



”Good corporate governance provides support in turbulent times”

In 2009, harsh winds encircled the majority of companies. The financial crisis and difficult market conditions meant that it was an exceptionally testing year for many businesses. These circumstances also placed ever-increasing demands on governance and responsibility. For Boards, it became even more important to be close to the operation and to be able to make quick decisions. Effective corporate governance adds value in turbulent times. Each decision – or lack of one – has a lasting impact.

In the Board's work during the year, it was particularly important to maintain our focus on our long-term target scenario, at the same time as the agenda was, more than usual, filled with short-term matters driven by the dramatic downturn in the market.

During the first six months of 2009, a rights issue was conducted to strengthen Trelleborg's financial position and create the conditions to improve the Group's market positions. There were of course many questions in conjunction with the issue, and the importance of open and transparent communication so that our stakeholders can understand and monitor the company's development was once again confirmed.

I am pleased to say that the Group has capitalized on and benefitted from the decisions that were taken during the year, and that Trelleborg now stands stronger, has advanced its market positions and enhanced its efficiency.

The Enterprise Risk Management and Corporate Responsibility programs were also further developed during the year. As regards

risk management, we are continuing to focus on effective management and prioritization of jumbo risks. The aim is to establish risk management and corporate responsibility as an integral part of day-to-day operations, and that these shall be followed up within the framework of the corporate governance processes.

In this year's report, we would like to further emphasize that we view risk management, corporate governance and corporate responsibility as being closely related, and have therefore coordinated these three sections beneath the joint designation Governance and Responsibility. We continue to work with these processes to improve them and support the company's businesses and development.

A handwritten signature in blue ink, appearing to read 'Anders Narvinger'.

Anders Narvinger
Chairman of the Board

Corporate Governance

Trelleborg is a publicly traded Swedish limited company listed on the NASDAQ OMX Nordic Exchange Stockholm. Trelleborg applies the Swedish Code of Corporate Governance and presents its 2009 Corporate Governance Report in this section. Follow-up during 2009 has resulted in Trelleborg not having any deviations to report. The report has not been examined by the Company's auditor.

Shareholders

Trelleborg's Series B shares have been traded on the NASDAQ OMX Nordic Exchange in Stockholm since 1964. Share capital in Trelleborg amounted 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 December 31, 2009, the number of shareholders was 49,286 (42,600).

Of the total number of shares, foreign shareholders accounted for approximately 22 percent (18). Institutions accounted for the majority of ownership. At the end of the year, 72 percent (83) of the total shares were owned by legal entities, 28 percent (17) by private individuals representing 92 percent (91) and 8 percent (9), respectively, of the total number of votes.

For further information on the share and shareholders, refer to pages 98-99 and Trelleborg's website.

[www](http://www.trelleborg.com)

Annual General Meeting

The 2009 Annual General Meeting took place on Thursday, April 23, 2009 in Trelleborg. At the meeting, 571 shareholders (649) were in attendance, personally or by proxy, representing about 73 percent (70) of the votes. One shareholder, Dunker Funds and Foundations, represented approximately 76 percent (79) of the votes at the meeting on its own. Anders Narvinger was elected Chairman of the meeting.

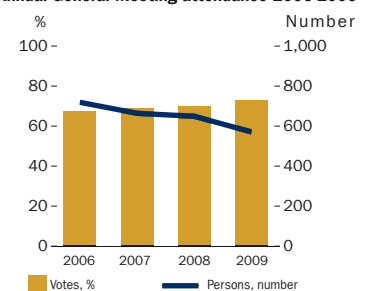
All Board members elected by the Annual General Meeting were present.

Resolutions

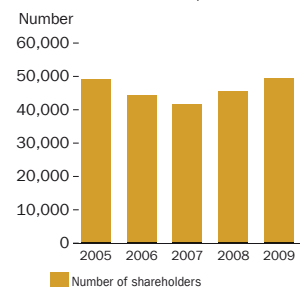
The minutes from the Annual General Meeting have been made available on Trelleborg's website. The resolutions passed by the Meeting included the following:

- No dividend is to be paid for 2008 as per the Board's and President's proposal (SEK 6.50 per share for 2007).
- Re-election of Board members Heléne Bergquist, Staffan Bohman, Claes Lindqvist, Sören Mellstig, Anders Narvinger and Peter Nilsson. The election of new Board member Hans Biörck to replace Rolf Kjellman, who declined re-election.
- Re-election of Anders Narvinger as Chairman of the Board.
- Fees to Board members, excluding travel expenses, should be paid in the total amount of SEK 2,750,000, to be distributed as follows: SEK 950,000 to be paid to the Chairman and SEK 360,000 to be paid to each member of the Board who is not an employee of the Group, that remuneration should be paid to the Audit Committee in the amount of SEK 150,000 to the Chairman of the Committee and SEK 100,000 to the other Audit Committee members, that remuneration should be paid for assignments in the Nomination Committee in the amount of SEK 50,000, and that the auditor's fees shall be based on a cost-level agreement for the four-year mandate period, meaning until the 2012 Annual General Meeting.
- Principles for remuneration and other conditions of employment for the President and other senior executives.
- Procedures for the Nomination Committee's appointment and work.
- Approval of the rights issue as per the Board's resolution on March 22, 2009.

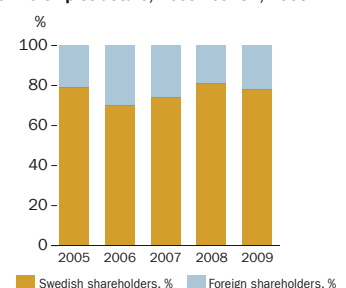
Annual General Meeting attendance 2006-2009



Number of shareholders, December 31, 2009



Ownership structure, December 31, 2009



Further information on corporate governance

The following information is available at www.trelleborg.com:

- In-depth information on internal steering documents, such as the Articles of Association and the Code of Conduct
- Information from Trelleborg's Annual General Meetings since 2004:
 - Notification of AGM
 - Minutes of AGM
 - President's presentations
 - Press releases
- Corporate Governance Reports, from 2004 onward.

The Swedish Code of Corporate Governance is available at: www.kodkollegiet.se.

www

Nomination Committee

In accordance with a resolution by the 2009 Annual General Meeting, the Chairman of the Board was assigned the task of asking five representatives of the company's major shareholders at the close of the third quarter to become members of the Nomination Committee in order to formulate proposals on Board members, the Chairman of the Board, and remuneration to Board members and Board committees to be presented for approval at the 2010 Annual General Meeting. The composition of the Nomination Committee was published on Trelleborg's website and through a press release on October 20, 2009.

The selection aim of the principal owners is that persons nominated shall possess knowledge and experience relevant to Trelleborg. The rules regarding independent Board members, as stated in the Swedish Code of Corporate Governance, are observed.

The Nomination Committee for 2010 held six meetings (two) and a number of telephone conferences. The Nomination Committee comprised Rolf Kjellman, Henry and Gerda Dunker Foundation (Chairman), Ramsay Brufer, Alecta, Lars Öhrstedt, AFA Försäkring, Henrik Didner, Didner & Gerge Fonder and KG Lindvall, Swedbank Robur Funds. In addition, the Chairman of the Board, Anders Narvinger, was a member of the Nomination Committee for 2010. At the end of the third quarter, the Nomination Committee represented approximately 67 percent of the shareholders' votes.

As a basis for the Committee's work, information on the company's operations and strategic focus was presented by the President. In addition, the Chairman of the Board presented the annual evaluation of the Board members' efforts. The Chairman of the Board also presented information on the Board's work during the year and the work of the Audit, Finance and Remuneration Committees.

Proposals to the Annual General Meeting 2010

The Nomination Committee has resolved to propose to the Annual General Meeting that it elect Nina Udnes Tronstad and Bo Risberg as new Board members of Trelleborg AB.

Staffan Bohman, elected to Trelleborg's Board of Directors in 2000, has declined re-election at the 2010 Annual General Meeting.

Nina Udnes Tronstad, born in 1959, is President of Aker Verdal AS, Norway, a subsidi-

ary of Aker Solutions ASA. Nina Udnes Tronstad earlier held a number of management positions at Statoil in Norway, Sweden and Denmark. Education: MSc in Chemistry, NTNU Norwegian University of Science & Technology.

Bo Risberg, born 1956, is President and CEO of Hilti Corporation, Liechtenstein. Bo Risberg formerly held management positions at AT Kearney and with ABB in Sweden and Canada. Education: MBA Business Administration, Switzerland, and BSc Mechanical Engineering, Canada.

Considering Trelleborg's global industrial operation, the Nomination Committee believes that Bo Risberg and Nina Udnes Tronstad are well matched to the executive and industry profile that is required to complement the Trelleborg Board

In addition, the re-election is proposed of the other Board members Heléne Bergquist, Hans Biörck, Claes Lindqvist, Sören Mellstig, Peter Nilsson and Anders Narvinger as Chairman.

Board of Directors

In 2009, Trelleborg's Board of Directors comprised of seven members elected by the Annual General Meeting, which includes the President and CEO.

Hans Biörck was elected as a new Board member to the 2009 Board of Directors. Rolf Kjellman declined re-election. Other members were re-elected.

Employees elect three representatives and one deputy to the Board of Directors. During 2009, Mikael Nilsson, LO, replaced Kim Davidsson who retired. Other personnel representatives are: Karin Linsjö, LO, and Alf Fredlund and Birgitta Håkansson (deputy), PTK (The Council for Negotiation and Cooperation).

The Group's CFO, Bo Jacobsson, attends the Board meetings as does the General Counsel, Ulf Gradén, who is the Board's secretary. Other salaried employees participate in the Board meetings to make presentations on particular matters.

Independence of the Board

The Board's assessment, which is shared by the Nomination Committee, regarding the members' position of dependence in relation to the company and the shareholders is presented in the table "Composition of the Board 2009/2010." 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 2009

The Chairman of the Board is responsible for evaluating the Board's work including the efforts of individual members. This occurs annually in accordance with an established process. Periodically, evaluation is conducted with the assistance of external consultants. In 2009, the evaluation was conducted using external consultants and internally 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 focuses on such aspects as supply and demand for 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 2009, the Audit Committee comprised the Board members Heléne Bergquist, who is also the Committee Chairman, Claes Lindqvist and Anders Narvinger.

The Group's CFO, Bo Jacobsson, 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.

In 2009, the Audit Committee held eight (five) meetings. Its work in 2009 mainly focused on:

- accounting issues
- review of interim reports, the year-end report and the annual report
- Group's capital structure
- 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 auditors, including the auditors' audit plan
- review of the plan for compilation of the Annual Report

Finance Committee

In 2009, the Finance Committee consisted of Board members Heléne Bergquist, who is also Chairman of the Finance Committee, Claes Lindqvist and Anders Narvinger.

The Group's CFO, Bo Jacobsson, and the Group's General Counsel and Secretary of the Finance Committee, Ulf Gradén, participate in the meetings of the Finance Committee. The

Nomination Committee for the 2010 Annual General Meeting

Name	Representing	Share of votes	
		September 30, 2009	December 31, 2009
Rolf Kjellman	Dunker Funds and Foundations	55.7%	55.7%
Henrik Didner	Didner & Gerge Funds	4.1%	3.8%
Ramsay Brufer	Alecta	3.0%	2.7%
Lars Öhrstedt	AFA Insurance Companies	2.4%	2.3%
KG Lindvall	Swedbank Robur Funds	1.8%	1.7%
Total		67.0%	66.2%

Head of Group Treasury also participates when necessary.

The Finance Committee held six (six) meetings in 2009. Its work in 2009 primarily focused on:

- reviewing financial reports from Group Treasury
- the Group's capital structure
- financing issues
- financial operations and policies
- financial risk management

Remuneration Committee

In 2009, the Remuneration Committee comprised the Board members Anders Narvinger, who is also Chairman of the Committee, Staffan Bohman and Claes Lindqvist.

The Group's HR Director, Sören Andersson, also Secretary of the Remuneration Committee, participates in Committee meetings.

The Remuneration Committee held eight (three) meetings in 2009. Work in 2009 focused primarily on:

- following up and setting targets for the variable portion of remuneration, which in 2009 was based on quarterly targets, four meetings, see pages 44-45

- terms of employment and incentive issues relating to senior executives
- the Group's management supply

Auditor

The responsibilities of the Nomination Committee included preparing a proposal for the Annual General Meeting concerning the auditor to be elected at the meeting for a period of four years. The 2008 Annual General Meeting re-elected the PricewaterhouseCoopers AB firm of authorized public auditors, including authorized public accountants Göran Tidström and Olov Karlsson. Göran Tidström is the Auditor in Charge.

Work of the Board of Directors

As a result of the particular conditions during the year, the Board of Directors' work during the year has been intense with several more Board meetings than usual. The number of Board meetings in 2009 was 19 (12), of which ten (three) were Extraordinary Meetings. Work focused largely on structural issues and the Group's capital structure.

January	No. 1: Competition Law investigation.
February	No. 2: Legal disputes and insurance coverage, Audit report, Year-end report, 2008 Annual Report.
	No. 3: Group's capital structure.
March	No. 4: Group's capital structure.
	No. 5: Competition Law investigation, Group's capital structure.
	No. 6: Group's capital structure.
	No. 7: Group's capital structure, Prior to the AGM.
	No. 8: Group's capital structure, Prior to the AGM.
April	No. 9: Approval of the prospectus pertaining to the rights issue.
	No. 10: Interim report for first quarter.
	No. 11: Adoption of subscription conditions for the rights issue.
	No. 12: Review of prospectus, Prior to the AGM.
	No. 13: Statutory Board meeting.
May	No. 14: Allocation of shares in the rights issue.
July	No. 15: Interim report for second quarter, January – June audit report, Financing.
September	No. 16: Strategic plan 2010-2012, Structural issues, Financing.
October	No. 17: Interim report for third quarter, Structural issues, Financing.
December	No. 18: Forecast for 2010, Structural issues, Audit report.
	No. 19: Structural issues, Financing.

The Board conducts reviews with the auditor when plans for the audit procedure are presented and when audit reports are to be considered. All business areas are usually given the opportunity to give an in-depth presentation of their operations at a Board meeting at least once a year.



GÖRAN TIDSTRÖM

Authorized public accountant, auditor in charge

Auditor in the Trelleborg Group since 2004. Partner of PricewaterhouseCoopers since 1976.

Qualifications: Graduate in business administration, Authorized public accountant since 1973.

Assignments: Auditor of Telia Sonera, AB Volvo, Meda and the Royal Opera. Deputy President of IFAC (International Federations of Accountants).

Born: 1946.



OLOV KARLSSON

Authorized Public Accountant

Auditor since 2004.

Partner of PricewaterhouseCoopers since 1987.

Qualifications: Economist program Umeå University, Authorized public accountant since 1980.

Assignments: Auditor of AB Volvo.

Born: 1949.

Board of Directors



Anders Narvinger
Chairman of the Board

Director-General of the Association of Swedish Engineering Industries.

Other assignments: Chairman of Alfa Laval AB (publ) and Coor Service Management AB. Board member of Volvo Car Corporation, JM AB (publ) and Pernod Ricard SA.

Qualifications: M.Sc. Eng., Faculty of Engineering, Lund University, and B. Sc. Business and Economics, Uppsala University.

Previous positions include a number of posts in the ABB Group, including President and Chief Executive Officer of ABB Sweden.

Holdings 2009: 30,404 shares.
Holdings 2008: 10,000 shares.



Peter Nilsson
President and CEO

Other assignments: Board member of Beijer Alma AB (publ), Trioplast Industrier AB and The Chamber of Commerce and Industry of Southern Sweden.

Qualifications: M.Sc. Eng.

Previous positions include Business Area President, Trelleborg Engineered Systems and other posts within the Trelleborg Group, as well as management consultant at BSI.

Holdings 2009: 80,572 shares and 100,000 call options (refer to page 43).
Holdings 2008: 26,500 shares and 100,000 call options.



Heléne Bergquist
Board member

Management Consultant.

Other assignments: Chairman of the Board of INVISIO Headsets AB (publ). Board member of Nordic Growth Market NGM AB and TradeDoubler AB (publ).

Qualifications: Graduate in business administration.

Previous positions include Senior Vice President, Group Controller, AB Electrolux, Authorized Public Accountant, partner and member of the Board of PricewaterhouseCoopers in Sweden.

Holdings 2009: 4,550 shares.
Holdings 2008: 1,500 shares.

Proposals to the Annual General Meeting 2010

The Nomination Committee has resolved to propose to the 2010 Annual General Meeting that it elect Nina Udnes Tronstad and Bo Risberg as new Board members of Trelleborg AB.

Staffan Bohman, elected to Trelleborg's Board of Directors in 2000, has declined re-election at the 2010 Annual General Meeting.

Nina Udnes Tronstad, born in 1959, is President of Aker Verdal AS, Norway, a subsidiary of Aker Solutions ASA.

Bo Risberg, born 1956, is President and CEO of Hilti Corporation, Liechtenstein.



Hans Biörck
Board member

Executive Vice President and CFO, Skanska AB.

Other assignments: Board member of the Dunker Funds and Foundations and the Swedish Financial Reporting Board.

Qualifications: Graduate in business administration.

Previous positions include CFO of Autoliv Inc. and CFO of Esselte AB.

Holdings 2009: -
Holdings 2008: -



Staffan Bohman
Board member

Other assignments: Vice Chairman of Scania AB (publ) and Ersta. Board member of Atlas Copco AB (publ), Boliden AB (publ), Inter IKEA Holding SA, Ratos AB (publ) and OSM AB.

Qualifications: Stockholm School of Economics and Stanford Business School, US.

Previous positions include Chief Executive Officer of DeLaval, Gränges and SAPA.

Holdings 2009: 75,000 shares.
Holdings 2008: 20,000 shares.

Composition of the Board 2009/2010

Name	Born	Position	Elected	Dependence	Audit Committee	Finance Committee	Remuneration Committee
Anders Narvinger	1948	Chairman	1999	No	Member	Member	Chairman
Heléne Bergquist	1958	Member	2004	No	Chairman	Chairman	-
Hans Biörck	1951	Member	2009	Yes*	-	-	-
Staffan Bohman	1949	Member	2000	No	-	-	Member
Claes Lindqvist	1950	Member	2004	Yes*	Member	Member	Member
Sören Mellstig	1951	Member	2008	No	-	-	-
Peter Nilsson	1966	Member	2006	Yes**	-	-	-
Alf Fredlund***	1946	Member	2001	-	-	-	-
Karin Linsjö***	1954	Member	2000	-	-	-	-
Mikael Nilsson***	1967	Member****	2009	-	-	-	-
Birgitta Håkansson***	1950	Deputy	2008	-	-	-	-

* Hans Biörck and Claes Lindqvist are dependent in relation to the company's major shareholders since they both have assignments for Trelleborg's main owner, Dunker Funds and Foundations.

** Peter Nilsson is dependent in relation to the company as a result of his position as Trelleborg's President.

*** Member/deputy appointed by the employees.

**** Replaced Kim Davidsson, who retired in 2009.

Members appointed by employees



Claes Lindqvist
Board member

President of Henry Dunkers Förvaltnings AB.
Other assignments: Executive member of Henry and Gerda Dunker Foundations and Donation Fund No. 2, Board member of Dunker Funds, Southern Swedish Chamber of Commerce and Industry, Novotek AB (publ), Connect Skåne, among others.
Qualifications: Graduate in business administration and M.Sc. Eng.
Previous positions include a variety of senior positions at ASEA and Åkerlund & Rausing as well as President and Chief Executive Officer of Höganäs AB and Öresundskraft AB.
Holdings 2009: 30,404 shares.
Holdings 2008: 10,000 shares.



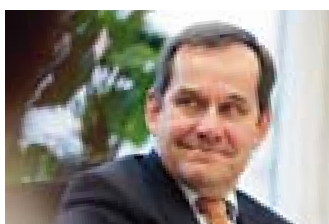
Alf Fredlund
Employee representative

Engineer, appointed by the Unions of the Trelleborg Group (PTK).
Other assignments: Chairman of Unionen Trelleborg AB.
Qualifications: Engineer.
Holdings 2009: 24,000 shares (own and family members).
Holdings 2008: 7,600 shares (own and family members).



Mikael Nilsson
Employee representative

Engineering employee, appointed by the Unions of the Trelleborg Group (LO).
Other assignments: Chairman of the Swedish Industrial Labor Union (LO) and Chairman of Trelleborg European Works Council.
Qualifications: Training in labor law, economics and personnel policy.
Holdings 2009: –
Holdings 2008: –



Sören Mellstig
Board member

Other assignments: Chairman of the Board of Aleris AB, Ferrosan AB and Textilia AB. Board member of Munters AB (publ) and Dako A/S.
Qualifications: Graduate in business administration.
Previous positions include President and Chief Executive Officer of Gambro and CFO and Vice President of Incentive.
Holdings 2009: 60,809 shares.
Holdings 2008: 20,000 shares.



Karin Linsjö
Employee representative

Appointed by the Unions of the Trelleborg Group (LO).
Other assignments: Board member of the Social Services Board, Municipality of Trelleborg.
Qualifications: Elementary school and plant training.
Holdings 2009: 501 shares.
Holdings 2008: 167 shares.



Birgitta Håkansson
Deputy employee representative

Salaried employee, appointed by the Unions of the Trelleborg Group (PTK).
Other assignments: Vice Chairman of Unionen Trelleborg AB.
Qualifications: Secretarial studies, training in IT and accounting.
Holdings 2009: 1,602 shares.
Holdings 2008: 527 shares.

Board members' attendance in 2009/2010

Name	Position	Board meeting	Audit Committee	Finance Committee	Remuneration Committee
Anders Narvinger	Chairman	19 av 19	8 of 8	6 of 6	8 of 8
Heléne Bergquist	Member	19 of 19	8 of 8	6 of 6	–
Hans Biörck	Member	18 of 19*	–	–	–
Staffan Bohman	Member	19 of 19	–	–	8 of 8
Rolf Kjellman	Member	12 of 12	4 of 4	3 of 3	–
Claes Lindqvist	Member	19 of 19	5 of 5***	4 of 4***	8 of 8
Sören Mellstig	Member	17 of 19	–	–	–
Peter Nilsson	Member	19 of 19	–	–	–
Alf Fredlund	Member	19 of 19	–	–	–
Kim Davidsson	Member	11 of 11	–	–	–
Karin Linsjö	Member	19 of 19	–	–	–
Mikael Nilsson	Member	6 of 7**	–	–	–
Birgitta Håkansson	Deputy	18 of 19	–	–	–

Hans Biörck was absent at Board meeting No. 14 in May. Sören Mellstig was absent from Board meetings No. 9 and 10, both in April. Mikael Nilsson was absent from Board meeting No. 18 in December. Birgitta Håkansson was absent from Board meeting No. 1 in January.

– Member not included in the committee in question. * Elected at the 2009 Annual General Meeting. **Appointed during the year.
*** Appointed members of the Audit and Finance Committees in conjunction with the statutory Board meeting in 2009.

Overview of governance in the Trelleborg Group

Shareholders

The right of shareholders to make decisions on the affairs of Trelleborg is exercised by the Annual General Meeting or, where appropriate, an Extraordinary General Meeting, which is Trelleborg's highest decision-making body. The Annual General Meeting is usually held in Trelleborg, Sweden, in the month of April. The Meeting adopts the Articles of Association, appoints the members and Chairman of the Board, elects the auditor, resolves on the adoption of the income statement and balance sheet, resolves on the allocation of the company's profit and the discharge from liability to the company for the Board members and the President, makes resolutions regarding such matters as 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.

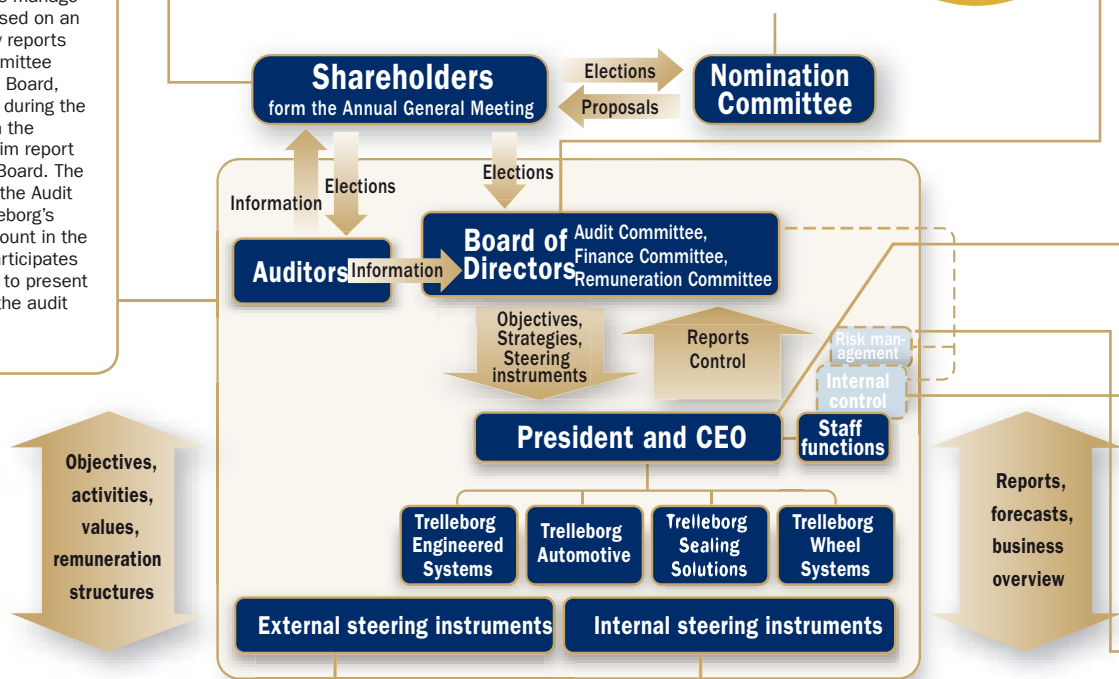
Auditor

Trelleborg's auditor, elected by the Annual General Meeting, audits the company's Annual Report and accounts, as well as the Board's and the President's management. The auditor's work is based on an audit plan and he continuously reports observations to the Audit Committee throughout the year and to the Board, both after the hard-close audit during the autumn and in connection with the approval of the six-month interim report and the Annual Report by the Board. The auditor collects opinions from the Audit Committee with regard to Trelleborg's risks, which are taken into account in the audit plan. The auditor also participates in the Annual General Meeting to present the audit report and describe the audit work and observations made.

Nomination Committee

Trelleborg's Annual General Meeting makes resolutions regarding procedures for the appointment and work of the Nomination Committee. The 2009 Annual General Meeting decided that a Nomination Committee shall operate in order to prepare and present proposals to the shareholders at the Annual General Meeting regarding the election of Board members, the Chairman and, where applicable, present proposals regarding auditors and remuneration to the Board, Board committees and the auditors. The Nomination Committee shall consist of five members, who are to be representatives of the five largest shareholders at the close of the third quarter. Accordingly, the Chairman of the Board shall, at the close of the third quarter, contact the five largest shareholders in the company, who shall each be given the opportunity to appoint one member of the Nomination Committee. In addition, the Nomination Committee may decide that the Chairman of the Board be a part of the Committee, but not be appointed its chairman. For a complete account of the resolutions of the Annual General Meeting, see the minutes from the Annual General Meeting available at: www.trelleborg.com.

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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 the NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance and other relevant legislation.

Internal steering instruments

The internally binding steering instruments include the Articles of Association adopted by the Annual General Meeting and the Rules of procedure for the Board of Directors of Trelleborg approved by the Board, Instructions for the President of Trelleborg, Instructions for financial reporting to the Board of Trelleborg, Instructions for the Audit Committee established by the Board of Trelleborg, the Code of Conduct, the Communication Policy and the Treasury 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 guidelines and guidance for the Group's operations and employees. These include Values, Financial Manual (accounting and reporting rules), Remuneration Policy and a definition of processes and the minimum

requirements for good internal control, including internal control regarding financial reporting. Complete versions of many of the Group's steering instruments are available on Trelleborg's website.

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Rules of procedure of the Board of Directors

Each year, the Board of Directors establishes a formal 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, auditing matters and financial reporting. The work plan also governs how the Board shall 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 steering instruments and issues that always require a Board decision or

President and Group Management

The President and CEO manages operations in accordance with the Swedish Companies Act, other legislation and regulations, applicable rules for listed companies, including the Swedish Code of Corporate Governance, the Articles of Association and the parameters set by the Board, including its instructions to the President. 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, presents matters and motivates proposed decisions, while reporting to the Board on the development of the company. The President is responsible for leading the work conducted by Group Management and makes decisions in consultation with other members of the management team, which consists of the heads of the business areas and Group staff functions.

Internal Control

The Internal Control staff function operates as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. The function works on developing and improving internal control regarding 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 with regard to financial reporting, policies with responsibility and authority, and developing training, networking and experiential exchange within the Group in the field of internal control. Efforts to examine the effectiveness of the internal control included risk assessments as a basis for prioritization, development, introduction, performance monitoring and follow-up of self-evaluations in the Group's companies and business areas, which are supplemented with internal audits that are performed by the Internal Control staff function, other Group staff units or external consultants under the supervision of the Internal Control staff function. The function complies with an annual plan for its work, which is approved by the Audit Committee. The Group's CFO and the Head of the Internal Control staff function report the results of the function's work to the Audit Committee in connection with its meetings.

Risk management

Trelleborg works continuously with risk management in an Enterprise Risk Management process. See pages 30-33.

reporting to the Board, such as the adoption of interim reports, annual reports and year-end reports, decisions regarding major acquisitions and business divestments, decisions regarding other large investments, decisions about investments and loans in accordance with the 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.

The Board of Directors

Composition of the Board

In accordance with the Articles of Association, the Board of Directors of Trelleborg AB shall consist of three to ten members, elected annually by the Annual General Meeting for the period until the end of the next Annual General Meeting. Although the Articles of Association allow for the election of deputies, there are currently no deputies elected by the 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 heads the work of the Board and is responsible for ensuring its compliance with the Swedish Companies Act, other relevant legislation and regulations, the applicable rules governing listed companies, including the Swedish Code of Corporate Governance, the Articles of Association, and the internal steering documents of the Board and its Committees.

It is the responsibility of the Chairman to monitor operations, in consultation with the President, and to ensure that other Board members receive the information and documentation necessary to maintain a high level of quality in discussions and decisions. The Chairman is responsible for evaluating the Board's activities, and this evaluation is then shared with the Nomination Committee. The Chairman also participates in the deliberation of evaluation and development matters regarding the Group's senior executives. The Chairman represents the company in all ownership issues.

Responsibilities and work of the Board

The responsibilities of the Board include monitoring the work of the President through ongoing reviews of the operation over the year, ensuring that Trelleborg's organization, management and guidelines for the administration of the company's interests are structured appropriately and that there is satisfactory internal control. In addition, the responsibilities of the Board include setting strategies and targets, establishing internal control instruments, deciding on major acquisitions and divestments of operations, deciding on other major investments, deciding on financial investments and loans in accordance with the Treasury Policy and issuing financial reports, as well as evaluating the management of operations and planning managerial succession. The Board must convene at least seven times a year and otherwise as necessary.

The Board's responsibility for financial reporting

The Board oversees the quality of financial reporting in part through instructions to the President, instructions regarding financial reporting to the Board and through the Communications Policy, in part by considering reports from the Audit Committee in the form of written minutes, and through observations, recommendations and proposals for decisions and measures. The Board also assures the quality of financial reporting by considering interim reports, annual reports and year-end reports in detail at its meetings. The Board has delegated to corporate management the responsibility for checking financial press releases and presentation material in conjunction with meetings with the media, shareholders and financial institutions.

Board committees:

The Audit Committee's main task is 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, to keep itself informed in matters relating to the audit of the annual report and the consolidated financial statements, to review and monitor the auditors' impartiality and independence and to provide assistance when preparing proposals regarding the appointment of auditors 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 activities related to corporate responsibility issues 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 continuously reported to the Board, usually at the subsequent Board meeting.

The Finance Committee's primary tasks are 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 primary task is to represent the Board in matters concerning remuneration and terms of employment for the President and executives reporting directly to him based on the principles for remuneration and terms of employment for the President and other senior executives as adopted by the Annual General Meeting. The Committee continuously reports its work to the Board.

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 means an ambition to be the primary 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 in close cooperation. Performance entails outperforming competitors and involves achieving results and the manner in which this is conducted. Culture and attitudes within Trelleborg shall promote *Innovation*. The daily ambition is to think differently, in a new and creative manner. Innovation is an important driver of growth. All employees also have a responsibility for Trelleborg in its entirety – the company's profits and good reputation.

Group Management



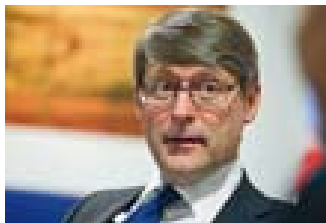
Peter Nilsson
President and CEO

Qualifications: M.Sc. Eng.
Board member of Trelleborg AB (publ), Beijer Alma AB (publ), Trioplast Industrier AB and the Chamber of Commerce and Industry of Southern Sweden.
Previous positions include Business Area President, Trelleborg Engineered Systems and other posts within the Trelleborg Group, as well as management consultant at BSI.
Holdings 2009: 80,572 shares and 100,000 call options*.
Holdings 2008: 26,500 shares and 100,000 call options*.
Born: 1966. Employed: 1995. In current position since 2005.



Bo Jacobsson
Chief Financial Officer (CFO) and Executive Vice President, Trelleborg AB

Qualifications: University studies in business administration.
Previous positions include CEO of the Scancem Group and CFO of Telia AB.
Holdings 2009: 30,384 shares (own and family members) and 25,000 call options*.
Holdings 2008: 5,000 shares (own and family members) and 25,000 call options*.
Born: 1951. Employed: 1975-1997, CFO since 2002 and Executive Vice President since 2005.



Lennart Johansson
Business Area President, Trelleborg Engineered Systems

Qualifications: M.Sc. Eng.
Previous positions include President of Kemira Kemi, business unit manager of Kemira OY and Perstorp AB.
Holdings 2009: 25,000 call options*.
Holdings 2008: 25,000 call options*.
Born: 1960. Employed: 2005. In current position since 2005.



Roger Johansson
Business Area President, Trelleborg Automotive

Qualifications: Master of Business and Economic Science.
Previous positions include Vice President of General Motors Powertrain Europe and General Motors Purchasing Europe.
Holdings 2009: 15,201 shares and 25,000 call options*.
Holdings 2008: 5,000 shares and 25,000 call options*.
Born: 1965. Employed: 2007. In current position since 2007.



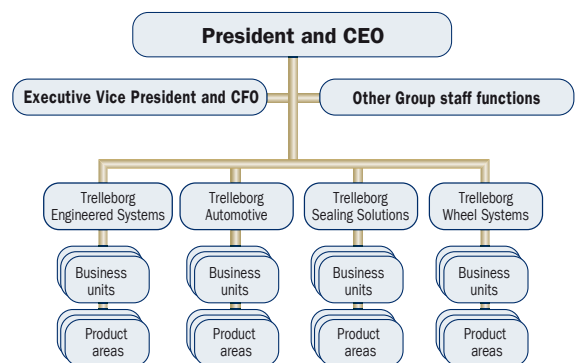
Claus Barsøe
Business Area President, Trelleborg Sealing Solutions

Qualifications: B.Sc. Econ.
Previous positions include Market Director of Alfa Laval, various positions within Busak+Shamban and Polymer Sealing Solutions.
Holdings 2009: 25,000 call options*.
Holdings 2008: 25,000 call options*.
Born: 1949. Employed: 2003. In current position since 2003.

Trelleborg's operation is 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 and CEO leads the work conducted by Group Management and renders decisions in consultation with other members of the management team, which consists of the heads of the business areas and staff functions. At the end of 2009, Group Management comprised a total of 11 persons.

During 2009, Group Management held seven meetings. These focused 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.





Maurizio Vischi
Business Area President,
Trelleborg Wheel Systems

Qualifications: MBA.

Previous positions include management positions within Pirelli.

Holdings 2009: 25,000 call options*.

Holdings 2008: 25,000 call options*.

Born: 1955. Employed: 1999. In current position since 2001.



Sören Andersson
Senior Vice President, Human Resources

Qualifications: University studies in economics, sociology and education.

Previous positions include several HR posts within SCA.

Holdings 2009: 6,080 shares and 10,000 call options*.

Holdings 2008: 2,000 shares and 10,000 call options*.

Born: 1956. Employed: 1998. In current position since 1998.



Viktoria Bergman
Senior Vice President, Corporate Communications

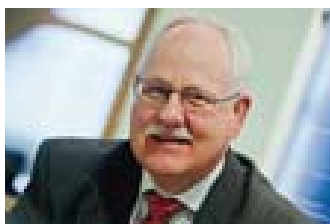
Qualifications: Berghs School of Communication

Previous positions include Falcon Bryggerier and Vice President, Corporate Communications at Trelleborg.

Holdings 2009: 1,518 shares (own and family members) and 10,000 call options*.

Holdings 2008: 500 shares (own and family members) and 10,000 call options*.

Born: 1965. Employed: 2002. In current position since 2005.



Ulf Gradén
Senior Vice President, General Counsel and Secretary

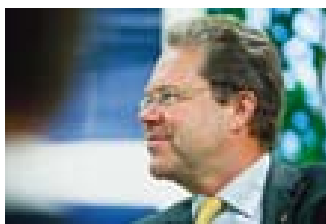
Qualifications: Master of Law. Reporting clerk, court of appeal.

Previous positions include Corporate Legal Counsel at Mölnlycke and General Counsel at PLM/Rexam.

Holdings 2009: 10,000 call options*.

Holdings 2008: 10,000 call options*.

Born: 1954. Employed: 2001. In current position since 2001.



Peter Svenburg
Senior Vice President, IT

Qualifications: Bachelor of Law.

Previous positions include CIO of Scancem/HeidelbergCement.

Holdings 2009: 325 shares.

Holdings 2008: 107 shares.

Born: 1949. Employed: 2006. In current position since 2006.



Claes Jörwall
Senior Vice President, Taxes and Group Structures

Qualifications: Graduate in business administration.

Previous positions include department manager at the Swedish National Tax Board.

Holdings 2009: 16,031 shares.

Holdings 2008: 273 shares.

Born: 1953. Employed: 1988. In current position since 1988.

* Call option program in Trelleborg issued in February 2, 2008 by the principal owners in Henry and Gerda Dunkers Donation Fund No. 2. Nine management executives purchased at that time 255,000 call options in Trelleborg at a price of SEK 10.98/option. Each call option will entitle the purchase of 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 purchase of 2.18 shares. The purpose of the call option program is to promote the long-term commitment of management executives in the company. Trelleborg AB does not participate in the offer and will not have any expenses in connection with the offer.

Remuneration

of the Board and senior executives

Principles

The following principles for remuneration of senior executives in the Trelleborg Group were adopted by the 2009 Annual General Meeting; see Note 3, page 80. The Board's motion to the 2010 Annual General Meeting regarding principles for remuneration is the same as that adopted by the 2009 Annual General Meeting.

Trelleborg's principles for remuneration of senior executives entail that the company shall offer market-based terms of employment that enable the company to recruit, develop and retain senior executives. The remuneration structure shall 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. It shall be possible for the principles for remuneration to vary depending on local conditions. Also refer to www.trelleborg.com, Corporate Governance, Annual General Meeting: "Principles for remuneration and other conditions of employment for senior executives."

Remuneration of management 2009

President

During 2009, the President and CEO received a fixed salary and other remunerations as shown in the table below. Pursuant to agreements, the President has the possibility of obtaining a variable salary. The variable salary has an established upper limit for full-year 2009, which corresponds to 65 percent of fixed salary. During 2009, the variable salary

was based on the Trelleborg Group's profit before tax, excluding the effect of structural changes approved by the Board, and on the Trelleborg Group's operating cash flow, excluding the effect from structural changes approved by the Board. The latter of these, operating cash flow, was subsequently divided into quarterly targets, accounting for two thirds of the amount, and annual targets, accounting for one third of the amount. The variable salary does not constitute pensionable income. In 2009, the established targets were exceeded and therefore a variable salary of SEK 3,900,000 was payable to the President.

The President has a pension agreement that entitles him to retire at the age of 65. However, under the terms of the pension agreement, both the company and the President have the right, without special justification, to request early retirement from the age of 60, with a mutual six-month notice of termination. The employment agreement and pension agreement shall be rendered invalid from the effective date of the President's possible early retirement. The pension agreement is a defined-contribution scheme, and the premium is computed as 40 percent of the fixed annual salary. Pension premiums were expensed in 2009 as shown in the table below.

The President's employment contract stipulates that termination of employment by the company shall be subject to a period of notice of 24 months, which does not apply if termination is initiated by the President. The period of notice from the President is six months.

Other senior executives

The principles for remuneration to other senior executives are based on both a fixed and variable salary. The variable part has an established upper limit and accounts for a maximum of 25-65 percent of fixed annual salary. In 2009, the variable salary was based on the earnings trend and the operating cash flow. The latter of these, operating cash flow, was subsequently divided into quarterly targets, accounting for two thirds of the amount, and annual targets, accounting for one third of the amount.

Some of the executives have agreements specifying mutual rights to request early retirement from the age of 60. In this case, compensation normally amounting to 60 percent of fixed annual salary is paid until the age of 65, when the regular retirement pension payments become effective. Regular retirement pension plans are defined-contribution schemes, whereby the pension premium is calculated at 30 percent of the fixed annual salary.

For certain senior executives, extended notice of termination periods apply when initiated by the company, normally 12, 18 or 24 months, which do not apply when initiated by the individual. For the President and other senior executives, there is an opportunity to have a company car as a benefit.

The Group has a global remuneration policy that covers all managers and senior salaried employees. In addition, there is a policy that covers certain provisions for remuneration of senior executives, which covers pension terms, medical expenses insurances and company cars.

Remuneration of Group Management 2009

SEK 000s		Fixed	Variable	Incentive				Total including
Position	Year	salary	salary	program ²⁾	Benefits	Total	Pension	pension
President	2009	6,506	3,900	975	153	11,534	2,382	13,916
	2008	6,693			153	6,846	2,402	9,248
Executive Vice President	2009	3,150	1,250	313	127	4,840	2,085	6,925
	2008	3,211			127	3,338	2,024	5,362
Group Management, others (10) ¹⁾	2009	29,296	10,199	3,220	914	43,629	7,811	51,440
	2008	28,168	5,228		817	34,213	8,046	42,259
Total	2009	38,952	15,349	4,508	1,194	60,003	12,278	72,281
Total	2008	38,072	5,228	–	1,097	44,397	12,472	56,869

1) Changes in Group Management took place in 2009 and, at the end of the year, Group Management comprised nine individuals in addition to the President and the Executive Vice President.

2) Expensed 2009. Payment is made in the first quarter of 2012 on condition that the executive is an employee of the Group on December 31, 2011.

Long-term incentive program

In 2005, the Board of Directors resolved to introduce a long-term incentive program for the President and for certain senior executives exercising a significant influence on the Trelleborg Group's earnings per share. The Board of Directors also resolved to introduce a similar program in 2006, 2007, 2008, 2009 and 2010. These programs are ongoing three-year programs for which the Board will, on a yearly basis, approve any new programs and will define their scope, objective and number of participants.

The incentive programs are cash-based and constitute a supplement to the annual variable salaries, provided that the executive is employed by 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 that aims to continue to promote commitment of senior executives to the Group's development and, thereby, increase 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 2007, the Board established a target of SEK 5.40 in earnings per share, in 2008, a target of SEK 6.56 and in 2009, a target

of SEK 2.56, with the upper cap for payments set at 25 percent of the maximum annual variable salary per year. For the 2007 and 2008 programs, the target for earnings per share was recalculated due to the rights issue implemented in 2009.

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. Accordingly, for the program approved for 2006, payment was made in the first quarter of 2009, for the program approved in 2007, payments will be made in the first quarter of 2010, for the program approved in 2008, payments will be made in the first quarter of 2011, for the program approved in 2009, payments will be made in the first quarter of 2012 and for the program approved in 2010, payments will be made in the first quarter of 2013. The payments do not constitute pensionable income. In 2009, earnings were charged with SEK 14,886,000 (-).

Other incentive programs

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

Remuneration to the Board 2009


The fees paid to the members of the Board of Directors elected by the Annual General Meeting are established by the Annual General Meeting based on the proposals of the Nomination Committee. For 2009, remuneration was paid as per the table below. No remuneration is paid to members

of the Finance Committee. No consulting fees were paid to the Board members. Remuneration is not paid to Board members who are also employed by the Group.

Remuneration of auditors 2009

Remuneration for services in addition to auditing services primarily refers to tax consultations and corporate acquisitions. For 2009, remuneration was payable as per the table below.

SEK M	2009	2008	2007
Remuneration for auditing services	43	37	35
Remuneration for other services	11	9	12
Total	54	46	47

For additional information concerning remuneration, see Note  page 80.

Remuneration of the Board for the period May 2009 – April 2010

Remuneration excluding travel allowances. Remuneration is not paid to members of the Finance Committee. No consulting fees were paid to Board members.

SEK 000s		Board fees		Audit Committee		Remuneration Committee		Total	
Name	Position	2009	2008	2009	2008	2009	2008	2009	2008
Anders Narvinger	Chairman	950	950	100	100	50	50	1,100	1,100
Heléne Bergquist	Member	360	360	150	100	-	-	510	460
Hans Biörck	Member	360	-	-	-	-	-	360	-
Staffan Bohman	Member	360	360	-	-	50	50	410	410
Rolf Kjellman	Member	-	360	-	150	-	-	-	510
Claes Lindqvist	Member	360	360	100	-	50	50	510	410
Sören Mellstig	Member	360	360	-	-	-	-	360	360
Peter Nilsson	President	-	-	-	-	-	-	-	-
Total		2,750	2,750	350	350	150	150	3,250	3,250

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 by the Swedish Code of Corporate Governance, which contain requirements on annual external information disclosure concerning how internal control is organized in terms of financial reporting.

Internal Control of financial reporting is a part of the total internal control within Trelleborg, whose starting point for the process is in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) model, refer to the overview below, and is a key component in Trelleborg's Corporate Governance. Internal Control is also a part of the Group's Enterprise Risk Management process; refer to page 30.

The following description was prepared in accordance with the Swedish Code of Corporate Governance and represents the Board of Directors' report on internal control regarding financial reporting. This description does not constitute part of the formal Annual Report documents and has not been reviewed by the company's auditor.

Internal Control over financial reporting

Internal Control of financial reporting aims to provide reasonable assurance with regard to

the reliability of the 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 over 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 financial reporting are fulfilled and comprise the basis for how risks shall 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 the overall responsibility for internal control of the financial reporting. The Board has established a written formal work plan that clarifies the Board's responsibilities and regulates the Board's and its committees' internal distribution of work.

Furthermore, the Board has appointed an Audit Committee, the primary task of which is to ensure compliance with established principles for financial reporting and internal control and that appropriate relations are maintained with the company's auditors. The Board has also established instructions for the President and instructions for financial reporting to the Board of Trelleborg. The responsibility for maintaining a good control environment and the ongoing work on internal control as

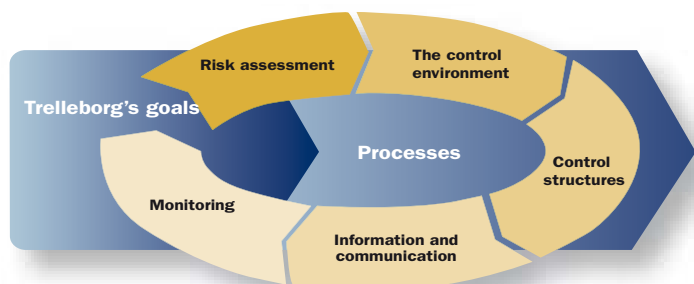
Internal Control – a process that supports operational goal achievement

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 appropriate and effective business activities, reliable reporting and compliance with applicable legislation and regulations. The process is based on a control environment that creates discipline and structure for the other four components of the process, namely, risk assessment, control structures, information and communication, and monitoring. The starting point for the process is the 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 process. This is described in greater detail on pages 30-33.

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 routes, 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 40-42. Trelleborg's values constitute a long-term commitment, which, combined with business concepts, targets and strategies, guides the employees in their daily work. Trelleborg's Code of Conduct comprises principles for how business should be conducted. Trelleborg is characterized by a decentralized organization that is managed based on target-oriented leadership with clear targets and rewards based on performance.

Control structures are about which controls have been chosen to manage Group risks. Examples of control strategies that are applied in the Group are found on pages 30-33 and on page 47.



Information and communication, external and internal. External information and communication include, for example, reporting to authorities and external financial reporting. Internal information and communication are about creating awareness among Group employees about external and internal steering instruments, including authority and responsibilities. Important tools for this include Trelleborg's intranet and training programs. A process exists where Group employees confirm that they comply with Group policies. Trelleborg's whistle-blower policy implies that each employee is entitled, without repercussions, to report suspicions of legal or regulatory violations. Internal information and communication also concern 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 being able to make well-founded decisions.

Monitoring aims to secure the effectiveness of the process through a number of different activities, such as monitoring of operations in terms of established goals, self-evaluations, internal audit and other monitoring activities.

regards the financial reporting 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 and enhancing internal control over the financial reporting in the Group by proactively concentrating on the internal control environment and by examining the effectiveness of the internal control.

Internal steering instruments for financial reporting primarily comprise the Group's Treasury Policy, Communication Policy and Finance Manual, which define the accounting and reporting rules, and the Group's definition of processes and minimum requirements for internal control over financial reporting.

Control structures

The most significant risks identified as regards 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 purpose of the control structures is to ensure efficiency in the Group's processes and good internal control and is based on the Group's minimum requirements for good internal control in defined, significant processes, which is demonstrated in the diagram below. Minimum requirements comprise more general and detailed controls and can be both preventive and detective in nature. These have been subdivided into A and B levels, according to which the A level shall be applied by all of the companies in the Group and the B level by only the Group's largest companies.

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 relevant employees confirm compliance with Trelleborg's policies on an annual basis. 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 steering instruments.

Monitoring

Monitoring to ensure the effectiveness of internal control in terms of financial reporting is conducted by the Board, the Audit Committee, the President, Group Management, the Internal Control staff function and by the Group's companies and business areas. Monitoring includes the follow-up of monthly financial reports in relation to budget and targets, as well as quarterly reports with results from self-assessments in the Group's companies and business areas, and results from internal audits. 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 2009

Under the supervision of the Internal Control staff function, 25 internal audits in eight countries were performed during the year. The audits were conducted either by an internal team comprising the Internal Control staff function in cooperation with other staff func-

tions with specialist competence in such areas as purchasing, cash-flow management and finance or, in relation to IT security audits, by a team comprising the head of Group IT in cooperation with external consultants.

In 2009, there was major focus on processes affecting cash flow, such as the sales process, the inventory process and the purchasing process, which was a new process in 2009. In 2009, the Group was successful in improving cash flow. Enhanced processes and controls contributed to this. IT security was also an area of focus in 2009, which resulted in several improvement measures at Group level and in the Group's companies and processes.

In 2009, an intranet section for Internal Control was developed, giving employees access to standardized tools and documents, as well as examples of operational solutions. The aim of this is to provide increased support for the Group's companies and business areas to be able to meet the Group's minimum internal control requirements in relation to financial reporting.

Focus in 2010

In 2010, the Internal Control staff function will continue to focus on processes affecting cash flow. Furthermore, new minimum requirements for good internal control will be introduced for the salary-management process, including pensions and other remuneration.

During the year, the cooperation between the Internal Control staff function and the Group Legal and Risk Management staff functions, which are primarily responsible for the ERM process, will be further developed and intensified.

*Trelleborg, February 16, 2010
The Board of Directors of Trelleborg*

Significant processes – Self-evaluation, Internal auditing, Training/Tools

	Company 1	Company 2	Business area 1	Business area 2	Purchasing	Treasury	Etc.
	Self-evaluation		Internal audit		Training/tools		
Purchasing process	<ul style="list-style-type: none"> Groupwide reporting system with quarterly feedback from subsidiaries Subsidiaries respond to how they comply with the Group's minimum requirements for good internal control in selected 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 		<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 2009 		
Inventory process	<ul style="list-style-type: none"> Deficiencies identified, measures planned and implemented by the companies 		<ul style="list-style-type: none"> Internal audits of IT security are carried out by the head of Group IT together with external consultants 		<ul style="list-style-type: none"> Training programs are aimed at increasing knowledge levels and understanding pertaining to efficient processes and good internal control 		
Sales process	<ul style="list-style-type: none"> Includes 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 		<ul style="list-style-type: none"> Comprises six selected processes and about 250 minimum requirements for good internal control Internal audits result in observations, recommendations and proposals for decisions and measures 		<ul style="list-style-type: none"> Training programs are a forum for the exchange of experience and sharing best practice 		
Process for assets	<ul style="list-style-type: none"> About 250 minimum requirements for good internal control 		<ul style="list-style-type: none"> Identified deficiencies are followed up on a quarterly basis by business area controllers and the Internal Control staff function. 		<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. 		
Financial report and reporting processes	<ul style="list-style-type: none"> All relevant employees confirm annually their compliance with the Group's policies. 						
IT security process							