



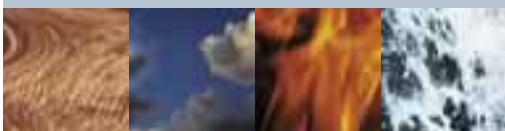
SUSTAINABILITY  
REPORT

# 2004



# Contents

Trelleborg in brief	2
President's message	3
Organization and management systems	4
Performance in the sustainability area – environment	6
Performance in the sustainability area – environment and finance	11
Performance in the sustainability area – health and social responsibility	12
Performance in the sustainability area – business areas	16
Ongoing sustainability work	18
Reporting principles, terms, definitions and clarifications	19



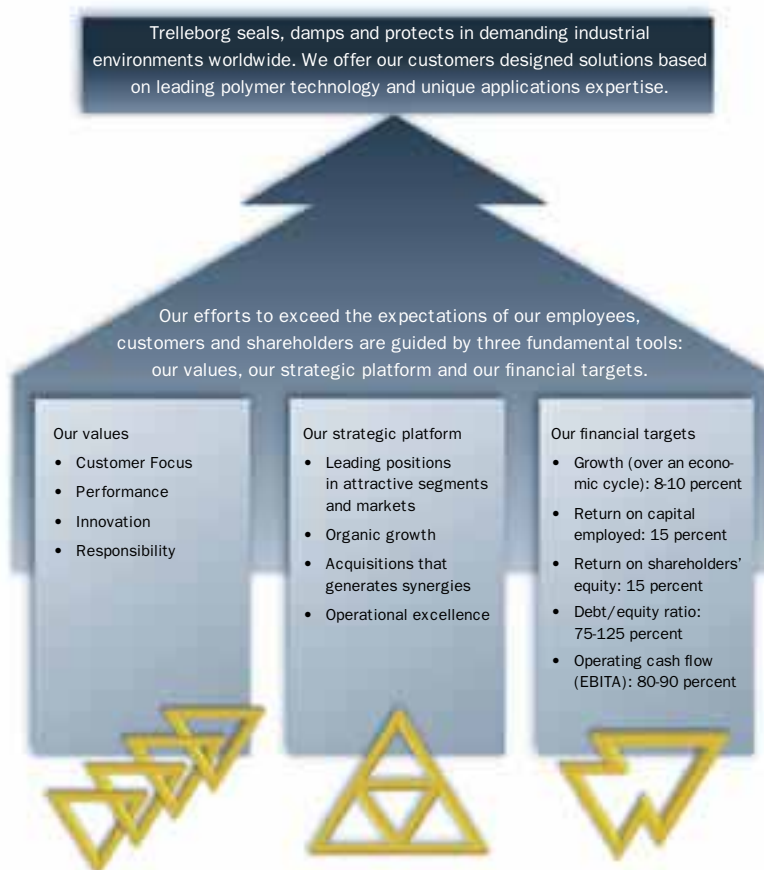
During the past 100 years, Trelleborg has sealed, damped and protected against the ravages of the four elements in many different situations. In our solutions to problems, we focus on high quality that is tested over a long period and under rigorous conditions. With a continued focus on innovations, we look forward to the next hundred years of challenges and opportunities. To find out more about our designed solutions, visit [www.trelleborg.com](http://www.trelleborg.com).

Trelleborg's Annual Report for 2004 contains an expanded section on People and the Environment, which was also audited for the first time. From now on, reporting of the Group's sustainability issues will continue to be included in the ordinary Annual Report. In addition, detailed information will be concentrated to the corporate website, [www.trelleborg.com](http://www.trelleborg.com).

Trelleborg AB is a public company. Corporate registration number 556006-3421. Domiciled in Trelleborg, Sweden. Figures given in parentheses refer to 2003 unless stated otherwise. Amounts of money are given in Swedish kronor (SEK) throughout. Millions of kronor are abbreviated SEK M. Hållbarhetsredovisningen finns även på svenska.

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Trelleborg is a global industrial group whose leading positions are based on polymer technology and advanced applications expertise. We develop high-performance solutions that seal, damp and protect in demanding industrial environments. The head office is in Trelleborg, Sweden. Trelleborg was founded in 1905. With 100 years behind us, constant striving for quality and a passion for finding new solutions to complex problems have characterized our history and will characterize our future. Today, the Group has approximately 22,000 employees, with operations in some 40 countries.



## Important events during the year for sustainable development

- ISO 14001 environmental management system introduced at 86 plants.
- Work-environment management system (OHSAS 18001) introduced at 2 plants.
- Continued activities to replace substances that are hazardous to the environment and health with less hazardous substances.
- Improved environmental performance at many plants – for example in the form of reduced atmospheric emissions and lower energy consumption.

## Trelleborg Group, key figures

	2004	2003
Net sales, SEK M	22,912	17,960
Operating profit, SEK M	1,554	1,208
Profit after financial items, SEK M	1,267	1,091
Net profit, SEK M	988	702
Earnings per share, SEK	11.20	8.40
Cash flow from ongoing operations, SEK M	1,706	1,682
Unrestricted cash flow, SEK	6.05	11.30
Financial interest-bearing net assets/liabilities, SEK M	-6,951	-8,447
Debt/equity ratio, %	84	111
Return on shareholders' equity, %	12.7	9.5
Average number of employees	21,675	15,855
<b>Operating key figures *)</b>		
Operating profit (EBITA), SEK M	1,818	1,271
Profit after financial items, SEK M	1,531	1,130
Net profit, SEK M	1,097	788
Earnings per share, SEK	12.40	9.40
Operating margin (ROS), %	7.7	6.9
Return on capital employed (ROA), %	11.5	11.4
Return on shareholders' equity, %	14.1	10.7
Operating cash flow, SEK M	1,483	1,129
Operating cash flow per share, SEK	16.80	13.50

\*) Based on continuing operations, excluding goodwill amortization and restructuring costs/impairment losses.

*Dear Reader,*


As we enter our hundredth year, it is difficult not to look back and feel proud of what has become of the company that started as a small plant in Trelleborg in 1905. We enter our jubilee year with a new structure, looking back on a successful 2004 with a favorable earnings and sales performance. Following the strong growth that took place during 2003, with the addition of a new business area and more than 6,000 new employees, the focus was naturally on the integration process. But as always, sustainability issues were of course also on the agenda.

ment function was integrated into Group Staff Legal Affairs – which also includes the Group's risk management function – for the purpose of exploiting and further developing the synergies that exist in activities relating to environmental issues, legal issues, work environment issues and other areas. We regard it as a major challenge to disseminate responsibility for and awareness of environmental and sustainability issues to every unit and employee.

To achieve success in these areas requires dedicated employees and consistent long-term action, including systematic and purposeful

business acumen and financial success lead to respect and trust on the part of external interests.

The aim of this sustainability report is to give you the reader a review of and insight into how we deal with sustainability issues. You can find more information on our website, [www.trelleborg.com](http://www.trelleborg.com), under "Sustainability." In pace with the increasing need for information and the growing interest concerning these issues, we also see a need to expand the amount of information provided and increase transparency. Accordingly, you will in future have increased access to information



"During 2004, we strengthened our focus on integrated sustainability work"

### **Complex task in progress**

During the past few years, we have noted growing interest in sustainability issues, particularly from investors and customers. We help our customers with sealing, damping and protection in demanding environments, mainly within seven industrial markets – automotive, aerospace, agriculture, infrastructure/construction, oil/gas, transportation equipment and other industries. Our customers and other stakeholders expect us to show active commitment to environmental consideration and social issues by participating in activities aimed at creating a sustainable society.

Responsible enterprise presupposes ethical standards, business acumen, social responsibility and environmental awareness. A global company such as Trelleborg must take many different factors into consideration. Our aim is to achieve a balance between the social, environmental and financial aspects encompassed by the concept of sustainable development. The task is complex and subject to constant change. The Group is continuously taking small but significant steps in the right direction, and the degree of awareness surrounding these issues is being raised throughout the Group, as well as in society as a whole.

### **Integrated sustainability work**

During 2004, we strengthened our focus on integrated sustainability work. The environ-

activities that can be evaluated and measured. One means to this end is our "Blue Grading" system, about which you can read more on page 15. During 2004, we placed a greater focus on risk management in general, and this is also reflected in activities relating to the external environment and the work environment. The Safety@Work project (page 14) is one example. Our consistent long-term efforts to introduce the ISO 14001 environmental management standard at our various plants are beginning to yield results, and we now have 86 certified plants in more than 20 countries. Environmental management systems create structure in sustainability work, as well as generating concrete savings and reducing environmental impact.

### **Good business and responsible enterprise**

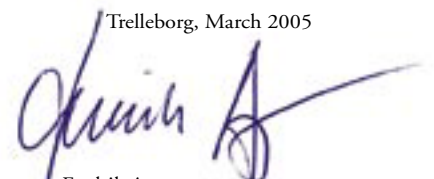
In a multicultural concern, fundamental values play a key role. The task of communicating these values and discussing what they involve in terms of daily operations for all employees continued during the year, as did work related to our Code of Conduct. The basis for Trelleborg's Code of Conduct is that we respect the rights of individuals and strictly follow national laws and regulations. Commercial decisions must be defensible from a social, environmental and ethical perspective. There is no contradiction between good business and responsible enterprise. In combination,

about sustainability issues on our website, rather than in print.

I would also like to take this opportunity to express my warm thanks to all employees within Trelleborg for their involvement and many helpful contributions in connection with the unimaginable disaster in Southeast Asia at the end of 2004. One of the worst affected countries was Sri Lanka, where Trelleborg is a major employer, with some 800 employees. Fortunately, all of our employees survived unharmed, but the devastation in the country was enormous. The Group contributed with short-term and long-term emergency assistance, in addition to which employees took a large number of initiatives, resulting in a stream of donations. Once again, thank you all very much.

Finally, welcome to an exciting jubilee year with a continued focus on quality, which is also the guiding principle in our sustainability work. Quality is timeless.

Trelleborg, March 2005



Fredrik Arp  
President and CEO

# Organization and management systems

## Organization and responsibility

Trelleborg is an expanding global industrial group with operations in some 40 countries. We develop and manufacture a number of different products and solutions that seal, damp and protect in demanding industrial environments. Our customers primarily operate in the aerospace, automotive, transportation equipment, oil/gas, infrastructure/construction, agriculture and other industrial segments.

In a global and growing concern such as Trelleborg, a variety of values and priorities must be assembled into a uniform corporate culture. Trelleborg's organizational system and responsibility culture are based on a number of fundamental values, with management through overall guidelines and follow-up systems, while individual work assignments are decentralized. This requires that managers and employees accept their responsibilities and administer them in a manner that benefits the Group as a whole. Sustainability work within Trelleborg is also decentralized and is based on the different conditions faced by the individual plants and varying demands from local communities.



### During 2004, Trelleborg's sustainability work received several distinctions, including the following:

- Trelleborg's Annual Report was one of five singled out for "best practice" in Deloitte's annual survey of voluntary reporting by Swedish listed companies.
- Trelleborg was included in the Ethibel Ethical Investment Register.
- The company received a favorable evaluation in the Kempen Socially Responsible Investment Index.

Formal responsibility for matters related to the environment, health and safety rests with and is discharged by the respective legal entities. Each plant has an environmental coordinator and persons with special responsibility for health and safety. Many plants cooperate in informal groups focusing on sustainability issues and exchange a variety of specialist know-how and experience. The central Group environmental function is

responsible for coordination and training relating to environmental issues and – jointly with Group Staff Legal Affairs – to health and safety issues. During 2004, the focus on integrated sustainability work was strengthened, leading to integration of the environment function into Group Staff Legal Affairs, which already included the Group's central risk-management function. The aim is to exploit and further develop the extensive synergies that exist in activities related to environmental issues, legal matters, work-environment issues and physical and insurance-based protection for the Group's employees and plants.

The corporate intranet has a substantial sustainability section that is used for disseminating information.

### Group-wide values and guidelines

The external environment, work environment and safety are areas that are stringently regulated by national and international legislation. Naturally, the fundamental requirement for all

of Trelleborg's plants is that they follow the law with as long a forward perspective as possible. Furthermore, customer demands on our products in regard to the environment, health and safety shall be met. A number of Group-wide documents have been produced on the subject of core values, ethics and sustainable development to aid site managers, environmental coordinators and other employees. In this regard, the following documents play a key role:

- Trelleborg's Core Values and Code of Conduct. The Core Values shall constitute a natural element in everyday work and cover the concepts of Customer Focus, Performance, Innovation and Responsibility. The Code of Conduct defines Trelleborg's values in regard to human rights, the environment, health and business ethics.
- In the sustainability area, Trelleborg applies three overarching policies. The Environmental Policy, introduced in 1998, covers the environment, health and safety. It was supplemented in 2002 with a Workplace



Unevenness in road surfaces is propagated as noise and vibration in the vehicle. The higher the speed and the worse the road surface, the more this effect is magnified. At worst, both safety and comfort are compromised. Trelleborg delivers vibration-damping systems to the automotive industry worldwide.





Policy and a Supplier Relationship Policy. In accordance with the requirements of ISO 14001, detailed local environmental policies are in place at all ISO 14001-certified plants.

- Trelleborg has a Group-wide environmental management system and a corporate EMS manual. Through the introduction of certified environmental management systems, the individual plants form components in the overall system.
- Finally, a number of Group standards and recommendations have been drawn up. These control documents are supplemented with plant-specific procedures and instructions.

**Environmental management systems**

The ISO 14001 environmental management standard is the cornerstone of Trelleborg’s work in the sustainability area, and since 1998, when the certification program was initiated, 86 Group plants have been certified in accordance with the standard. With the exception of plants with few employees, or which are excluded for other special reasons, the goal is that all Group plants will be certified. During 2004, four units in Poland, Italy and the US were certified.

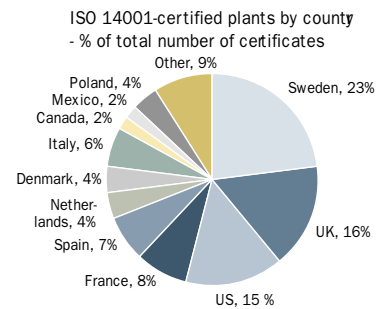
Over the years, Trelleborg has gained a great deal of experience relating to the introduction and maintenance of environmental management systems. The lessons learned have been positive and, among other benefits, have resulted in:

- A more structured approach to environmental work at individual plants and throughout Trelleborg as a whole. Many units have elected to combine or integrate their environmental management systems with quality and work-environment systems, which can often be

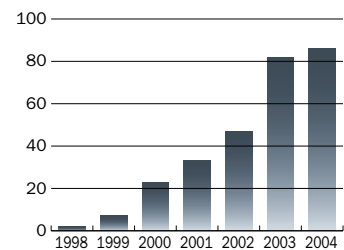
advantageous. Quality systems based on ISO 9000, QS 9000 and other standards are in place at 96 plants.

- Savings and increased efficiency in regard to the utilization of resources such as energy and water.
- Fulfillment of customers’ environmental requirements and facilitation of communications with customers, authorities and local communities.
- Increased cooperation and sharing of know-how and experience between different Group operations.
- Individual employees’ knowledge about environmental issues has increased. Extensive training has been given internally and many employees have participated in various external courses relating to the environment. A large number of employees have taken part in internal courses on environmental management systems and have been approved as internal environmental auditors. We have also produced instructional materials, and information is available to employees on the subjects of environmental management and environmental auditing, as well as, more specifically, on environmental issues in the rubber industry. The Group’s intranet (TrellNet) is of key importance in this context.

In recent years, standards for management systems have also been introduced in the work-environment area. Within Trelleborg, the OHSAS 18001 standard is being introduced and two plants in the UK (Bridgewater and Rotherham) have been certified, while the Group plant



Number of ISO 14001-certified plants



in Helsingør, Denmark, has completed the first stage of the certification process. A number of units are working to introduce a work-environment standard.

Plants with ISO 14001	86 (82)
Plants with OHSAS 18001	2 (2)
Plants with quality system <sup>1)</sup>	96 (93)
Plants with integrated system for QEHS <sup>2)</sup>	29 (24)
Plants with integrated system for QE <sup>3)</sup>	35 (35)
No. of internal environmental audits during 2004	606 (505)
No. of third-party environmental audits during 2004	129 (119)

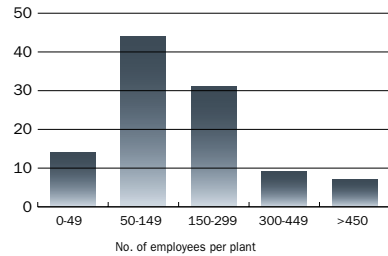
1) ISO 9000, QS 9000, ISO TS 16949, Ford Q1 and other systems.  
 2) Quality, environment and work environment.  
 3) Quality and environment.



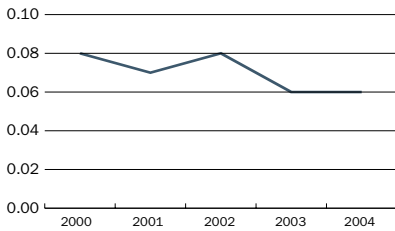
The two NASA robots exploring the surface of the planet Mars are equipped with seals from Trelleborg. Winds on Mars can be fierce, with violent sandstorms. The specially designed seals were developed and tested over a two-year period. During the development period, the focus was on weight, size and operational reliability.

# Performance in the sustainability area – environment

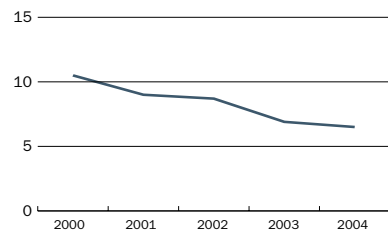
Number of employees at Trelleborg's plants  
No. of plants



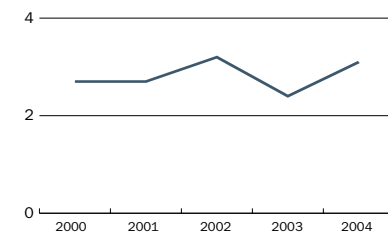
Energy consumption  
GWh/employee



Carbon dioxide emissions  
Tons/employee



Amount of waste  
Tons/employee



## Production, processes and plants

A large number of polymers are produced and processed within the Trelleborg Group. While rubber is the dominant product, substantial amounts of polyurethane, polyethylene and other plastics are also produced. At a few plants, the main activity is metal-processing. Read more about Trelleborg's production and processes on the Group's website, [www.trelleborg.com](http://www.trelleborg.com).

Production takes place at about 100 plants worldwide. Most of the units are in Europe and North America. Many plants have only 50-150 employees, but the Group also includes plants with many hundreds of employees. The largest production plants are Carquefou, France (about 1,100 employees), Malta (about 760), Clermont-Ferrand, France (about 640), Guarulhos, Brazil (about 630), Tivoli, Italy (about 510), Walbrzych, Poland (about 490), and Sapugaskanda, Sri Lanka (about 470).

## Five years in brief

Trelleborg's operations impact on the external environment mainly through the utilization of natural resources (energy, water, raw materials and chemical products), emissions to air (solvents, vulcanizing fumes, dust and odorous substances), noise and solid and liquid waste. In addition, the environment is affected by our transports and products, and by historical contamination of soil and

groundwater. If these environmental aspects are examined over a relatively long time perspective, it can be seen that the Group as a whole has had both successes and setbacks. In such areas as better waste management, safer use of chemicals and reduced atmospheric emissions, clear improvements can be noted. A number of individual plants also show a clear improvement in environmental performance in a number of other areas. At the end of the sustainability report we provide an overview of a number of different sustainability aspects and how we perceive the trend over the past five years. The Group's website provides an opportunity to follow developments in the interactive sustainability report.

## Goal-oriented work

The Group's overall environmental policy has the following aims:

- Reduced consumption of natural resources, especially energy and water.
- Reduced atmospheric emissions.
- ISO 14001 implemented at all production units.
- Reduced amounts of waste and increased amounts of recovered materials.
- Training focusing on the environment, health and safety.
- Continuous improvements to health and safety in workplaces. Within the framework of the environmental management system, the various plants formulate

## Five year summary

Year	Energy consumption		Carbon dioxide emissions		VOC emissions		Waste amounts	
	GWh	GWh/employee	Tons	Tons/employee	Tons	Tons/employee	Tons	Tons/employee
2000	1,012	0.08	129,200	10.5	1,189	0.1	33,000	2.7
2001	1,135	0.07	146,360	9.0	1,528	0.1	43,390	2.7
2002	1,164	0.08	129,000	8.7	1,735	0.1	47,360	3.2
2003	1,263	0.06	140,500	6.9	1,517	0.07	48,415	2.4
2004	1,382	0.06	141,500	6.5	1,819	0.09	62,940	3.1

### Carbon dioxide

In Sweden, Trelleborg Industri AB has applied for and been granted 10,300 emission rights for carbon dioxide trading. The emissions in question are from the gas-fired central boiler in Trelleborg, Sweden. No reports have been received of emission rights granted to other plants.

Fire seals are vitally important for the safety of a jet aircraft. Trelleborg contributes to the development process and designs seals that are specially adapted for each customer. To be able to provide an appropriate solution requires advanced application know-how.



their own quantified environmental targets and action plans. These are followed up not only at the local level but also in the Group's environmental reporting system. The most common objectives for 2004 related to:

- Organizational aspects and training programs, particularly the introduction of ISO 14001 and training in environmental and safety issues.
- Measures to reduce the consumption of natural resources, especially energy, water and various materials.
- Measures to improve the efficiency of waste management and reduce amounts of waste.
- Measures to improve work environments and reduce the number of work-related accidents, for example by finding substitutes for hazardous substances in processes and products.
- Reducing atmospheric emissions, thereby also reducing disturbance to residents in the vicinity of plants.

In many cases, managers and personnel successfully achieved the targets they had set. For 2004, 85 percent (86) of plants reported that they fully or partially achieved their primary environmental objective. For objective number two, the corresponding figure was 81 percent (79), and for objective number three it was 78 percent (90). The main focus of the individual plants' environmental objectives for 2005 is in many respects the same as for fiscal year 2004.

**Trelleborg faces many challenges**

Contributing to a sustainable society is becoming increasingly important for customers, the general public and various interest groups. Trelleborg's operations are affected by a number of new initiatives taken by the authorities in various countries. The following are some examples of environmental requirements that Trelleborg must take into consideration:

- Various types of legislation aimed at reducing amounts of waste and ensuring that waste is disposed of in a safe and

resource-efficient manner. Within the EU, the depositing of burnable waste in landfill sites will be prohibited in the near future. This means that Trelleborg and other rubber companies will have to ensure that rubber waste is recycled in an environmentally acceptable manner.

- Legislation aimed at reducing the health and environmental hazards from the use of various chemical products. An example of this is the new chemical strategy adopted by the European Parliament. Industry will now assume responsibility for performing risk assessments of chemical products. A system known as REACH (Registration, Evaluation and Authorization of Chemicals) is to be established for this purpose. REACH requires companies that produce or import chemical substances to provide basic information and test data, and in the case of certain substances that could present a serious risk, authorization will be required for each type of use.
- In the automotive industry, subcontractors are required to have ISO 14001 certification. Trelleborg is well equipped to meet such demands.
- Many automotive companies require that components supplied by subcontractors are free from certain specified substances that present a health or environmental hazard. This may relate to heavy metals or other hazardous substances, for example. While such requirements can often be met without any major problems, it can sometimes happen that the product's characteristics are changed for the worse by the substitution. Within Trelleborg, many hazardous substances have gradually been phased out, and work in this area is ongoing.

Behind this requirement is legislation stipulating that cars must be safely recyclable when they reach the end of their service life. To make this function, a number of car companies have jointly created a system known as the International Material Data System (IMDS).

Trelleborg provides data on a large number of rubber and plastic products to this system.

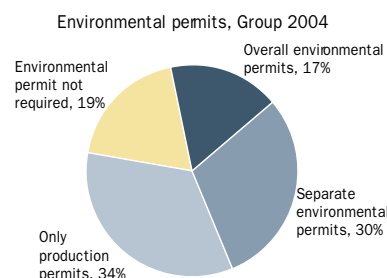
**Environmental and work-environment legislation**

The majority of the Group's plants require permits according to national law in the countries where they are located, and are subject to regular inspections by the authorities. Some smaller units are classified as not requiring permits.

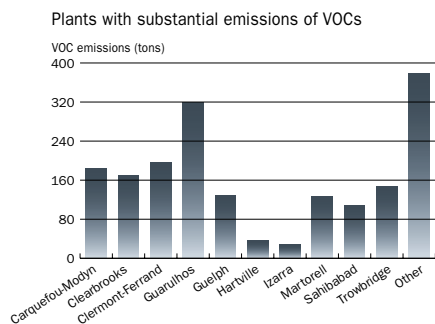
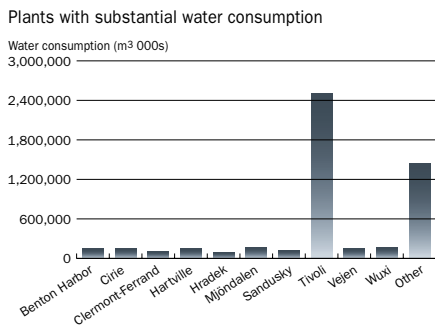
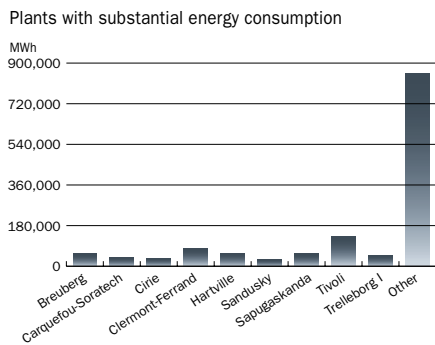
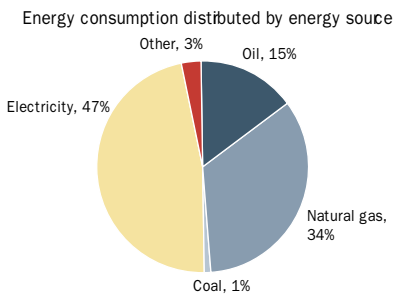
In Sweden, Trelleborg conducts operations covered by permits or reporting requirements at 18 plants – in other words, all the production units in the country. The permit requirement relates to the scope of production and includes conditions for emissions to air and water, and for waste. Each year, the Swedish plants covered by permits report on emissions data and their compliance with the permit conditions in separate environmental reports that are subject to approval by the supervisory authorities. Similar reporting to the authorities is also required in a number of other countries.

During 2004, existing permits were updated and applications for new permits submitted in respect of approximately 41 plants (35). The environmental permits will be fully or partly renewed at 31 plants (33) during 2005.

Infringements of specific permit conditions or other environmental and safety legislation were reported from 13 plants worldwide, including plants in the UK (VOC emissions to the atmosphere), Spain (external noise, Legionnaires' disease, aspects of safety



Norway's "Ormen Lange" gas project, planned to be operational in 2007, is the world's longest underwater pipeline. It extends 1,200 kilometers under the North Sea from Norway to the UK. The pipeline will transport approximately 20 percent of Norway's gas exports, corresponding to about the same percentage of the UK's gas imports. In this project, Trelleborg will supply corrosion-protection, one of the Group's many subsea solutions.



organization), the US (discharges of wastewater), France (discharges of wastewater, VOC emissions), Sweden (oil spills), Brazil (discharges of wastewater), Canada (atmospheric emissions), Denmark (discharges of wastewater), Germany (atmospheric emissions), the Netherlands (deficiencies in the storage of hazardous substances) and Mexico (official inspection of unit). Trelleborg's costs relating to these violations during 2004 amounted to SEK 0.5 M (0.8).

**Utilization of natural resources**

*Soil-related issues*

In many cases, contamination of soils and groundwater is technically complicated to remedy. Possible cleanup measures are preceded by investigation and discussions with environmental authorities. The actual cleanup process may then take many years to complete. A natural component of the environmental management systems at Trelleborg's plants is preventing contamination from occurring. However, existing contamination at some 20 units reflects the long history of the rubber industry, and we are gradually dealing with this legacy from the past. Examples of soil contaminants are heavy metals, oils and solvents. Decontamination measures have been initiated or already completed at a number of plants. Sites within the Group affected by soil or groundwater contamination are described in detail on our website, [www.trelleborg.com](http://www.trelleborg.com). Decontamination costs are reported in the "Environment and finance" section on page 11.

*Energy use*

The most important energy sources for Trel-

leborg are fossil fuels (oil, natural gas and coal) and electricity. Within the Group, energy is used for heating, steam production, ventilation, cooling, processes, equipment operation and transportation. The Group's total energy consumption during 2004 (excluding transports) amounted to 1,382 GWh (1,263). However, due to the increase in the number of employees, energy use per employee was in line with previous levels. Oil consumption was on par with 2003, while consumption of coal and natural gas declined slightly. Utilizing energy more efficiently is a natural component in the improvement efforts at the majority of production units. More than 40 plants (50) report reduced energy use compared with 2003, and energy savings amounted to more than 102 GWh (130). Energy-saving measures relate, for example, to compressed air, machines, operating time and ventilation systems, among other factors. In the case of plants that report higher energy consumption, the main reason for the rise is increased production. Energy costs amounted to approximately SEK 437 M (397) during 2004.

*Water consumption*

Water is used at Trelleborg's plants for cooling, cleaning, pretreatment of metals (phosphatizing), and sanitation. During 2004, the Group consumed a total of 5.1 million m<sup>3</sup> of water (4.9). In many locations, water is purchased from municipalities or cities, but the major portion – 60% (70) – is pumped from the Group's own wells or from watercourses in the vicinity of the plants. Water consumption remained high at some of the Group's plants,

**Consumption of key raw materials and chemical products**

Raw material/chemical product	2002 (tons)	2003 (tons)	2004 (tons)
Natural rubber	58,100	66,000	66,000
Synthetic rubber	55,700	67,600	80,000
Plastics	11,000	12,300	19,400
Softeners (HA oils and other oils)	12,500	11,800	12,500
Solvents	1,800	1,740	2,430
Paints, lacquers, glues and adhesives	1,600	3,700	2,000
Zinc oxide	3,100	2,800	3,300
Recovered materials used as raw materials (rubber, plastics)	10,080	7,740	11,960



The use of increasingly heavy machines can damage valuable forest and agricultural soil. Our tires are designed to minimize soil pressure and prevent soil compaction. This makes it easier for water to reach plant roots, resulting in larger harvests.





and a number of acquired companies led to a further increase in consumption. Water-saving measures at 48 units (40) reduced consumption by approximately 0.6 million m<sup>3</sup> (0.7) during the year. Water costs during 2004 amounted to SEK 15.4 M (17).

*Raw materials and chemical products*

The production of products based on rubber and other polymers involves the use of large quantities of raw materials and chemical products. Some of these substances are classified as environmental and health hazards. Measures to replace hazardous substances with

less hazardous ones are continuously under way at Trelleborg's plants worldwide. The aim is to eventually fully replace lead and chromium VI, chlorinated solvents, high-aromatic (HA) oils and certain antioxidants and accelerators. Recovered materials are used extensively and at some plants recovered materials constitute a substantial component in new products.

**Emissions to air and water**

As a result of Trelleborg's energy production, vulcanizing processes, painting and lacquering and metal processing, the Group's plants emit a number of different substances to the atmosphere. Of particular interest are solvents (VOCs), dust, odor-causing substances and the greenhouse gas carbon dioxide. Emissions of VOCs during 2004 amounted to approximately 1,819 tons (1,517).

Emissions of carbon dioxide are caused primarily by transports and the burning of fossil fuels in the Group's energy plants. Total carbon dioxide emissions arising from energy use during 2004 amounted to 141,500 tons (140,000). The increase is primarily attributable to the incorporation of a number of new plants into the Group. However, carbon dioxide emissions per employee declined to 6.5 tons (7.0), and 46 production units (40) report a combined reduction of approximately 17,300 tons (12,000) in carbon dioxide emissions. Emissions of sulfur dioxide and nitrogen oxides from energy

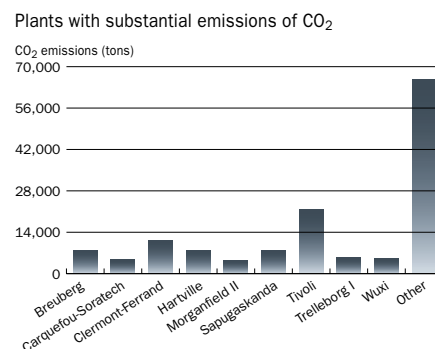
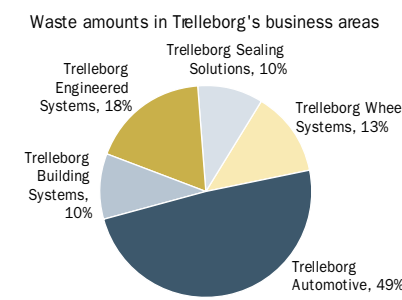
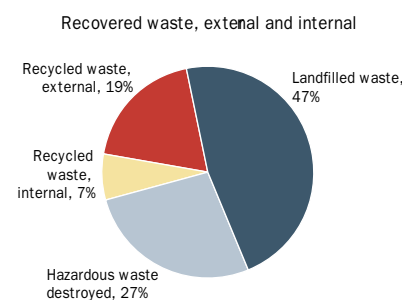
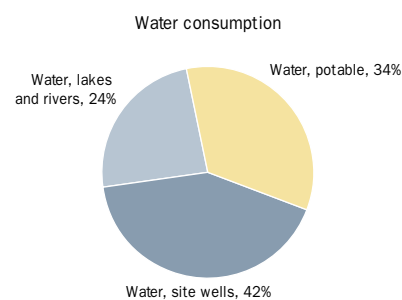
production during 2004 amounted to 397 tons (401) and 145 tons (144) respectively. Emissions of sulfur dioxide and nitrogen oxides have shown a declining trend for several years, partly due to a switchover to low-sulfur fuel oil at a number of plants.

Emissions to water from the Group's plants are limited and primarily consist of organic materials and metals. Monitoring normally focuses on chemical oxygen demand (COD), nutrients (phosphorus and nitrogen) and metals (such as zinc, nickel and iron). Emissions of heavy metals amount to a few tons per year. Most of the plants are connected to municipal wastewater treatment plants, and there are internal wastewater treatment facilities at plants that perform phosphatizing or other metal-processing operations.

**Waste**

Large volumes of waste are produced within the Group and a substantial portion of this waste is deposited in landfills, which is undesirable from an environmental viewpoint. Legislation in many countries is now focused on efforts to manage waste through materials-recovery and energy recovery, which places enormous demands on the rubber industry. We can report that the volume of waste deposited in landfills declined during the year, while the proportion of waste used for materials recovery or energy recovery has increased. However, different countries show different levels of ambition in regard to reducing amounts of landfilled waste, and this is reflected in the figures for the proportion of waste consigned to landfills for Trelleborg's different business areas.

As a result of the expansion of operations and the increase in the number of plants, the Group's total waste during 2004 increased to a total of 62,945 tons (48,400), of which 26,143 tons (23,000) were disposed of as landfill. About 22,110 tons (21,800) were source-sorted and used for materials recovery or energy recovery. The total amount of hazardous waste produced amounted to 2,720 tons (1,850). Waste-management costs totaled SEK 44.2 M (35.4). At many of the Group's plants,



*Trelleborg is a leading supplier of a broad range of customer-specific seals for doors and windows. Today, our sealing profiles play an increasingly important role in providing a healthy, comfortable and energy-efficient indoor climate.*



efforts are under way to reduce amounts of waste, and 29 units (35) reported reduced waste amounts compared with the preceding year. Approximately 22,000 tons (18,500) of rubber waste was generated in production during 2004, of which 47 percent (54) was deposited in landfills.

Rubber is recycled through energy recovery (incineration) and materials recovery. Approximately 27 percent (15) of rubber waste was used for energy recovery.

The proportion of rubber waste reused in new products at Trelleborg's plants was approximately 7 percent (4). About 19 percent (27) of rubber waste was transferred to external companies for various forms of recycling. Recycling also takes place in the product chain. In Sweden, for example, worn-out agricultural tires are collected through a centralized collection system (Svensk Däckåtervinning AB). Packaging waste from Trelleborg's plants is collected via centralized systems in a number of countries in Europe. Trelleborg is affiliated to such systems, for example, in Sweden, Spain, Italy, Belgium and the UK.

**Products and the environment**

Rubber and polymer products have both favorable and less favorable characteristics from an environmental viewpoint. With the exception of natural rubber raw material, the materials used are largely based on raw materials produced synthetically from fossil fuels. Various chemical substances with negative environmental and health properties are used in the processes and to some extent in the products. Demands from society and customers concerning the environmental characteristics of products are continually increasing, and Trelleborg is participating in a number of projects aimed at finding ways to improve the environmental performance of products. Many products have intrinsically favorable properties from an environmental perspective, such as:

- O-rings that prevent leakage of gaseous

substances to the atmosphere from fuels and solvents,

- components that reduce vibration and noise in cars, trains and other vehicles,
- rubber and plastic strips that contribute to noise suppression and energy savings,
- rubber membranes used in waste tips to prevent environmentally hazardous substances from leaching out,
- fenders made from recycled plastic,
- chemical- and fire-resistant clothing used for fire-fighting and dealing with environmental accidents,
- hose systems for recovering gasoline fumes when vehicles are refueled.

A number of products have undergone life-cycle assessments (LCAs). The Group submits safety and environmental information for more than 5,000 products – for example in the form of International Material Data System (IMDS) safety data sheets and environmental product declarations.

**Transports and the environment**

Some ten plants perform regular calculations of atmospheric emissions caused by various types of transports. However, to date, we do not have a comprehensive view of the environmental impact from transports of raw materials and finished products. At most of the Group's plants, more than 90 percent of transports are by truck. Limited quantities of goods are transported by rail, sea or air. Measures have been taken to reduce the environmental impact from transports, and a number of plants now require transport companies to demonstrate that they have environmental programs or environmental management systems.

**Suppliers and sustainable development**

The sustainability performance of the raw materials, products and services purchased by Trelleborg impacts indirectly on the environmental performance of the Group as a whole. Various activities relating to the interaction between Trelleborg and its suppliers are

currently under way. For example, environmental and health issues are now increasingly being included in assessments of suppliers. Approximately 45 percent of plants stipulate environmental requirements in their agreements with suppliers, and about 50 percent assess suppliers' environmental performance through questionnaires and visits/audits. Some plants (about 15 percent) have also begun to include work-environment and social aspects in their assessments of suppliers.

**Incidents and complaints**

During 2004, a total of 57 (61) spills, fires or other uncontrolled emissions to the environment occurred. The incidents were of limited scope, and the impact on people or the environment was negligible. At 18 plants (17), small-scale fires occurred. At the production units, 16 (33) complaints were received during 2004 from nearby residents or other persons inconvenienced by our plants. Five complaints (3) concerned malodorous local emissions, and there were also 5 complaints about noise (15).

**Renewable energy in the UK**

*Trelleborg has signed an agreement with E-ON Energy to supply electrical energy from renewable energy sources to 17 plants in Britain. The agreement is highly beneficial to the environment, in view of Trelleborg's annual energy consumption of 62,697,000 kWh, which would have caused emissions of more than 27,000 tons of carbon dioxide to the atmosphere if the energy had been produced by burning fossil fuels such as coal or oil.*



## Environment-related costs

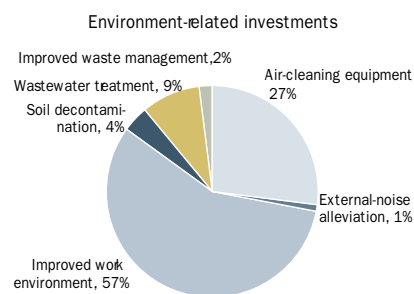
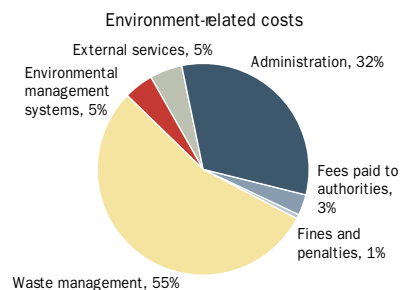
During 2004, environment-related and work-environment costs, plus related investments, totaled some SEK 167 M (127). Costs for energy and water were approximately SEK 452 M (414). Costs for environmental work amounted to SEK 36.8 M (39.4), corresponding to about 1 percent (2) of costs for sales, administration and research (SAR). Administrative costs include costs for environmental departments, permit applications, fees to authorities, costs for the introduction and maintenance of environmental management systems, and the purchase of consulting services. During the year, the Group paid approximately SEK 44 M (35) for the handling, transport and disposal of waste. No major provisions were made for environmental measures during the year.

## Environmental investments

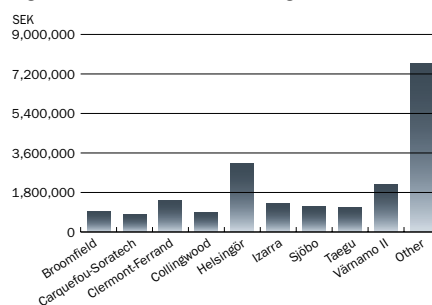
Total environmental investments amounted to SEK 85.7 M (51.8), or about 10 percent (9) of total investments. Included under environmental investments are the costs for new water-treatment equipment, preventive work environment measures, preventive protection of soil and groundwater and other measures aimed at reducing environmental impact or harm to human health. Substantial investment programs were conducted, for example, at the plants in Clermont-Ferrand and Carquefou (France) and Tivoli (Italy). Costs for decontamination of soil and groundwater amounted to approximately SEK 3.4 M (2).

## Environment-related savings

In many cases, the introduction of environmental management systems enables plants to identify potential savings – for example through more efficient use of energy and water, reduced waste volumes and the utilization of recovered materials. Savings reported during the year totaled about SEK 20.6 M (9.5).



Significant environment-related savings



### Trelleborg's Annual Report earns "best practice" citation

Trelleborg's Annual Report for 2003, covering the environment, ethics, social responsibility and corporate governance, shared with the annual reports of a number of other Swedish listed companies the distinction of being cited as a model of "best practice" in the annual survey conducted by auditing and consulting company Deloitte. The study covers the information supplied by Swedish companies on a voluntary basis in their annual reports. Among the subcriteria, Trelleborg was considered to show "best practice" in the area of finance-related sustainability information. The company's reporting on corporate governance, which was the focus of the 2003 survey, was also very highly commended.

## Responsible enterprise

The prerequisites for responsible enterprise are ethical standards, business skills, social responsibility and environmental awareness. In recent years, we at Trelleborg have formalized our approach to these areas, with our core values – Customer Focus, Performance, Innovation and Responsibility – as the starting point. Based on these values and the Group's Code of Conduct, policies and other controlling documents, we have established a common set of values for our employees worldwide. Our responsibility is to attain a balance between the social, environmental and economic aspects encompassed by the concept of sustainable development, including:

- The interaction of commercial operations with human health and the environment, in a local and global perspective.
- Employee health and workplace safety, as well as personal development and participation in work.
- Involvement in society, for example through various networks, contacts with neighbors and local inhabitants, and cooperation with universities and schools.

## Employees

Personnel work within Trelleborg focuses on three main areas:

### 1. Attracting, developing and retaining employees

Creating an environment that attracts and develops skilled employees, increases commitment and stimulates a high level of performance is a major challenge for a global company.

Managers at Trelleborg are expected to function as leaders, with the ability to set distinct targets, follow up work performed and delegate tasks and responsibility to the employees under them. A key task for managers is to ensure that employees continuously develop their skills and are stimulated toward further development within the Group. Leadership issues and the supply of managers are high-priority and continuously ongoing

processes in the Group. Key areas in this respect are:

### Manager supply

Trelleborg has a well-established manager-supply process to define resource needs in the short and long term and ensure that the Group satisfies future competence requirements in good time. The Board's compensation committee conducts an annual review of the manager-supply situation regarding senior management, and reports the results to the Board.

### Internal Job Market

During 2004, the possibilities for seeking vacant positions within the Group via the corporate intranet were developed and improved with the aim of creating transparency and providing greater opportunities for job rotation and development both at the individual level and for the Group as a whole. Initiatives taken during the year also included a campaign initiated by Trelleborg Sealing Solutions focused on recruiting younger employees, internally and externally, and giving them the opportunity to establish a career at Trelleborg within the framework of a trainee-type program.

### Compensation policy

A critical factor for assuring the Group's long-term success is to have processes for recognizing, through clearly formulated reward systems, employees' performance and contributions to the fulfillment of objectives. A Group-wide compensation policy defines the relevant parameters. The compensation structure is based on a systematic evaluation system.

### Enhancing skills

Many employees participate in various courses directly linked to their work assignments.

The courses may, for example, relate to the technical aspects of various production equipment, legal requirements or quality, health, safety and the environment. Courses in the environment and safety areas are conducted

### The tsunami disaster in South Asia

At the end of 2004, South Asia was struck by one of the worst natural disasters of our time, with inconceivable consequences. Trelleborg has operations in several of the affected countries. Fortunately, no employees were injured, but many people in Sri Lanka were severely affected. The Trelleborg Group's aid efforts have mainly been focused on Sri Lanka, in the form of immediate disaster aid, such as providing water, food and medicine and rebuilding collapsed homes, and in the form of long-term assistance through participation in the authorities' rebuilding programs. Employees worldwide also contributed through many fantastic individual initiatives, such as collections. Trelleborg Protective Products in Ystad, Sweden, sent ten TrelTents to the authorities in Sri Lanka.

regularly at the plants. During 2004, the number of course hours in environment and safety per employee amounted to an average of 4.4 (5.0).

Employees are also offered skills development via the Trelleborg Academy, which is an umbrella concept encompassing various Group-wide training programs.

Courses are arranged both locally and centrally, sometimes using various e-learning programs. Web-based training programs offered during 2004 included the Trelleborg Orientation Program, Office Package and Project Management.

### Management training

The Trelleborg International Management Program (TIMP) is available for managers. The program covers such areas as company knowledge, business acumen, communication, leadership and understanding of cultural differences. TIMP comprises 12 days of training spread over three sessions.

During 2004, 81 participants, including 11 women, began the TIMP program. Excellence in Manufacturing is a global training program aimed at developing participants' knowledge in areas such as optimization of production processes, leadership and the interplay between production and other areas, such as finance and quality. During 2004, the

### Internal recruitment

In order to maintain continuity and professional competence, internal recruitment is prioritized within the Group. The target is an internal recruitment rate of 75 percent. The current rate is estimated at 60-65 percent.



**Average number of employees 2004-2002**

Distribution of employees by country	2004	2003	2002
France	2,948	2,753	2,852
Sweden	2,558	2,082	1,966
UK	2,404	1,448	1,271
US	2,364	1,910	2,090
Spain	1,402	1,349	1,156
Italy	1,281	735	639
Germany	1,279	945	1,026
Malta	781	192	
Brazil	748	659	538
China	603	583	647
Rest of Europe	2,767	1,301	1,109
Rest of North and South America	963	482	425
Other regions	1,557	1,416	1,166
<b>Total</b>	<b>21,675</b>	<b>15,855*</b>	<b>14,885</b>
Men	16,279	12,265	11,658
Women	5,396	3,590	3,227

\* At year-end, the Trelleborg Group had approximately 20,200 employees.

Trelleborg has operations in some 40 countries and industrial plants in about 25 countries. Approximately 90 percent of the employees work outside Sweden.

The average number of employees increased to 21,675 (15,855) during 2004. The proportion of women was 25 percent (23). Salaries, wages and other forms of compensation amounted to SEK 5,606 M (4,173).

The average number of employees in Sweden was 2,558 (2,082), including 33 percent women (30). The average number of employees in other EU countries was 12,417 (8,033), including 23 percent women (19). The average number of employees in the US was 2,364 (1,910), including 32 percent women (31). Personnel turnover varies between different countries and plants and often reflects the local labor-supply situation. Most units show a personnel turnover rate of less than 10 percent per year.

program had 18 participants, including one woman.

*Equality and diversity*

Equality and diversity are areas concerned with mutual respect between people, and the need to make optimal use of the skills available within the company and to meet specific legislative requirements in certain countries. Trelleborg's workplace policy states that, in regard to recruitment or work assignments, the company shall not apply special treatment to employees on the grounds of gender, religion, age, disability, sexual orientation, nationality, political opinions or social or ethnic origin. More than 400 women employees have managerial positions at senior or middle management level at production facilities.

**2. Support for change processes**

Change processes associated with acquisitions, divestments, rationalizations and reorganizations are a part of everyday life for a company like Trelleborg. A key task is to establish the right

conditions for changes and, exercising respect for every employee, reduce uncertainty and insecurity at the same time as Trelleborg's continued profitability is safeguarded. During 2003, more than 6,000 new employees were added to the Trelleborg workforce in a large number of countries, with the result that 2004 was characterized by a series of different integration measures. The new business area Trelleborg Sealing Solutions is now fully integrated in the Trelleborg Group. At the same time, structural measures resulted in reductions of personnel numbers at certain plants – in the US and the UK for example. The decision to close down tire production in the town of Trelleborg also gave rise to a need for special personnel programs for the persons affected.

**3. Implementation of the Group's values and Code of Conduct**

The Group's core values and Code of Conduct are part of our culture.

However, it is vital that they do not remain

mere words, but take on real meaning and significance in day-to-day operations. This requires discussion, information and appropriate measures. The implementation of the Code of Conduct is a long-term process, and efforts during the past two years have focused on describing, clarifying and communicating the values and the Code of Conduct to employees. The channels used for this purpose have been the intranet, external publications and meetings. When necessary, the information is translated – to some ten languages to date. The follow-up phase of implementation will begin during 2005. Another part of the implementation process is an increased focus on internal information. In conjunction with the adoption of a new communication policy by the Board during 2004, an internal communication policy was also formulated, with the aim of clarifying the role of internal communication, areas of responsibility and other aspects. The Group's global intranet, TrelNet, is the main channel used for internal communication.

**Social contacts**

Trelleborg participates in various community activities. Many of these are local and involve cooperation with neighbors, schools and authorities.

In the training area, we have worked with various universities and schools for a number of years. Among other activities, environment specialists from Trelleborg have given presentations and training in France and Sweden. The close involvement with Lund University in Sweden is an example of how the company, the students and the university benefit from such cooperation.

The cooperation with the university results in beneficial contacts with researchers and students, and over the years many students have conducted degree and research work focusing on the environment at Trelleborg's facilities.

The Group also participates in a number of environmental activities in cooperation with authorities, industry organizations and other companies. In Sweden, Trelleborg has

**Environmental mix**

An interesting project involving biopolymers was conducted at the plant in Tivoli (Italy). It was shown that under certain circumstances dextran, a form of glucose, can be added to the rubber mix without adversely affecting the technical properties of the rubber. The use of biopolymers such as dextran means that the rubber gains a component that is biologically degradable. Moreover, the substance replaces carbon black, a chemical product derived from fossil fuels. The biopolymer thus also has the effect of reducing emissions of greenhouse gases.



**Degree projects and reports**

1999	- The rubber industry and extended producers responsibility framework. LUMES, Lund University, Sweden.
2000	- Labeling agricultural tires at Trelleborg Company: Possibilities and constraints. LUMES, Lund University, Sweden. - Energy use and energy management in tyre manufacturing: Trelleborg I case. LUMES, Lund University, Sweden. - Life cycle analysis of shims. Institute of Technology, Kalmar University, Sweden.
2001	- Environmental Report. Trelleborg AB as case study. Lund Institute of Technology, Sweden. - Energy survey at Trelleborg Agri. Malmö University, Malmö, Sweden. - Can the grey men go green? A study of the expectation gap between financial analysts and Trelleborg AB with regard to environmental reporting. LUMES, Lund University, Sweden. - Health and environmental risks from chemicals in the rubber industry – a collection of examples. Ecological Department, Lund University, Sweden.
2002	- Sustainability reporting. Content and scope in traditional annual reports. Örebro University, Sweden. - Strategic Environmental Communication. Case study within the rubber industry – Corporate environmental reports and corporate websites. IIIIEE, Lund University. - Tires – a threat to our environment? Ecological Department, Lund University, Sweden. - Impact of the Integrated Product Policy on Trelleborg Wheel Systems. Lumes, Lund University, Sweden.
2003	- Sulphur-Utilizing Microorganisms in Biotechnological Application. Rubber Recycling and Vanadium Reduction. PhD Thesis. Department of Biotechnology, Lund University, Sweden. - Determinant factors for the success of environmental management accounting in industry. Case study Trelleborg AB. IIIIEE, Lund University. - Health risks, prevention and rehabilitation in the rubber industry. Department of Occupational and Environmental Medicine (YMK), Lund University. - Is it worth investing in the health of personnel? LUMES, Lund University, Sweden.
2004	- OHSAS 18001. Systematization and Introduction to certification of the work environment at TPP AB, Lund Institute of Technology, Lund University. - Stakeholder involvement in the third-party assurance of corporate sustainability reports. IIIIEE, Lund University.

**Building knowledge in Lund**

During 2004, Trelleborg entered into a cooperation agreement with Lund University School of Economics and Management. Under the terms of the agreement, the Trelleborg Group will finance two postgraduate student-ships and parts of the students' instruction for at least three years. The cooperation is of the type known as a "learning partnership," based on researchers and companies working together toward jointly formulated goals.

**Work environment aspects**

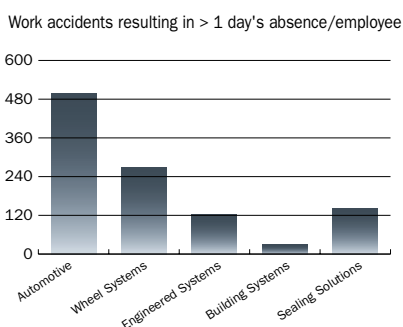
Measures taken in the work environment area within the Trelleborg Group encompass such activities as training, the provision and use of the correct personal safety equipment, technical safety installations, scientific surveys and the substitution of hazardous chemicals.

A major initiative during the year was the Safety@Work project, which focuses on the work environment and related risks.

The aims of the project include:

- Continuous improvement of the work environment for employees.
- Creation of a platform for measuring continuous improvements.
- Establishing a Group standard.
- Increasing exchanges of knowledge between Group companies.
- Reducing work-environment-related costs.
- Utilizing synergies in risk management.

During 2004, the project was launched in the US, the UK, France and Italy, and it will also continue to be implemented in other parts of the Group. During the year, a total of 1,057 (1,069) work-related accidents resulting in more than one day's absence from work were registered. Combined, accidents accounted for 22,629 (18,400) days of absence. Cuts, burns and crushing injuries are the most common, as well as injuries to muscles and limbs. The accident rate varies between the different business areas. TSS reported the lowest workrelated accident rate, with 32 accidents per 1,000 employees. The number



cooperated with other companies and the Swedish Environmental Protection Agency to conduct a survey of the environmental situation in the rubber industry. Another example is the chemical industry's international environmental program, Responsible Care, in whose annual reporting we participate.

A number of Trelleborg's plants are participating, with other local companies, in the development of environmental management systems, environmental training and other activities. Examples include the sponsorship of educational materials in environmental conservation, traffic safety for children, research on muscular diseases, sporting activities for children, car-free days, air quality programs, Health Awareness Day and numerous other events. During 2004, a number of plants received awards for their environmental and safety work, including the plant in Eugene, Oregon, in the US.

**SHARP award for Eugene plant**

Trelleborg in Eugene, Oregon, USA, has completed its fifth year working within the framework of the Oregon Occupational Safety & Health Division's Safety and Health Achievement Recognition Program (SHARP). The program was established to increase awareness of accident risks and provide training for their prevention and to improve the work environment. Only 13 other production companies in the state have qualified to participate in the program. Trelleborg in Eugene has developed specific programs and set clear targets for health and safety since receiving its first award in 1999, and has met or surpassed target levels every year since then.



of work accidents resulting in more than one day's absence per 1,000 employees averaged 57 (51). A total of 67 contract workers (78) were victims of accidents at Trelleborg's plants. A fatal accident occurred during the year at one of Trelleborg's plants in the UK.

Activities are in progress in all the business areas to reduce the number of work-related accidents. Investments aimed at improving the work environment and safety amounted to approximately SEK 48 M (36) during 2004. The activities concerned included risk assessments, surveys of exposure to various substances in the work environment in cooperation with researchers, installation of technical safety measures and the introduction of management systems in the work-environment area. Two plants are already certified in accordance with OHSAS 18001, which is a management standard focusing on health and safety. A number of facilities are currently working toward introducing this standard.

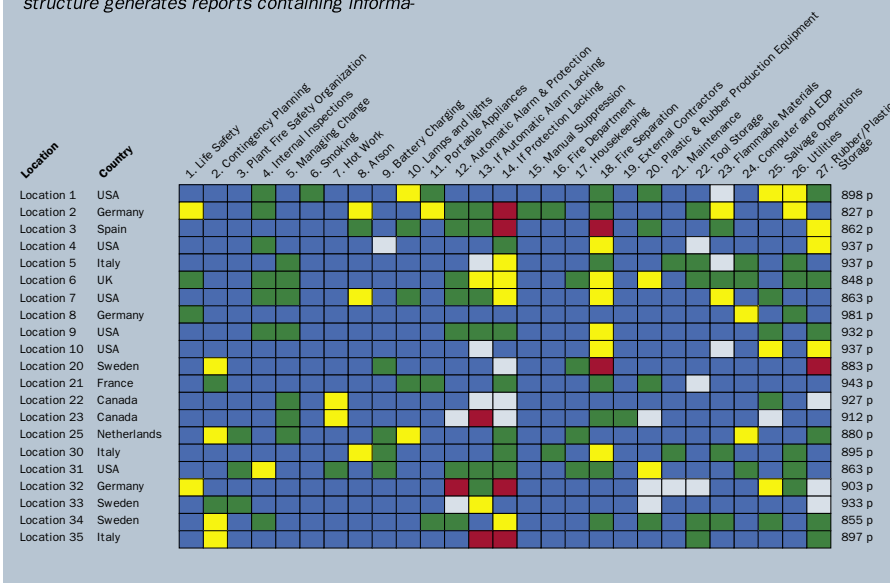
Safety committees are active at about 90 percent of all plants – a total of 120 units. During 2004, 343 work-related health problems (396) were reported at Trelleborg's production plants. About 63 percent (70) were problems affecting the locomotor system and comprising various types of strain-related conditions, such as back and neck disorders. About 14 percent (8) of the health problems were allergies and other hypersensitive reactions. Hearing impairment was involved in 1 percent (14) of cases.

**Blue, green, yellow and red define risk levels**


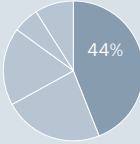
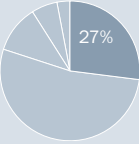

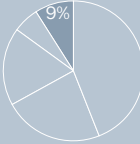


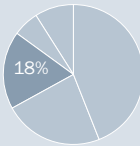
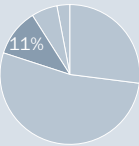

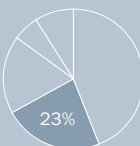
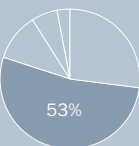

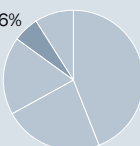
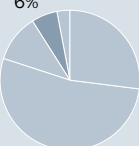
The basic idea behind the BLUE Grading Model is to perform risk assessments and, in an informative manner, create incentives for production plants to undertake continuous improvements and attain a balance between risks and safety measures at their premises. The model represents a complex process involving policies, manuals, assessment templates, checklists and procedures to be followed, as well as documentation, auditing and follow-up of the process, and training in its application. However, the most significant aspect is the simplicity of the end product. All of the risk assessments performed result in detailed reports containing recommendations for all deviations from the Group's standards and manuals. To provide a better overview, all of the recommendations and deviations are converted using a "traffic light" color-coding system (blue, green, yellow, red). Blue indicates that all of Trelleborg's standards are being met, while green means that there are minor deviations but nothing serious. Yellow is a warning flag, and red indicates that the deviation needs to be remedied in accordance with the recommendation or monitored carefully. This structure generates reports containing informa-



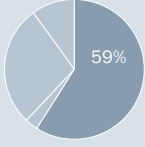
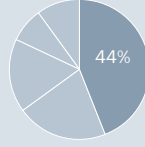
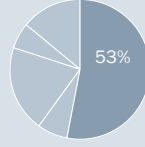
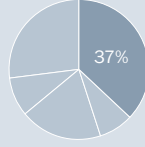
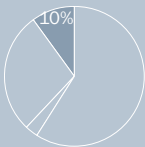
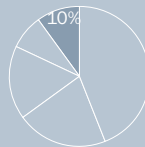
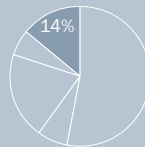
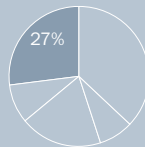
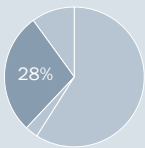
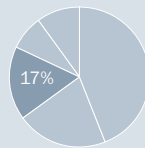
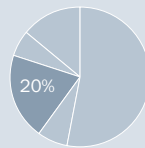
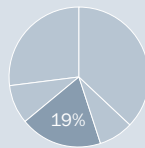
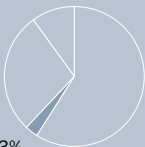
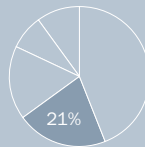
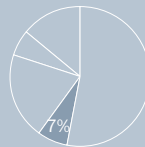
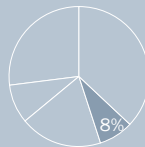
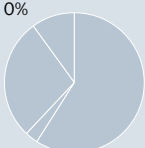
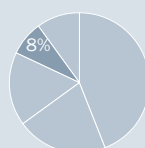
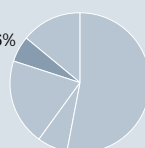
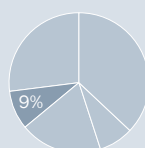
tion adapted to all the management levels within the Group. Local plant managers gain a detailed picture of their plant and the areas where there is scope for improvement. Managers at higher levels in the organization gain a better overview that is not swamped with details and long descriptions, so that they can quickly gain an insight into business-area or regional trends, determine whether measures can be taken to achieve major improvements through simple means, and more effectively oversee the allocation of resources. The system also results in cross-fertilization of best practices between the plants, thereby avoiding the need to repeatedly "reinvent the wheel." In addition to the color code, a points system is applied in conjunction with audits (inspections). The maximum score is 1,000 points. Striving to achieve high scores in turn generates a competitive element between business areas and plants. For example, physical protection methods against fire and other hazards have been improved throughout the Group as a result of the BLUE Grading Model. During 2004, the measured standard of property protection at Group plants improved by an average of 8 percent.



# Sustainability performance – Business areas

Business area	Organization and management system	Energy consumption, share of Group total	Water consumption, share of Group total
<p><b>Trelleborg Automotive</b> Antivibration products, mainly for the light vehicle industry, in which Trelleborg is a world leader.</p> 	<ul style="list-style-type: none"> <li>• Net sales in 2004: SEK 9,182 M (8,721).</li> <li>• Average number of employees in 2004: 9,608 (8,487).</li> <li>• 40 production plants in Europe, North and South America and Asia.</li> <li>• 15 plants (12) have more than 150 employees and 5 (6) have more than 300 employees.</li> <li>• Head office in South Haven (MI), US.</li> <li>• Local environmental coordinators at plants. In the US, a number of specialists work with environmental and work-environment issues on an overall basis.</li> <li>• 32 plants (28) have ISO 14001 certification, corresponding to approximately 74 percent (70) of all units. During the year, Morgan field II (US), Asti (Italy) and Cirie (Italy) were certified.</li> </ul>	<p>591.2 GWh (500)</p> 	<p>1,379,000 m<sup>3</sup> (992,000)</p> 
<p><b>Trelleborg Sealing Solutions</b> Leading global supplier of high-quality precision seals to customers in automotive and aerospace industries.</p> 	<ul style="list-style-type: none"> <li>• Net sales in 2004: SEK 5,009 M (1,194).</li> <li>• Average number of employees in 2004: 5,708 (1,478).</li> <li>• Approximately 30 production plants in Europe, the US and Mexico, among other countries. The majority of plants have 50-150 employees. 4 units have more than 300 employees.</li> <li>• Head office in Stuttgart, Germany.</li> <li>• Environment, quality and work-environment coordinators at plants. In the UK, environmental specialists oversee a number of plants.</li> <li>• 21 units (23) have ISO 14001 certification, corresponding to approximately 95 percent (77) of all units. Cranleigh and Milford Haven are not included in this report. Milford Haven has ISO 14001 certification.</li> <li>• The business area works with rubber polymers and plastics, such as polyurethane. Environmental impact is relatively low due to the production focus and generally small dimensions of the products.</li> </ul>	<p>130.1 GWh (173)</p> 	<p>142,000 m<sup>3</sup> (126,000)</p> 
<p><b>Trelleborg Engineered Systems</b> Flow systems and engineered solutions for a number of market segments, including the process industry, infrastructure, and offshore/oil and gas extraction.</p> 	<ul style="list-style-type: none"> <li>• Net sales in 2004: SEK 3,961 M (3,564).</li> <li>• Average number of employees in 2004: 3,204 (2,978).</li> <li>• 20 production plants in Europe, Canada, Australia and Singapore. The largest plant is in Clermont-Ferrand (France), with about 630 employees. Most of the units are smaller, with 50-150 employees.</li> <li>• Head office in Trelleborg, Sweden.</li> <li>• Environmental and work-environment coordinators work at the different plants. At Trelleborg I, the specialist organization Miljöteknik provides support to the business area. In Izarra, environmental specialist José-Luis Losa works in part with Group-wide issues.</li> <li>• 18 plants (16) have ISO 14001 certification, corresponding to approximately 90 percent (85) of all units. Forsheda and Mörbylånga belong to the business area and have ISO 14001 certification.</li> </ul>	<p>254.5 GWh (217)</p> 	<p>570,000 m<sup>3</sup> (487,000)</p> 
<p><b>Trelleborg Wheel Systems</b> Solid industrial tires for forklifts and other materials-handling equipment, and special tires for agricultural and forest machines.</p> 	<ul style="list-style-type: none"> <li>• Net sales in 2004: SEK 2,933 M (2,704).</li> <li>• Average number of employees in 2004: 2,064 (2,118).</li> <li>• 7 production plants in Europe, the US and Southeast Asia. 2 plants have approximately 200 employees and 3 plants have more than 300 employees.</li> <li>• Head office in Tivoli, Italy.</li> <li>• Local environmental coordinators at all plants.</li> <li>• 7 plants (6) have ISO 14001 certification, corresponding to approximately 87 percent (86) of all units.</li> <li>• Since production of large tractor tires and other tires is relatively resource-intensive, the production equipment and plants are large and environmental impact in the form of water and energy consumption, among other factors, is considerable. Heavy manual work is common.</li> </ul>	<p>323.2 GWh (299)</p> 	<p>2,750,000 m<sup>3</sup> (2,948,000)</p> 
<p><b>Trelleborg Building Systems</b> Products for insulation against damp and sealing products for the construction and other industries and for the consumer market.</p> 	<ul style="list-style-type: none"> <li>• Net sales in 2004: SEK 2,257 M (2,053).</li> <li>• Average number of employees in 2004: 1,453 (1,286).</li> <li>• 15 production plants in Europe. The plants are relatively small, with an average of 75 employees.</li> <li>• Head office in Trelleborg, Sweden.</li> <li>• Environment, quality and work-environment coordinators work at the different plants. The environmental coordinators cooperate on issues relating to environmental management systems, permits and safety issues. For example, coordinated environmental audits are performed at the plants in the Värnamo region.</li> <li>• 8 plants (8) have ISO 14001 certification, corresponding to approximately 60 percent of all units.</li> <li>• The nature of the operations results in relatively low environmental impact. The sealing strips produced help to reduce energy consumption in buildings, and certain sealing membranes are used to protect the environment, for example in landfill sites.</li> </ul>	<p>83.2 GWh (73)</p> 	<p>291,000 m<sup>3</sup> (177,000)</p> 



VOC emissions, share of Group total	Recovered waste, share of Group total	Landfilled waste, share of Group total	Accident frequency, share of Group total (Group average 57/1,000)	Number of ISO 14001 certifications, share of Group total	Examples of events during the year
1,064 tons (888) 	9,790 tons (7,220) 	13,923 tons (11,700) 	58/1,000 (45/1,000)	32 (28) 	<ul style="list-style-type: none"> <li>Measures to reduce energy consumption were implemented at Burgos, Carquefou-Soratech, Carquefou-Prodyn, Cerkesköy, Dawson, Morganfield I, Sahibabad, Walbrzych and Wuxi.</li> <li>A number of plants introduced lead-free adhesives, e.g. Breuberg, Burgos, Guarulhos, Martorell and Trowbridge.</li> <li>Chromium VI was phased out at Burgos, Cascante and Kalmar.</li> <li>Equipment underwent a safety upgrade at Coventry and Salisbury, among other plants.</li> <li>The use of solvents was reduced at Benton Harbor and Morganfield II.</li> <li>Amounts of waste were reduced at Pamplona, Morganfield I, Morganfield II, Nova Bana, Dawson, Dobrovice, Hradek and Carquefou-Modyn.</li> <li>Property/fire protection was improved at Burgos, Carmi and Poix Terron, among other plants.</li> </ul>
190 tons (238) 	2,154 tons (1,660) 	3,588 tons (3,800) 	32/1,000 (44/1,000)	23 (23) 	<ul style="list-style-type: none"> <li>Energy-saving measures were implemented at Broomfield, Conde sur Noireau, Knaresborough and Rotherham.</li> <li>Measures were taken to reduce amounts of waste at Conde sur Noireau, Czechovice-Dziedzice and Rotherham.</li> <li>Chromium VI was phased out at Guelph and Newton.</li> <li>Lead was phased out at Somersworth.</li> <li>Equipment underwent a safety upgrade at Fort Wayne and Helsingör, among other plants.</li> <li>Property/fire protection was improved at Stuttgart and Helsingör, among other plants.</li> </ul>
501 tons (319) 	3,822 tons (3,260) 	5,169 tons (5,490) 	45/1,000 (50/1,000)	16 (16) 	<ul style="list-style-type: none"> <li>Amounts of waste were reduced at Clearbrooks, Collingwood, Hull, Izarra, Ridderkerk, Runcorn, Trelleborg I and Zillmere.</li> <li>Equipment underwent a safety upgrade at Hull, Mjödalen, Trelleborg I and Örebro, among other plants.</li> <li>Energy consumption was reduced at Mjödalen, Trelleborg I, Trelleborg II and Zillmere.</li> <li>Coal was replaced with natural gas at Zillmere.</li> <li>Property/fire protection was improved at Hoogezand and Clermont-Ferrand, among other plants.</li> </ul>
61 tons (95) 	4,581 tons (3,785) 	1,774 tons (1,558) 	145/1,000 (108/1,000)	7 (6) 	<ul style="list-style-type: none"> <li>Short- and long-term assistance measures were implemented in Sri Lanka following the tsunami disaster. The business area's approximately 800 employees in Sri Lanka were unharmed and the plants undamaged. Read more on this subject on page 12.</li> <li>Decision made to move tire production from the town of Trelleborg.</li> <li>Equipment underwent a safety upgrade at Sapugaskanda, among other plants.</li> <li>Soil inspections in cooperation with the environmental authorities and researchers continued at the plant in Evergem (Belgium), which is now closed down.</li> <li>Property/fire protection was improved at Tivoli and Sävsjö, among other plants.</li> </ul>
3 tons (2) 	1,763 tons (3,208) 	1,689 tons (1,309) 	28/1,000 (45/1,000)	8 (8) 	<ul style="list-style-type: none"> <li>Salt-recovery equipment was installed in Värnamo to reduce salt consumption and emissions to the wastewater system.</li> <li>Amounts of waste were reduced at Höganäs.</li> <li>Energy savings were implemented at Vejen.</li> <li>Property/fire protection was improved at Bielsko-Biala, among other plants.</li> </ul>

# Ongoing sustainability work

In both the short and the long perspective, Trelleborg's processes, products and services interact with the external environment. Aspects that affect the environment, health and social conditions change over time, and through systematic efforts we can reduce environmental impact and create safer

workplaces. Customer requirements, more stringent environmental legislation and increased insight into the importance of sustainability issues in society are forcing most industrial companies to make improvements to processes and products. We can affirm that we are on the right track in many areas and

steps in the right direction have been taken at our plants throughout the world. The overview in the table below, which covers the environment, health and social conditions, shows how we view these aspects and how we perceive our successes and setbacks in a five-year perspective.

↑ Improved situation → Unchanged situation ↓ Worsened situation ▲ Low priority ■ Medium priority ● High

Environmental aspect	Priority level	Examples of environmental, health and other impacts	Threats and opportunities	Trend 1998-2004	Comments
Location	■	Disturbance due to noise, transports and malodorous substances.	A number of the Group's plants are located in the central parts of various urban areas. Complaints are received from neighbors.	↑	Some complaints are still received from neighbors, but disturbances have declined.
Soil and groundwater	●	Historic contamination of soil and groundwater. Oils, heavy metals and solvents are examples of contaminants.	There is contamination at about 20 plants. Soil decontamination is expensive and takes a long time.	→	Detailed investigations and cleanups are in progress.
Consumption of natural resources (raw materials)	■	Environmental impact from rubber plantations during production of natural rubber. Utilization of nonrenewable resources during production of synthetic rubbers and other polymers.	High degree of dependence on raw materials based on fossil carbon compounds. Through the more efficient use of raw materials, the Group can save money and reduce environmental impact.	↑	Use of raw materials has become more efficient at many plants. Efficiency programs implemented at various plants. Environmental impact reduced.
Consumption of natural resources (water, energy)	●	Utilization of nonrenewable resources (oil, natural gas). Clean water is a scarce resource in many countries.	The Group mainly uses fossil fuels (oil, natural gas, coal). Large amounts of water are used.	↑	Energy-saving programs have been implemented at many plants. The proportions of oil and coal used as fuel have decreased, while the proportion of natural gas has increased.
Use of chemical products	●	Hazardous substances are common in the rubber industry. Environmental and health risks can result from the handling of toxic and persistent chemicals.	Demands are increasing from various stakeholders, such as authorities and customers, for a reduction of the environmental and health risks caused by chemicals.	↑	Many plants report that the use of hazardous substances has decreased and that certain substances are being phased out. Handling has become safer.
Emissions to air	●	Carbon dioxide from the Group's energy plants contributes to the greenhouse effect. Solvent emissions cause local formation of photochemical oxidants, among other effects. Dust, vulcanizing fumes and odors can cause a local environmental impact.	Carbon dioxide taxes and trading in emission rights are expected to progressively generate costs for the Group. Legislation to reduce emissions to air is becoming increasingly strict. The tolerance level of nearby residents is expected to decline.	↑	Many plants have implemented measures to reduce emissions of solvents, CO <sub>2</sub> , SO <sub>2</sub> , NO <sub>x</sub> and other atmospheric pollutants. Carbon dioxide emissions have declined in recent years.
Noise (outdoors)	■	Neighbors may be disturbed. Limit values for noise may be exceeded.	Noise-reduction measures can be difficult and expensive to implement. The noise issue is becoming increasingly prominent in many countries.	↑	The number of complaints decreased by 66 percent compared with 2003.
Emissions to water	▲	Municipal treatment plants and watercourses can be affected by chemical products and other emissions. Metals, nutrient salts and biological materials are examples of contaminants.	Emissions to water are limited and wastewater is treated internally at a number of units.	→	Minor problems with the quality of wastewater occur in certain locations.
Waste	●	Landfill capacity has already been exceeded in a number of countries. Incineration can produce emissions of air pollutants. Storage and transport of hazardous waste can lead to health-related and environmental risks.	There are stringent requirements in many countries regarding waste reduction and recovery/recycling. Waste-related issues have a high priority for the Group. Increased amounts of waste result in increased costs and increased environmental impact.	→	Improved waste management has been implemented at the majority of plants, resulting in savings. However, the total amount of waste has increased due to the increased number of units.
Spills, fires and unforeseen situations	●	Serious injury to people in the vicinity can result from fires and uncontrolled emissions.	Minor incidents involving fires or spills occur in exceptional cases. Demands from insurance companies for preventive measures are increasing. The costs involved may be high.	↑	A risk evaluation method (Trelleborg Blue Grading) was implemented in 2001 and preventive risk reduction measures are continuously being implemented Group-wide.
Products	●	Products whose useful life is over generate waste. The products contain chemical substances that can spread in the environment. However, many of the Group's products contribute to a better environment.	Demands are increasing from customers, particularly in the automotive and construction industries, for information on products' environmental and health characteristics.	→	Measures to replace hazardous substances are in progress. Environmental information is provided for many products.
Packaging	▲	Packaging generates waste at customer premises.	Environmentally compatible packaging solutions often increase customer satisfaction and reduce environmental impact.	→	Essentially unchanged situation. Reuse of transport packaging is not uncommon.
Transports	■	Use of nonrenewable natural resources (fossil fuels). Emissions of greenhouse gases and air pollutants.	Transports of raw materials and finished products are substantial within the Group.	→	The environmental impact of transports has not yet been adequately surveyed.
Work environment risks	●	Exposure to chemicals in the rubber industry can lead to allergies, respiratory illnesses and other health problems. Crushing injuries, cuts and burns are common. Heavy lifting and repetitive tasks can lead to strain-related injuries. Noise can result in hearing impairment. Stress can lead to psychosocial illnesses.	Demands from the authorities, employees and trade unions for a safe work environment continue to be high.	↑	Many plants have introduced programs to improve the work environment. Trelleborg Blue Grading is used as a tool. Over the years, the work environment in the rubber industry has improved considerably.
Values and relations at workplaces	●	Poor working conditions and a lack of respect for human rights have a negative effect on employees and give the company a bad reputation.	Various corporate scandals have increased the focus on issues relating to ethics, morals and human rights, and demands from stakeholders and society at large are becoming more rigorous.	→	During the past few years, a number of measures have been taken to introduce Trelleborg's Code of Conduct and Workplace Policy.
Social commitment	■	Commitment on the part of the Group to environmental and social issues can have a positive impact at the local level.	Demands for social commitment on the part of industry are increasing. The image as a good corporate citizen and an attractive employer can be strengthened by a proactive company.	→	Trelleborg participates in various community-related activities in a number of countries. Commitment shared with universities and institutes of technology remains at a high level.
Suppliers	■	Suppliers' work environments, social conditions and environmental impact indirectly affect Trelleborg's sustainability performance.	Inappropriate conduct on the part of suppliers could harm Trelleborg's reputation and result in increased costs.	→	An increasing number of plants within Trelleborg report that they impose various environmental requirements on suppliers.

# Reporting principles, terms, definitions and clarifications

## Contents of Sustainability Report

The Trelleborg Group's Sustainability Report for 2004 covers aspects relating to the environment, health, safety and social issues. Trelleborg's ambition is that the report, together with supplementary information, will provide employees and external stakeholders with a clear picture of the Group's activities in the above-named areas, and their commercial consequences. We hope that the report will be of interest to various categories of stakeholders, and we welcome readers' comments and suggestions for future improvements. The current report is scheduled for publication in April 2005 and will be accessible, together with Trelleborg's Annual Report, on the Group's website: [www.trelleborg.com](http://www.trelleborg.com). Both reports are published in Swedish and English, and can be ordered from the Group's Corporate Communications Department. In accordance with standard reporting practice, Trelleborg AB also reports on any significant events that have occurred between the close of the fiscal year and the completion of the Sustainability Report.

## Division of information between Annual Report and Sustainability Report

The Trelleborg Group's Annual Report for 2004 provides information about the company's environmental situation in accordance with the requirements in Swedish legislation regarding environmental information in the Board of Directors' Report. Compared with the Annual Report, the Sustainability Report contains supplementary information. More detailed information is provided on [www.trelleborg.com](http://www.trelleborg.com). In addition, a global perspective on environmental issues is adopted in the Sustainability Report, while the information in the Annual Report focuses on the Swedish operations in accordance with Swedish law.

## Scope of the Sustainability Report

The Trelleborg Group comprises Group Management and five business areas. In this Sustainability Report, "Trelleborg" refers to the Group's five business areas. The distribution operations within Trelleborg Goodall (US) are not included in the report. The Sustainability Report covers performance relating to the environment, health, safety and social conditions at the production units worldwide. Operations that belonged to the Group during the fiscal year are reported. No information is provided on operations that were closed down or divested during 2004. This means that the plants in Cranleigh (UK), Milford Haven (UK) and Diadema (Brazil) are omitted from

the report. Six new units are included: Nova Bana (Slovakia), Walbrzych (Poland), Czechowice-Dziedzice (Poland), Cirie (Italy), Clearbrooks (US) and Hradek (Czech Republic). Bielsko-Biala was previously reported as Warsaw. A few smaller plants are omitted from the report. For a number of key parameters, the Group's combined environmental performance is reported. Separate data are also provided for the five business areas in respect of a number of key parameters. For certain parameters, figures are given for those plants that have the greatest impact on the Group's combined results. A total of 105 (103) organizations throughout the world contributed to the report. The plants named in the table below are included in the Sustainability Report. Two plants in West Thurrock, UK, report jointly, and this also applies to three plants in Malta and two plants in Izarra, Spain. The number of employees at each plant is given in parentheses.

## Reporting principles

Trelleborg's Sustainability Report is not based on any particular international guidelines for environmental reporting. The choice of the parameters reported and the method of reporting are partly based on the Global Reporting Initiative (GRI, 2002) and Deloitte & Touche (Checklist 2003). Each plant supplies data in accordance with the Group's standard for sustainability reporting, and each plant manager is responsible for quality-assuring the data provided. Data are compared with figures from previous years and are verified, by random sampling, against the plants' environmental reports to the authorities and data supplied in conjunction with the environmental reviews conducted in preparation for the introduction of ISO 14001. The information in the present report refers to the year 2004. Key figures are presented in the text, tables and diagrams. Where appropriate, data for 2003 are given in parentheses following the information for 2004.

This year's Sustainability Report represents a further development of the environmental reports from previous years. The same reporting principles apply in the case of parameters reported in previous years. In the case of carbon dioxide, sulfur dioxide and nitrogen oxide emissions resulting from the burning of fossil fuels, conversion factors based on the energy content and quality of the fuel used are employed. Figures for emissions of VOCs (solvents) are based on measurements at the plants where they occur, but in most cases VOC emission data is based on mass-balance calculations. The report also includes VOC emissions from paints and lacquers, adhesives and glue.

## Plants included in the Sustainability Report (number of employees in parentheses)

Trelleborg Automotive	
Italy	Asti (60) Cirie (242)
Germany	Breuberg (353)
Spain	Burgos (144), Cascante (116), Martorell (241), Pamplona (325), Tarazona (67)
Sweden	Sjöbo (102), Kalmar (127)
UK	Coventry (125), Leicester (212), West Thurrock (244), Throwbridge (218)
France	Carquefou-Modyn (457), Carquefou-Polyspace (367), Carquefou-Prodyn (168), Carquefou-Soratech (73), Poix Terron (88), Wirty Les Reims (215), Rethel (176)
Poland	Walbrzych (487)
Slovakia	Nova Bana (32)
Turkey	Çerkesköy (149)
Czech Republic	Dobrovice (58), Hradek (399)
US	Benton Harbor (121), Carmi I <sup>1)</sup> (63), Carmi II <sup>5)</sup> (92), Dawson (122), Logansport (348), Morganfield I (197), Morganfield II <sup>6)</sup> (79), Peru (276), Salisbury (34), Sandusky (277), South Haven (135)
Mexico	Toluca (160)
Brazil	Guarulhos (629)
India	Sahibabad (135)
China	Wuxi (238)
South Korea	Taegu (240)
Trelleborg Wheel Systems	
Denmark	Hadsten (92)
Sweden	Trelleborg I <sup>1)</sup> (290), Sävsjö (37)
Netherlands	Hoogezaand (46)
Italy	Tivoli (508)
US	Harville (180)
Sri Lanka	Sapugaskanda (470), Walgama (223)
Trelleborg Engineered Systems	
France	Clermont-Ferrand (636)
Netherlands	Ede (58), Ridderkerk (99)
Norway	Mjøndalen (200)
Spain	Izarra (264)
Sweden	Forsheda (377), Hemse (88), Mörbylånga (108), Trelleborg I <sup>1)</sup> (159), Trelleborg II <sup>7)</sup> (70), Ystad (90), Örebro (106)
UK	Hull (60), Runcorn (24), Scunthorpe (16)
Germany	Rechlin (13)
Canada	Collingwood (49)
US	Clearbrooks (78)
Singapore	Singapore (185)
Australia	Zillmere (46)
Trelleborg Building Systems	
Sweden	Bor (58), Höganäs (66), Rydaholm (90), Värnamo I <sup>2)</sup> (130), Värnamo II <sup>3)</sup> (176), Österbymo (24)
Denmark	Vejen (42)
Finland	Vinti (13)
Germany	Mosbach (115), Papenburg (72)
UK	Minworth (75)
Spain	Santander (58)
Poland	Bielsko-Biala (130)
Trelleborg Sealing Solutions	
UK	Aschurch (362), Bridgewater (134), Knaresborough (43), Milford Haven (69), Newtown (141), Ross-on-Wye (142), Rotherham (100), Swadincote (260)
France	Conde sur Noireau (122)
Sweden	Ersmark (233)
Denmark	Helsingør (371)
Italy	Livorno (180), Rio Saliceto (95), Turin (154)
Poland	Czechowice-Dziedzice (207)
Malta	Qormi (758)
US	Broomfield (134), Fort Wayne (238), Somersworth (192), Eugene (20)
Canada	Guelph (159)
Mexico	Tijuana (397)

1) Main plant, Trelleborg, Sweden. 2) Main plant, Värnamo. 3) Norregård plant, Värnamo.

4) Carmi mixing plant. 5) Carmi molding plant. 6) Dawson plant. 7) Trelleborg E plant.

## Terms and definitions

### Environment-related costs

These are costs related to measures for preventing, reducing or repairing environmental damage directly associated with operations. The corresponding measures taken with regard to health and safety in the workplace are also included. The costs reported include, among other items, administration and consulting expenses, fees to authorities, costs for introducing and maintaining environmental management systems, and charges for external inspections and audits.

### Environment-related investments

These are investments in assets designed to prevent, reduce or repair damage to the environment associated with operations. The corresponding investments made with regard to health and safety in the workplace are also included.

### Environment-related provisions

These are financial provisions to cover liabilities and allocations for known commitments, and necessary measures to prevent, reduce or repair damage to the environment associated with operations.

## Clarifications

### BLIC

The Association of European Rubber Manufacturers. Trelleborg participates in the work of the Health & Environment Committee, among other activities. Website: [www.bllic.be](http://www.bllic.be).

### Carbon dioxide (CO2)

CO2 is formed in all carbon combustion processes. The gas is released in substantial amounts when petroleum products are used. It is likely that atmospheric emissions of carbon dioxide increase global warming.

### CFCs and HCFCs

Substances that destroy the atmospheric ozone layer. They are used, for example, in air-conditioning plants.

### Code of Conduct

Behavior code for Trelleborg's employees. Supplemented by policies relating to the environment, workplaces and relations with suppliers.

### Environmental aspects

The parts of an organization's activities, products or services that interact with the environment. An overview of the Trelleborg Group's significant environmental aspects is included in the present report.

### Environmental management system

The part of the overall management system that includes the organizational structure, planning, activities, division of responsibility, practices, procedures and resources for developing, implementing, performing, reviewing and maintaining the organization's environmental policy. ISO 14001 is used as the environmental management standard within the Trelleborg Group.

### Global Reporting Initiative (GRI)

GRI is an organization working toward a method for overall reporting and assessment of an operation, including the social and environmental perspectives, as well as financial aspects. Read more at [www.globalreporting.org](http://www.globalreporting.org).

### GWh

Gigawatt-hour, 1 billion watt-hours.

### HA oils

Softeners containing a high concentration (>3%) of carcinogenic polyaromatic hydrocarbons (PAHs).

### Hazardous waste

Waste requiring special handling. Different countries have different definitions and regulations, and national standards are frequently changed, making it more difficult to report on hazardous waste. Within the EU, hazardous waste is classified in accordance with the European Waste Code (EWC).

### IIIEE

The International Institute for Industrial Environmental Economics (IIIEE) is a research institute at Lund University in Sweden. Trelleborg has worked in cooperation with the institute for a number of years and supports its research and teaching activities. A number of students have produced postgraduate dissertations based on Trelleborg's operations. The institute's website is [www.iiiee.lu.se](http://www.iiiee.lu.se).

### ISO 14000

A series of international standards for environmental management systems (ISO 14001), life-cycle assessments, environmental audits, environmental labeling, environmental performance evaluation and environment-related terms and definitions. Many plants within the Trelleborg Group are certified in accordance with ISO 14001. Read more about ISO 14001 at [www.iso.org](http://www.iso.org).

### LCA (Life Cycle Assessment)

A management tool for assessing and quantifying the total environmental impact of products and activities over their entire lifetime, based on an analysis of the entire life cycle of a particular material, process, product, technology, service or activity. LCA methodology is described in the ISO 14040 standard.

### Nitrosamines

Substances that can cause cancer in animals and humans. Formed during certain vulcanization processes.

### NOX (nitrogen oxides)

Gaseous oxides formed during combustion processes through the oxidation of nitrogen. Harmful to human health and the environment. Cause acid rain and eutrophication.

### PAHs

Polyaromatic hydrocarbons. Some are carcinogenic. PAHs are released to the atmosphere from vehicle exhaust fumes and small-scale wood-fueled heating, and in conjunction with vulcanization processes in the rubber industry. PAHs also occur in extremely low concentrations as a result of bitumen used within Trelleborg Building Systems.

### Polyurethane

Group of polymers with structures linked by urethane bridges. At Trelleborg, polyurethane is used for O-Rings and solid tires. Various diisocyanates, such as TDI and MDI, are used in the production of polyurethane.

### PTFE

Polytetrafluoroethylene is a heat-tolerant polymer used in the production of O-Rings at Trelleborg Sealing Solutions. The polymer is best-known in everyday life as Teflon, used for example as a surface coating for irons.

### SO2 (sulfur dioxide)

Sulfur dioxide is formed when petroleum products are burned. SO2 contributes to the acidification of lakes, streams and soils, and causes coniferous trees to shed their needles. Large concentrations in the environment are harmful to human health.

### VOC s (Volatile Organic Compounds)

The VOCs referred to in this report comprise non-chlorinated and chlorinated solvents. VOC emissions contribute to local atmospheric environmental effects, including the formation of ground-level ozone. Certain VOCs constitute a direct health risk.

### Work-related accident

A work-related accident is a sudden event related to work that gives rise to a wound or other physical injury. A typical injury in the rubber industry is a minor cut or crushing injury. Trelleborg reports the number of work-related injuries that give rise to one or more days of absence, called Lost Work Cases (LWCs). The injury rate is then normed by stating the number of such injuries per 1,000 employees (LWC/1,000).

### Work-related illness

A work-related illness is an illness caused by long-term exposure to a particular factor in the work environment. Such factors can include repetitive lifting or being exposed every day to solvent fumes.

## To us, quality is a state of mind

We adopt an in-depth approach to each problem, aiming for long-term solutions. Yesterday's and today's innovations, know-how and quality form the foundation of tomorrow.



### Further information about Trelleborg AB

Printed publications can be ordered by telephoning +46 410-670 00, or via e-mail: [info@trelleborg.com](mailto:info@trelleborg.com).



#### Internet

Up-to-date information can be accessed on our website: [www.trelleborg.com](http://www.trelleborg.com).



#### Annual Report

Trelleborg's Annual Report can be ordered by telephoning +46 410-670 00, or via e-mail: [information@trelleborg.com](mailto:information@trelleborg.com).



#### T-TIME

Trelleborg's stakeholder magazine, T-TIME, is published four times a year.

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