conduct.

Values

Trelleborg's values – customer focus, performance, innovation and responsibility – comprise a long-term commitment that, when combined with its business concept, objectives and strategies, guides the employees in their daily activities.

- Customer focus – refers to the ambition to be the preferred supplier of solutions in selected markets. All decisions are made with the customer in focus, with the objective of creating added value for the customers and Trelleborg through close cooperation.
- Performance – entails outperforming competitors and involves achieving results and the manner in which this is conducted.
- Innovation – culture and attitudes within Trelleborg shall promote Innovation. The ambition is to think differently, in a new and creative manner, on a daily basis. Innovation is an important driver of growth.
- Responsibility – all employees also have a Responsibility for Trelleborg in its entirety – the company's profits and good reputation.

REPORT BY THE BOARD OF DIRECTORS ON INTERNAL CONTROL

The responsibility of the Board of Directors for internal control is regulated by the Swedish Companies Act and the Swedish Code of Corporate Governance. Internal control over financial reporting is included as a part of the overall internal control in Trelleborg, and is a central component of Trelleborg's corporate governance.

Internal Control over financial reporting

The following description represents the Board of Directors' report on internal control over financial reporting. The report has been examined by the company's auditor.

Internal Control over financial reporting aims to provide reasonable assurance with regard to the reliability of external financial reporting in the form of interim reports, annual reports and year-end reports, and to ensure that external financial reporting is prepared in accordance with legislation, applicable accounting standards and other requirements on listed companies.

Risk assessment

Trelleborg's risk assessment of financial reporting aims to identify and evaluate the most significant risks that affect internal control in regard to financial reporting in the Group's companies, business areas and processes. The risk assessment results in control targets that ensure that the fundamental demands placed on external financial reporting are fulfilled and comprise the basis for how risks are to be managed through various control structures. The risk assessment is updated on an annual basis under the direction of the Internal Control staff function and the results are reported to the Audit Committee.

Control environment

The Board of Directors bears overall responsibility for internal control over financial reporting. The Board has established a written work plan for the Board of Trelleborg that defines the Board's responsibilities and regulates its and its committees' internal distribution of work. The Board has appointed an Audit Committee from within its ranks to represent the Board in matters concerning the monitoring of the company's financial reporting and, in relation to the financial reporting, to monitor the efficiency of the company's internal control, internal audit and risk management. The Audit Committee shall also

represent the Board by keeping itself informed in matters relating to the audit of the Annual Report and the consolidated financial statements, reviewing and monitoring the auditor's impartiality and independence and providing assistance when preparing proposals regarding the appointment of auditor for approval by the Annual General Meeting. The Board has also established instructions for the President of Trelleborg and instructions for financial reporting to the Board of Trelleborg. The responsibility for maintaining an effective control environment and the day-to-day work on internal control is delegated to the President.

The Group's Internal Control staff function works as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. The function focuses on developing, enhancing and securing internal control in the Group's financial reporting by proactively concentrating on the internal control environment and by examining the effectiveness of internal control.

Internal governance instruments for financial reporting primarily comprise the Trelleborg's Treasury Policy, Communication Policy, Finance Manual (defining the accounting and reporting rules), and the Group's definition of processes and minimum requirements for good internal control over financial reporting.

Control structures

The most significant risks identified in terms of financial reporting are managed through control structures in companies, business areas and processes. Management may entail that these risks are accepted, reduced or eliminated. The control structures aim to ensure efficiency in the Group's processes and good internal control and are based on the Group's approximately 280 minimum requirements for good internal control in the seven defined, significant processes that are shown in the diagram on page 46. The minimum requirement encompasses about 100 subsidiaries of which the largest approximately 40

companies shall apply both A and B levels in respect of minimum requirements for good internal control and the approximately 60 smaller companies only the A level.

The control structures in the accounting and reporting process, which are significant for the reliability of the financial reporting, contain 50 of the around 280 minimum requirements for good internal control.

Information and Communication

Information and communication regarding internal steering instruments for financial reporting are available to all employees concerned on Trelleborg's intranet. Information and communication relating to financial reporting is also provided through training.

In the Group, there is a process by which all the relevant employees confirm in writing awareness of and compliance with the Group's governance instruments.

The Group's CFO and the Head of the Internal Control staff function report the results of their work on internal control as a standing item on the agenda of the Audit Committee's meetings. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are continuously reported to the Board. External financial reporting is performed in accordance with relevant external and internal governance instruments.

Monitoring

Monitoring to ensure the effectiveness of internal control over financial reporting is conducted by the Board, the Audit Committee, the President, Group Management, the Internal Control staff function, Group Treasury and the Group's companies and business areas. Monitoring includes the follow-up of monthly financial reports in relation to budget and targets, quarterly reports with results from self-assessments in the Group's companies and business areas, and results from internal audits. Monitoring also encompasses following up observations reported by the company's auditor. The Internal

Control staff function works in accordance with an annual plan that is approved by the Audit Committee. The plan is based on the risk analysis and encompasses prioritized companies,

business areas and processes, as well as work programs and budgets.

Activities in 2011

In 2011, the Internal Control Group staff

function conducted 37 (30) internal audits in 12 (16) countries, of which nine (three) were IT security audits. Focus was on Europe, China, Brazil and the US. Most of the internal audits were



Internal Control at Trelleborg

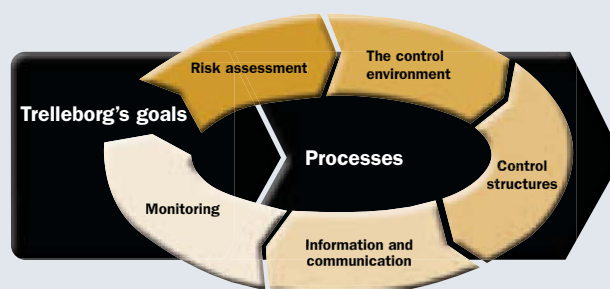
Trelleborg has defined internal control as a process that is influenced by the Board of Directors, the Audit Committee, the President, Group Management and other employees, and is formulated to provide reasonable assurance that Trelleborg's goals are achieved in terms of the following:

- appropriate and effective business activities
- reliable reporting
- compliance with applicable legislation and regulations.

The Internal Control process is based on a control environment that creates discipline and provides structure for the other four components of the process – risk assessment, control structures, information and communication, and monitoring. The starting point for the process is the regulatory framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (CoSo), www.coso.org.

Risk assessment is conducted within the framework of Trelleborg's Enterprise Risk Management (ERM) process. This is described in greater detail under Risk and risk management on pages 28-33.

The control environment includes the values and ethics upon which the Board, the Audit Committee, the President and Group Management base their communication and actions, as well as the Group's organizational structure, leadership, decision channels, authorizations, responsibilities and the expertise of the employees. An overview of the Group's organization and governance, including external and internal steering instruments, which are important elements of Trelleborg's control environment, is outlined on pages 42-43. Key internal steering instruments are Trelleborg's Code of Conduct and Trelleborg's Values. The Code of Conduct comprises principles for how the business should be conducted, while Values is a long-term commitment that is linked to the business concept, objectives and strategies and guides employees in their day-to-day activities. Trelleborg is characterized by a decentralized organization, based on management by objectives with clear targets and performance-based rewards.



Control structures relate to the controls that are chosen to manage Group risks. Significant controls for Trelleborg are described in more detail on pages 28-33 under Risk and risk management, and on page 46 with regard to the significant processes that affect financial reporting.

Information and Communication. External information and communication include, for example, reporting to authorities and external financial reporting to owners and other stakeholders. Internal information and communication refer to creating awareness among Group employees of external and internal governance instruments, including authority and responsibilities. Important tools for this include Trelleborg's intranet and training programs. A process exists whereby Group employees affirm in writing that they have knowledge of Group policies. Trelleborg's whistleblower policy entails that each employee is entitled, without repercussions, to report suspicions of legal or regulatory violations. Internal information and communication also pertain to the information generated by Trelleborg's process for internal control being fed back to the Board, Audit Committee, President and Group Management as a basis for making well-founded decisions.

Monitoring aims to ensure efficiency in the process through a range of activities, such as the monitoring of operations in relation to set goals, self-assessments, internal audit and other monitoring activities.

conducted by the Internal Control staff function in cooperation with internal resources from other staff functions with specialist competence in such areas as purchasing and finance, or jointly with controllers from various business areas. Internal audits of IT security were carried out by the head of the IT Group staff function together with external consultants.

In 2011, the focus remained on purchasing processes, inventory processes, sales processes and accounting and reporting processes. A special focus area in 2011 was the management of value-added tax. Training courses were implemented in several countries in Europe together with external consultants,

aimed at raising levels of competence for relevant personnel and thus reducing risks due to incorrect management. In 2011, the Internal Control Group staff function also participated in internal projects concerning new reporting procedures for Enterprise Risk Management and Corporate Responsibility, where the consolidation system played a significant role. This system is already in use in financial reporting and for reporting of work involving the internal control over the financial reporting.

Focus in 2012

In 2012, the Internal Control staff function will work broadly with the audit of all processes, but with a greater focus on

project accounting in relevant companies. Geographically, the Internal Control staff function will continue to focus on emerging markets, but the majority of internal audits will take place in Europe.

The Internal Control staff function's goal for 2012 is to involve local national controllers in the internal audits of smaller companies. This will take place under the supervision of the Internal Control staff function.

*Trelleborg, February 27, 2012
Board of Directors of Trelleborg*

	Company 1	Company 2	Business area 1	Business area 2	Purchasing	Treasury	Etc.
	Self-evaluation						
Financial reports and reporting processes	<ul style="list-style-type: none"> Group-wide reporting system with quarterly feedback from subsidiaries Companies respond to how they comply with the Group's minimum requirements for good internal control in selected processes 						
Purchasing process	<ul style="list-style-type: none"> Deficiencies are identified, measures are planned and implemented by the companies 						
Inventory process	<ul style="list-style-type: none"> Encompasses approximately 100 subsidiaries, of which the largest approximately 40 companies shall apply both A and B levels in terms of minimum levels for good internal control and the approximately 60 smaller companies will only apply the A level 						
Sales process	<ul style="list-style-type: none"> Covers seven selected processes and about 280 minimum requirements for good internal control 						
Process for property, plant and equipment	<ul style="list-style-type: none"> All relevant employees annually confirm in writing their knowledge of, and compliance with, the Group's internal governance instruments. 						
IT security process							
Salary management process, incl. pensions and other compensation							
	Internal audit						
Financial reports and reporting processes	<ul style="list-style-type: none"> Internal audits are conducted by the Internal Control staff function in cooperation with internal resources from other staff functions and external consultants Internal audits of IT security are carried out by the head of Group IT together with external consultants Comprises seven selected processes and about 280 minimum requirements for good internal control Internal audits result in observations, recommendations and proposals for decisions and measures Identified deficiencies are followed up on a quarterly basis by business area controllers and the Internal Control staff function. 						
Purchasing process							
Inventory process							
Sales process							
Process for property, plant and equipment							
IT security process							
Salary management process, incl. pensions and other compensation							
	Training/tools						
Financial reports and reporting processes	<ul style="list-style-type: none"> A number of training programs in defined processes relating to minimum requirements for good internal control took place in 2011 						
Purchasing process	<ul style="list-style-type: none"> Training programs are aimed at increasing knowledge levels and understanding pertaining to efficient processes and good internal control 						
Inventory process	<ul style="list-style-type: none"> Training programs are a forum for the exchange of experience and sharing best practice 						
Sales process	<ul style="list-style-type: none"> A new intranet section has been available since 2009 to provide employees access to standardized tools and documents, as well as examples of business solutions. 						
Process for property, plant and equipment							
IT security process							
Salary management process, incl. pensions and other compensation							