

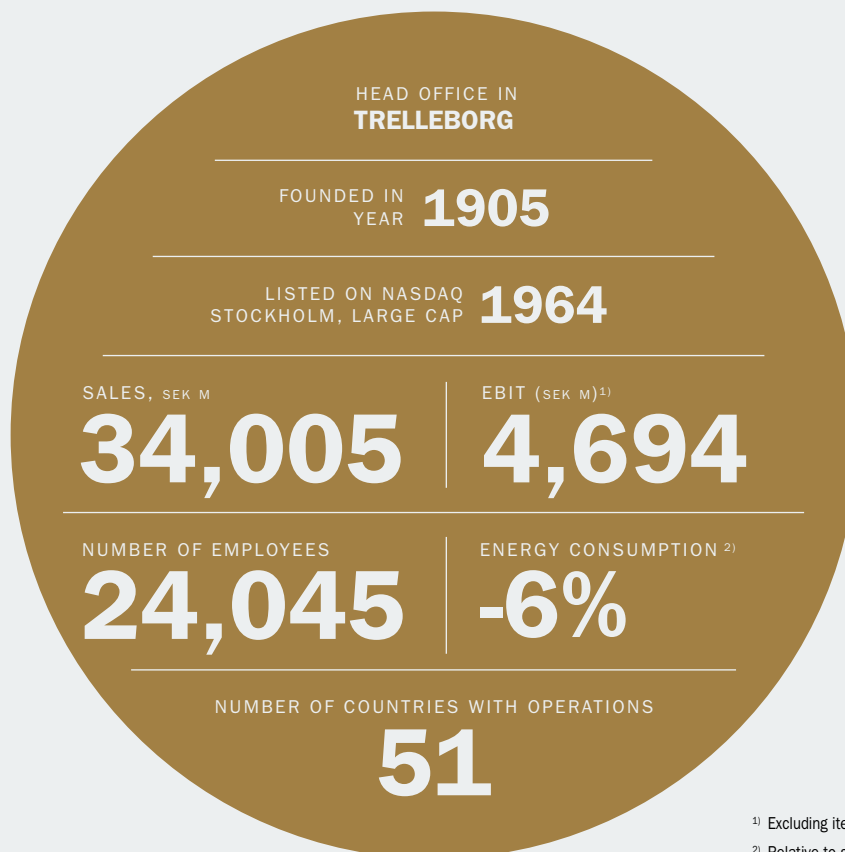


Sustainability Report 2018

**WE SEAL, DAMP AND PROTECT
CRITICAL APPLICATIONS
IN DEMANDING ENVIRONMENTS**



TRELLEBORG AND 2018 IN BRIEF



¹⁾ Excluding items affecting comparability.

²⁾ Relative to sales.

EARNINGS IMPROVEMENT FOR THE YEAR

Net sales for 2018 increased 8 percent to SEK 34,005 m. Organic sales contributed 3 percent.

EBIT, excluding items affecting comparability, rose 15 percent to SEK 4,694 m, corresponding to an EBIT margin of 13.8 percent. Both EBIT and EBIT margin were the highest to date for the Group for a full year.

Earnings per share for continuing operations, excluding items affecting comparability, amounted to SEK 12.34. For the Group in its entirety, earnings per share amounted to SEK 11.77.

Energy-efficiency measured as consumption relative to sales, improved 6 percent, which is clearly better than the annual internal goal of 3 percent.

KEY EVENTS IN 2018

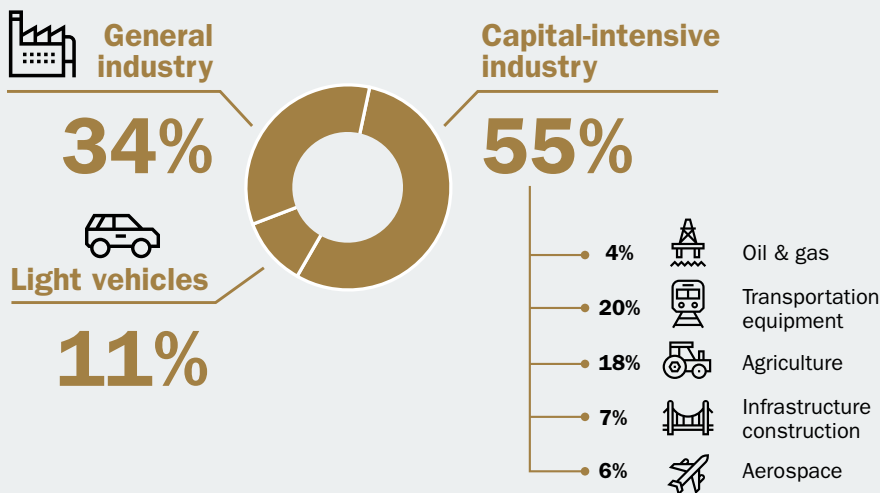
- February 1, 2018** Acquisition of U.K. manufacturer of coated fabrics for primarily the healthcare & medical industry
- February 2, 2018** Interim Report, October–December and full-year 2017
- February 15, 2018** Proposal of two new members to the Board and a new Chairman by the Nomination Committee

- April 28, 2018** Interim report, January–March 2018

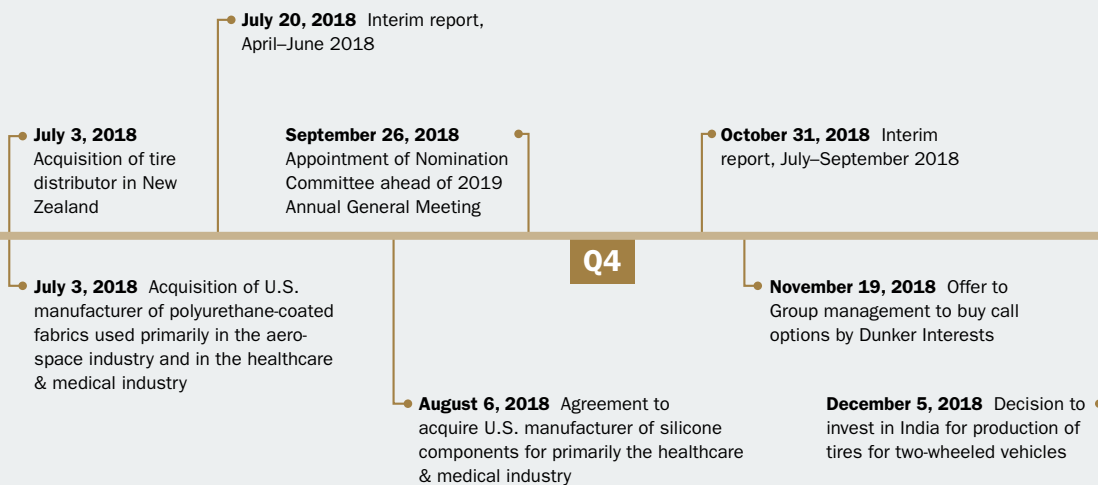
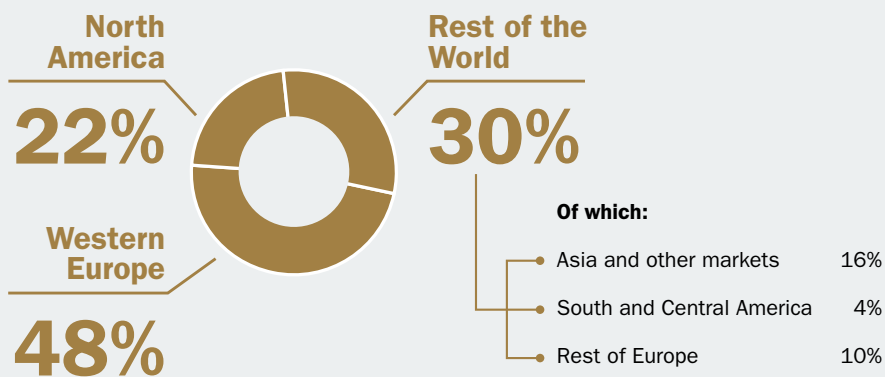
- April 28, 2018** Annual General Meeting held in Trelleborg, Sweden

- June 5, 2018** Capital Markets Day held in Stockholm, Sweden

Share of the Trelleborg Group's net sales



Net sales per region



All of Trelleborg's corporate press releases and news regarding products and solutions are available at www.trelleborg.com.

Polymers – rubber and plastics as they are commonly known – are made up of many small molecules that are linked in long chains. The illustration on the cover shows such a chain of polymers.



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Trelleborg AB is a public limited liability company. Corporate Registration Number: 556006–3421. The Group’s headquarters are in Trelleborg, Sweden.

The Sustainability Report is published in English. The previous Corporate Responsibility Report 2017 was published in April 2018.

All values are expressed in Swedish kronor. Kronor is abbreviated to SEK and millions of kronor to SEK M. Unless otherwise stated, figures in parentheses relate to the preceding fiscal year, 2017. All figures in the section “Trelleborg and 2018 in brief” relate to continuing operations, unless otherwise stated.

This report contains forward-looking statements that are based on the current expectations of the management of Trelleborg. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

This Sustainability Report was produced in collaboration with RHR/CC in Malmö, Sweden.
Translation by The Buglii Company.

POLYMERS THAT SEAL, DAMP AND PROTECT

Trelleborg is a world leader in engineered polymer solutions that seal, damp and protect critical applications in demanding environments.

Modern-day society would not function without polymer materials, or rubber and plastics as they are commonly known. Machines, tools and accessories need sealing, damping and protecting using a material that is durable, elastic and tough.

Polymers are long chains of molecules that serve as building blocks in rubber and plastics. While there is only one chemical variant of natural rubber, synthetic rubber is available in some 20 variants. Using additives and mixes of various types, and when combined with other materials, such as metals and textiles, polymers gain very different properties.

Trelleborg uses natural rubber in its large tires, springs and rubber bearings as well as its hoses, seals and coated fabrics. Synthetic rubber, such as styrene butadiene rubber (SBR) and isoprene rubber, has properties that are similar to those of natural rubber. In mixes, it is used as outer rubber in blasting hoses, oil and gasoline hoses, tires and more. Nitrile rubber (NBR) is often used with other types of rubber for added elasticity, abrasion resistance and ability to withstand low temperatures. Ethylene-propylene rubber (EPM/EPDM) is suitable for high temperatures and used for sealing profiles, hoses and more.

SEAL

To seal is to fill a gap when joining two static or moving (dynamic) surfaces, thereby separating different media from each other.



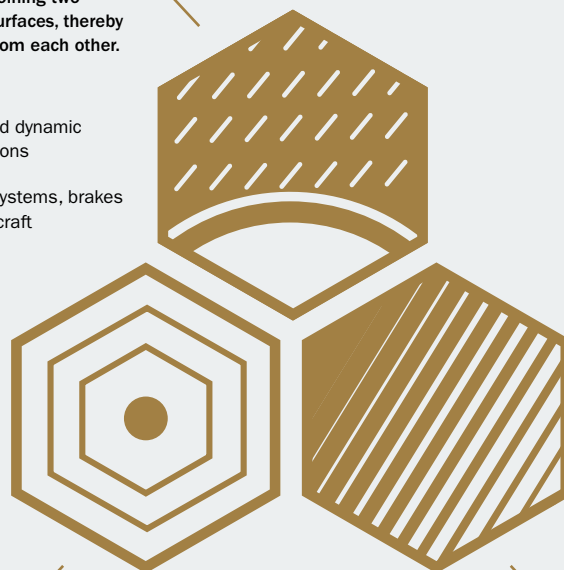
Seals for static and dynamic industrial applications



Seals for control systems, brakes and engines in aircraft



Coated fabrics for train bellows



PROTECT

To protect is to help the environment, people, infrastructure and other assets to manage the impact from natural and man-made forces.



Boots for drive shafts and steering applications in vehicles



Agricultural tires that protect the soil



Passive fire protection solutions on oil platforms

DAMP

To damp is to absorb energy, thereby reducing vibration and noise.



Systems that protect against vibrations in rail vehicles



Fenders for safe mooring in ports



Systems that protect against vibrations in industrial applications



Natural rubber is included in tire products from Trelleborg. An outline of principles of the value chain for natural rubber is available on page 24.

In 2018, long-term dialogs were conducted with natural rubber producers and also included a visit to a factory and plantation in the Ivory Coast, where the supplier SAPH runs social projects with living quarters, daycare, schools and health centers in addition to rubber production (refer to text and images on page 67).

WE PROTECT WHAT MATTERS



With regard to sustainability, Trelleborg has an important role to play in society's transition. One important part of the UN sustainable development goals (read more on pages 12–15) is the goals that we can help to solve through our products and innovation capability. Through our expertise of polymer solutions and how they can best be designed for various uses.

Over the past year, we have formulated what we have used as a guiding principle ever since the company was established more than 100 years ago. That we *protect what matters* has been true for Trelleborg ever since the time of raincoats, since bike and passenger car tires were our main products. And it is truer than ever today, when our products and solutions are everywhere and protect people, the environment and infrastructure. They remove noise and vibrations, save energy and reduce emissions, and extend the service life of bridges, tunnels, pipe systems and buildings.

At the same time, our production naturally impacts the environment, for which we assume responsibility and wish to minimize in every way possible. This may involve climate impact, water consumption, emissions or waste management. The same is true for all resources used in our production process: We are to minimize all waste.

This is our clear vision: We are working as part of Excellence toward zero accidents, zero waste, zero late deliveries and zero complaints due to quality defects. These long-term targets on the horizon mean we must raise the bar and be better and more efficient on all relevant measurement points. In line with this and starting this year, we are also introducing into our reporting a ten-year follow up of key sustainability figures in order to monitor trends. Refer to page 42.

In terms of safety, we will intensify our efforts. Even if almost all figures are pointing in the right direction, we cannot be satisfied. For a company that always reports no fatal accidents, the two fatalities reported in 2018 are unacceptable. Trelleborg is to be a safe and very secure workplace regardless of where you work worldwide. We have therefore taken stock of similar risks everywhere in our production process in order to eliminate these. New tools and e-learning are being used to continue our global safety efforts – once again to protect what really matters.

Climate impact is being discussed everywhere following a year when its effects are increasingly visible in society. Trelleborg continuously monitors ongoing climate changes and measures and what these entail in the form of risks and business opportunities for our own operations and our facilities, and we are striving for continuous improvements. To highlight the current situation, we have added extra space in this annual report (pages 20–21) that explains general developments in climate work, where Trelleborg stands today and what we want to achieve moving forward. Such an important issue deserves to be clearly explained.

Peter Nilsson, President and CEO



TRELLEBORG AND THE UN GLOBAL COMPACT

Since 2007, Trelleborg has been affiliated with the UN Global Compact network, an initiative to promote responsible business practices in the areas of the environment, labor, human rights and anti-corruption.

REPORTING ACCORDING TO GRI STANDARDS AND THE SWEDISH ANNUAL ACCOUNTS ACT

Trelleborg's Sustainability Report 2018 is based on GRI Standards, the Global Reporting Initiative's Sustainability Reporting Guidelines, with Core options. See the GRI Content Index Overview on page 69 in the Annual Report 2018. For more information and a detailed GRI Content Index, refer to pages 44–47 in this report. This Sustainability Report 2018 is adapted to regulations for sustainability reporting in compliance with the Swedish Annual Accounts Act.

EXTERNAL ASSURANCE

Deloitte has performed a limited assurance of the Sustainability Report 2018 with focus on the most significant areas. Refer to Deloitte's Assurance Report on page 48.

FURTHER INFORMATION ON THE TRELLEBORG GROUP'S SUSTAINABILITY GOALS AND OUTCOMES CAN BE FOUND ON PAGES 8–9 AND 42 (TEN-YEAR OVERVIEW).

READ MORE ABOUT TRELLEBORG'S CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS ON PAGES 12–15.

TARGETS AND OUTCOMES 2018

SALES GROWTH

EBIT MARGIN

RETURN ON SHAREHOLDERS' EQUITY

FINANCIAL

RESOURCES

REGULATORY COMPLIANCE

TARGET OR

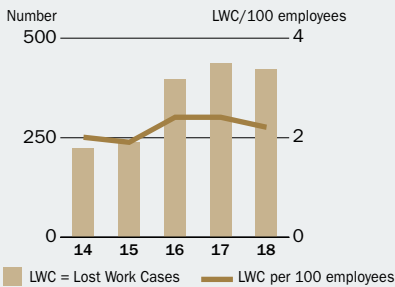
RESOURCES

Health and safety

Focus and target: The focus is to prevent and eliminate risks in the work environment. Occupational injuries and illnesses with at least one day's absence is defined as Lost Work Cases (LWC) per 100 full-time employees per year. In addition, the number of working days lost due to occupational injuries and illnesses is measured.

Outcome: In 2018, the average was 2.2 LWCs (2.4) per 100 employees. The average number of days lost per injury was 28.7 (30.3). The statistical improvements in the safety area during the year were overshadowed by two fatal accidents, refer to page 28.

Health and safety



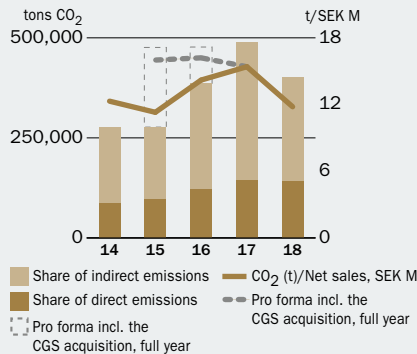
Climate

Focus and target: The "20 by 20" target aims to reduce direct and indirect carbon emissions (Scope 1 and 2) by at least 20 percent relative to sales by 2020 (compared with base year 2015 of 16.0 metric tons/SEK M, see below and pages 20–21 and 27–28 for more information).

Outcome: In 2018, the value was 11.8 metric tons/SEK M (15.4), with the reduction compared with 2017 pointing to major improvements in the transition to green energy sources and via improved energy-efficiency.

Refer to pages 27–28 for details, including an overview of the years ahead.

Climate impact



REGULATORY COMPLIANCE

Anti-corruption and human rights

Focus and target: Zero tolerance applies to bribery, corruption, cartel and other criminal behavior, child and forced labor, and discrimination (reported and reviewed).

Outcome: 0 cases (0) of significant breaches of laws and permits that resulted in legal consequences or fines were reported in 2018. Furthermore, 0 cases (0) of child labor or forced labor were reported.

Of 7 reported cases of discrimination (5), a settlement was reached between the parties or other measures were taken in 4 (4), while 3 cases (1) are still being processed.

During the year, 18 matters (18) were dealt with that originated from the whistleblower system. In some cases, reviews were carried out, which identified non-compliances with the Group's Code of Conduct, and relevant measures were taken in these cases.

Suppliers

Focus and target: The goal is to only work with suppliers who adhere to Trelleborg's Code of Conduct. Suppliers corresponding to 80 percent of the relevant purchasing spend in the production units are to have completed a self-assessment.

Outcome: Trelleborg met the defined target level in 2018. Supplier corresponding to 85.5 percent (84) of the relevant purchasing spend were reviewed.

Refer to pages 24–25 to read about how supplier audits strengthen the review activities.

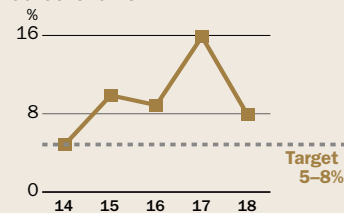
TARGET 5–8%

Total sales growth, including organic growth in excess of the underlying market growth for continuing operations over an economic cycle

OUTCOME 8%

Sales growth was 8 percent (16). Organic sales increased 3 percent, structural changes made a positive contribution of 1 percent and exchange rate effects had a positive impact on sales of 4 percent compared with 2017.

Sales Growth



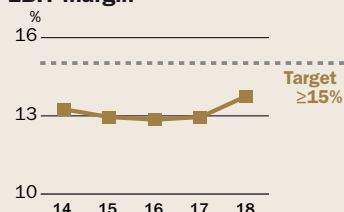
TARGET ≥ 15%

EBIT margin, excluding items affecting comparability for continuing operations over an economic cycle

OUTCOME 13.8%

The EBIT margin was 13.8 percent (13.0), the highest margin to date for the Group for a full year. It was positively impacted by continued high efficiency and cost control.

EBIT margin



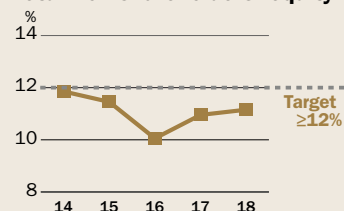
TARGET ≥ 12%

Return on shareholders' equity (ROE) including items affecting comparability for continuing operations over an economic cycle

OUTCOME 11.1%

Return on shareholders' equity for continuing operations rose to 11.1 percent (11.0). The change is attributable to the improved earnings during the year.

Return on shareholders' equity



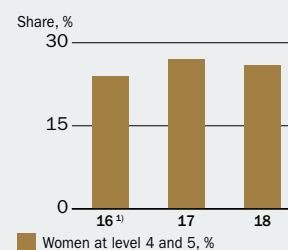
DIVERSITY

Focus and target: Trelleborg works to achieve a balanced mix in terms of age, ethnicity and gender, especially at management levels. The aim is to continuously increase the share of female managers at management levels 4–5.

Outcome: In 2018, the share of women at management levels 4–5 in Trelleborg's units was 26 percent (27), which was on a par with 2017.

The share of women in Group Management is 10 percent (10), and on the Board 38 percent (38). The share of women for the organization as a whole is 25 percent (24).

Gender distribution at management levels 4–5



¹⁾ Excluding the CGS acquisition.

SOCIETY

Focus and target: Trelleborg supports the local communities in which the Group conducts operations by participating in a variety of social activities, and at selected locations, by providing support for teaching and educational activities for young people. These operations are continuously developed by adding new programs.

Outcome: In most of the locations where Trelleborg operates, the company has partnerships with, for example, schools and universities. With regard to sports sponsorship, youth and community activities are prioritized. Trelleborg is also involved in a number of special programs for children and youth development in such countries as Sri Lanka, India and Sweden, refer to pages 34–35.

TARGETS

DIVERSITY

SOCIETY

MENTATION

VALUE GENERATION AT TRELLEBORG



BUSINESS CONCEPT

Business concept to seal, damp and protect. Trelleborg's business concept is to seal, damp and protect critical applications in demanding environments.

STRATEGY

Strategy for leading positions. Trelleborg's strategy is to secure leading positions in selected segments. This means that Trelleborg seeks segments, niches and product categories that – by virtue of the Group's market insights, core capabilities and offering of advanced products and solutions – provide market leadership. In this manner, long-term shareholder value and added value are generated for customers.

Trelleborg works with the strategy, both Group-wide and in the business areas, supported by four strategic cornerstones that – individually and in combination – underpin the strategy. The strategic cornerstones are:

- » Geographic balance
- » Portfolio optimization
- » Structural improvements
- » Excellence

Read more on pages 29–33 in the Annual Report 2018.

CORE VALUES

Trelleborg's core values – customer focus, innovation, responsibility, and performance – are long-term commitments that, together with Trelleborg's business concept, targets and strategies, guide the Group when making decisions and conducting business.

CORPORATE CULTURE

Trelleborg's internal culture. The Trelleborg Group is characterized by far-reaching delegation of responsibilities and powers. The Group gives its employees extensive freedoms under responsibility and encourages rapid, proactive leadership. Trelleborg has built up a culture over many years that promotes commitment, responsibility, good ethics in business relationships, and positive interaction with the community in which the Group operates.

CORE CAPABILITIES

Polymer engineering and local presence combined with global reach form the basis of Trelleborg's offering. Together with the value-driving factors of applications expertise and customer integration, these act as a business accelerator for Trelleborg's customers.

» Polymer engineering

Trelleborg should be best at developing polymer-based solutions that optimize and accelerate customers' applications and processes.

» Local presence, global reach

Trelleborg leverages global strength and capabilities, while acting as a local partner to customers.

Raw materials

The Group's most important raw materials comprise polymers, usually natural or synthetic rubber, that are combined with metal components or textiles as well as additives, such as softening agents, fillers and vulcanizing agents.

Read more about chemicals and Trelleborg's preventative work on page 26.

Energy and climate

The Group's energy consumption and climate impact are mainly linked to its own generation of steam for production purposes (direct energy/direct emissions) and to purchased electricity, steam or district heating (indirect energy/indirect emissions).

Read more about outcomes for the year, risks and Trelleborg's preventative work on pages 20–21 and 26–29.

Impact on people and the environment

Trelleborg's manufacturing and the materials used impact people and the environment in several ways. Examples include occupational accidents and illnesses, energy consumption, climate impact, water consumption, waste and emissions (mainly to air).

Read more about outcomes for the year, risks and Trelleborg's preventative work on pages 7, 16–35, 42.

Upstream in the value chain

The production of components upstream in the value chain has itself a significant environmental impact. Moreover, the environment is affected by transport activities and historical soil or groundwater contamination.

Read more about suppliers, indirect emissions and Trelleborg's preventative work on pages 21 and 23–25.

▶ INNOVATION

Better function, better business, better sustainability. The core of Trelleborg's product development is engineered polymer solutions that meet customer-specific requirements for functional properties. In various ways, the purpose of these is also to improve business factors – productivity, costs, sales and profitability – and the sustainability profile for customers.

▶ MARKET SEGMENTS

Trelleborg's market segments. The 7 chosen market segments are a mix of general industry, capital-intensive industry and light vehicles, which represent as a whole a favorable balance between early and late cyclical industries. The Group's exposure to various market segments has changed over time to balance the demand. Read more about the market segments on pages 42–45 in the Annual Report 2018.



GENERAL INDUSTRY



OIL & GAS



TRANSPORTATION EQUIPMENT



AGRICULTURE



INFRASTRUCTURE CONSTRUCTION



AEROSPACE



LIGHT VEHICLES

» **Applications expertise**

Trelleborg should be best at understanding customers' applications, thereby adding the most value.

» **Customer integration**

Trelleborg makes it easy to do business with the Group and integrates in close partnerships with its customers.

» **Business accelerator**

Powered by these core capabilities, the aim is always to improve, accelerate and grow customers' businesses. Trelleborg grows with its customers.

▶ **Products and circular society**

Synthetic rubber is normally made from petroleum (oil) by chemical means. A long-term technological challenge is to replace these products and materials with ones based on renewable sources. A more immediate challenge is to integrate a circular approach in current processes and products.

Values for stakeholders

Customers:

- » Innovative solutions that seal, damp and protect
- » Better functionality, business and sustainability via the solutions
- » Customer satisfaction via Trelleborg's core capabilities

Suppliers:

- » Payment for material and services
- » Evaluation according to Trelleborg's stringent requirements

Employees:

- » Salaries and benefits
- » Health and safety
- » Job satisfaction
- » Personal development

Shareholders:

- » Share price trend
- » Dividend

Society:

- » Job opportunities
- » Tax revenue
- » Trelleborg's social engagement

Creditors:

- » Interest income

Distributed economic value

In total in 2018, Trelleborg's operations generated economic value totaling SEK 34,601 M (32,755) of which SEK 31,148 M (29,127) was distributed among stakeholders as shown in the description below and the diagram:

Suppliers: Payment for material and services: SEK 18,664 M (17,603). **59.9%**

Employees: Salaries and benefits: SEK 10,003 M (9,280). **32.1%**

Shareholders: Dividend in 2018: SEK 1,220 M (1,152). Long-term dividend policy: 30–50 percent of net profit for the year. **3.9%**

Society: Taxes paid: SEK 919 M (732). **3.0%**

Creditors: Interest expenses SEK 342 M (360). **1.1%**

INNOVATIVE SOLUTIONS FOR BETTER SUSTAINABILITY

Trelleborg's innovative products and solutions are found many different areas of society. They contribute to greater sustainability for customers and for society as a whole.



Trelleborg's products and solutions improve sustainability for customers and for society in general. They protect in a number of ways what is important, such as the environment, people, infrastructure and other assets. They save energy, cut emissions and protect the soil. They contribute to good health. They reduce noise and vibrations, creating a quieter and more comfortable work environment. They extend the service life of community infrastructure, such as bridges, tunnels and skyscrapers.

This creates a triangle *Trelleborg - Customers - Society* where all parties reap

the benefits achieved from innovative solutions that contribute to better sustainability.

Some typical sustainability-related properties of the company's products are described on the next page. Trelleborg works with the effect of such products for better sustainability both for customers and society. This work is also to achieve the UN's Sustainable Development Goals, particularly in the areas of environmental and energy issues, food and health and in cities and infrastructure. Refer to pages 14–15 in this report and 42–45 in the Annual Report 2018.

The company's commercial progress is therefore connected to sustainable development. The transition to a sustainable society creates a wealth of business opportunities for Trelleborg as an innovative world leader in engineered polymer solutions.

The company naturally works at the same time to steadily improve earnings with respect to internal sustainability work, and the UN goals are used to guide these improvements. Refer to pages 14–15.

**SOLUTIONS THAT PROTECT WHAT MATTERS:
PEOPLE, ENVIRONMENT, INFRASTRUCTURE AND ASSETS**



Better sustainability is the common factor for Trelleborg's products and solutions that protect important parts of society: people, environment, infrastructure and assets. Examples of some of the most important needs satisfied by the solutions are given below. These needs coincide well with a number of the global goals defined by the UN. Refer to the column to the right and pages 14–15 in this report and 44–45 in the Annual Report 2018.

TRELLEBORG'S SOLUTIONS SATISFY THE NEEDS OF SOCIETY

Food and health

- » Healthcare & medical products with a direct function or effect on people's health.
- » Dartex mattress material for healthcare that prevents pressure ulcers.
- » Antivibration solutions that reduce noise and vibrations in vehicles and industrial production operations.
- » Agricultural tires designed to protect crop yield and save fuel.
- » PneuTrac hybrid tires that protect the soil in vineyards and orchards with steep slopes.

Sustainable environmental and energy solutions

- » Cable solutions for wind farms.
- » Solutions that offer safe deep-sea mining, fire protection solutions on oil platforms.
- » Energy-optimized sealing solutions minimize losses from friction.
- » Sealing profiles for windows and doors as well as entire facades.

Sustainable cities and infrastructure

- » Solutions that offer increased safety and extend the service life of bridges, tunnels, buildings and pipe systems.
- » Watertight solutions that protect cities and cultural sites.
- » Seals for pipe systems for freshwater and wastewater that remain sealed during earthquakes.
- » Railway solutions that prevent abrasion damage to wheels and track profiles and reduce energy losses.
- » Noise damping "slipper", a spring that keeps brake pads in place and reduces noise from vehicle brakes.

UN GOALS WITH A BUSINESS POTENTIAL FOR TRELLEBORG

FOOD AND HEALTH



Zero hunger
Goal 2 is to end hunger, achieve food security, achieve better eating habits and promote sustainable agriculture.



Good health and well-being
Goal 3 is to ensure that everyone can live a healthy life and to promote well-being for all people of all ages.

ENVIRONMENTAL AND ENERGY SOLUTIONS



Clean energy
Goal 7 is to ensure that everyone has access to reliable, sustainable and modern energy at an affordable price.



Climate action
Goal 13 is to take immediate action to combat climate change and its effects.

CITIES AND INFRASTRUCTURE



Clean water and sanitation
Goal 6 is to ensure access to sustainable management of water and sanitation for everyone.



Sustainable industry, innovation and infrastructure
Goal 9 is to develop a resilient infrastructure, promote an inclusive and sustainable industrialization and promote innovation.



Sustainable cities and communities
Goal 11 is that cities and settlements are to be inclusive, safe, resilient and sustainable.

Read more about products and business opportunities on the next page.

SOLUTIONS FOR BETTER SUSTAINABILITY AND THE UN'S GLOBAL GOALS

In addition to being functional and driving business, Trelleborg's products and solutions should also contribute to better sustainability for customers and society. The solutions are in line with the UN Sustainable Development Goals. They protect the environment, people, infrastructure and assets.



LONGLASTING SOLAR ENERGY

Trelleborg's sealing profile solution for solar panels seals well, looks attractive and is easy to install. This guarantees a long service life for both the solar panels and the building under.



INNOVATIVE PROTECTION OF WIND FARMS

NjordGuard is a cable protection system used to protect the cables carrying the electrical power generated by wind farms from the converter platform back to shore. It is designed to manage the increased amount of heat generated by power cables.



SIGNALING FOR CHANGE AT THE RIGHT TIME

Pit Stop Line from Trelleborg has been developed to indicate when a tire on a forklift must be replaced. An orange line appears on the surface of the tire when the tire has about 80 to 100 hours of service life remaining.



PROTECTING CITIES AND CULTURAL SITES

Watertight infrastructure – with seals from Trelleborg – plays an important role in protecting cities and cultural sites from flooding in every corner of the world, from Los Angeles to Venice and St. Petersburg.



TIRES FOR GREATER SUSTAINABILITY

Trelleborg's tire solutions for the agricultural sector are built on qualities that reduce climate impact while improving performance in terms of reduction of work hours, soil compaction and fuel consumption.



MEDICINE VIA PLASTERS

Trelleborg is working with device developers and manufacturers of advanced microneedle patches using liquid silicone rubber (LSR) for drug delivery systems. When a patch is applied, the needles penetrate the skin and the drug is administered to the body.



AVOID LEAKAGES AND TECHNICAL DISRUPTION

Trelleborg's trenchless technology offers an environmentally friendly alternative to the replacement of sewer pipes. The technology seals pipes from the inside. This method avoids problems that occur in connection with digging up streets, polluting the air and obstructing traffic.

TRELLEBORG AND THE GLOBAL GOALS

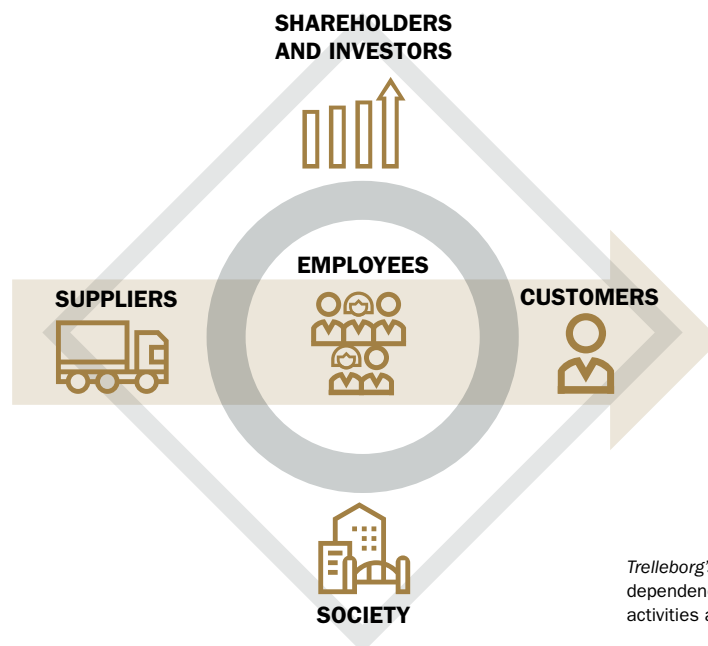
The UN Sustainable Development Goals introduced in 2015 encompass 17 areas that are of key significance to the world. In many of these areas, Trelleborg can – particularly through its innovative solutions – make an important contribution to social development worldwide. See also pages 42–45 in the Annual Report 2018.

UN Goals	Trelleborg's solutions contribute to sustainable development	Trelleborg's internal sustainability
		Decent wages and remuneration.
	Sustainable agriculture. Sustainable systems for food production.	
	Components in medical equipment. Administration of medicine and vaccines.	Work in health and safety. Reduced air pollution.
	Support for local educational projects within the framework of the Social Engagement focus area.	Education for lifelong learning at Trelleborg, for example, via Trelleborg Group University. Cultural and ethnic diversity in the organization.
		Work against discrimination and harassment. Greater gender equality is part of diversity work.
	Safeguarding and protecting water resources.	Efficiency enhancements in water use. WASH, meaning water-related hygiene services, available everywhere they are needed.
	Safe extraction and transport of energy. Components for wind, solar and hydro power solutions.	Gradual transition to renewable energy in production. Increase in local renewable energy produced internally.
		Decent working conditions at all workplaces. The company's economic development and value generation for society.
	Reliable, sustainable, resilient and high-quality infrastructure.	Steady efficiency improvements to all key processes. Sustainable industrialization.
		Local community involvement, particularly in countries where the initiatives make the most difference.
	Protection against earthquake and water-related catastrophes, and unnecessary noise. Protecting and safeguarding the world's cultural and natural heritage. Safe, reliable and sustainable transportation systems.	Safe chemicals handling and increased recycling.
		Constant improvements in waste efficiency. Transparent sustainability reporting. Developing digital products and services. Increased circular approach in processes and products.
	Build resilience against climate hazards and catastrophes.	Trelleborg's own climate targets "15 by 15" (in 2015) and "20 by 20" (in 2020). Transparent climate reporting to CDP
		Efficient water use and sustainable water management. Concern for biodiversity. Strong economic presence in island nations, such as Sri Lanka and Malta.
		Concern for ecosystems and biodiversity.
	Preventive measures across the value chain against child and forced labor as well as against corruption and anti-competitive measures.	Zero tolerance to child and forced labor as well as to corruption and anti-competitive measures.
	Signing and supporting sustainability initiatives, such as the UN Global Compact, applying international standards for sustainability reporting (GRI), climate reporting (CDP) and environmental management systems (ISO 14001).	Internal Code of Conduct – updated in 2019 – based on international agreements and guidelines. Review of and collaboration with suppliers for greater sustainability.

STAKEHOLDER DIALOG FOCUSING ON MATERIAL ASPECTS

Trelleborg's internal and external stakeholder groups are characterized by mutual dependence, proximity and direct influence on the company's operations. Trelleborg has combined the areas in sustainability that stakeholder groups consider most material into four focus areas: *Regulatory Compliance, Resources, Diversity and Social Engagement.*

TRELLEBORG'S KEY STAKEHOLDERS



Trelleborg's key stakeholders. Groups where mutual dependency and proximity to the company and its activities are distinct factors.

Key stakeholders. The determination of key stakeholders for Trelleborg is primarily based on mutual *dependency* and the *proximity* between these groups and the company.

Such key stakeholder groups with mutual and close relationships with the company and its activities can be mainly found across the value chain, which consists of *Suppliers, Employees and Customers.* Another key group with a strong mutual relationship to the company is *Shareholders, including Investors,* meaning potential shareholders.

A further decisive dimension that characterizes key stakeholders is the *direct influence* the business and its activities have on their stakeholder groups.

Stakeholders in the group *Society* comprise to a certain degree citizens with a direct connection to Trelleborg's operations,

such as those living close to Trelleborg's facilities. Another growing group in the *Society* stakeholder group are customers that, via Trelleborg's products and solutions, have a positive effect on the overall sustainability of society. As part of Trelleborg's focus on solutions for sustainability (refer to pages 12–13) this contribution to society in the business will be further accentuated in the future.

In addition, *Society* is represented by interest groups, the media, researchers and students, for example, whose interaction with the company takes the form of personal meetings with company representatives as well as other forms of dialog and communication, such as websites, social media or Sustainability and Annual Reports.

Another important factor to monitor is overall criteria in investors' and customers'

questionnaires. Examples are questions in the different forms of CDP, CDP Supply Chain and the Dow Jones Sustainability Index.

Trelleborg's stakeholder engagement is constantly evolving, with 2018 standing out in this respect. More stakeholders than ever before have during this year asked questions and expressed views in various ways about the company's sustainability activities. This increase in activity was mainly manifested in the key group *Shareholders and Investors.* See the key stakeholders above.

The issues addressed by stakeholders were primarily Climate, Suppliers and UN Sustainable Development Goals (refer to page 18). In addition, there has been an increase in general interest about how the company's sustainability activities contribute to risk reduction and value generation.

Materiality analysis. Several rounds of materiality analyses have been conducted since 2007 using surveys and interviews with internal and external stakeholders. The purpose of these analyses is to ensure that the company's sustainability efforts take into consideration the significance of Trelleborg's operations for various stakeholder groups and that its sustainability communication actually meets their expectations.

The predominant aspects in the outcome of these analyses have consistently been regulatory expectations such

as *Compliance with laws and human rights, Measures against corruption and bribery and Measures against anti-competitive behavior* as well as a number of key environmental aspects for the industry such as *Energy consumption, Emissions, Waste and Use of hazardous chemicals.*

For some stakeholder groups, other aspects such as *Diversity, Community relations, Open and honest communication, Corporate governance and transparency and Environmental performance of products* have also emerged as highly significant.

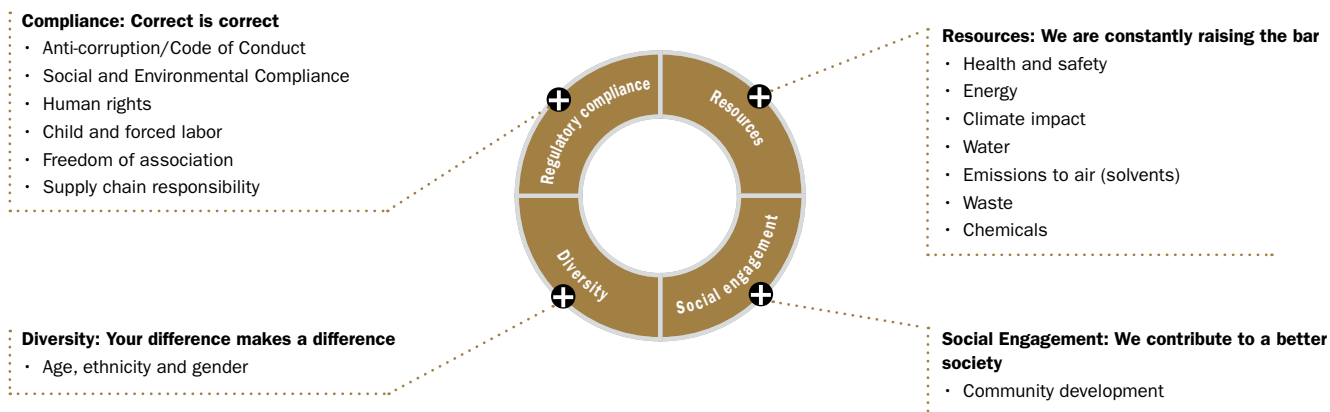
Using this analysis, Trelleborg has combined its most material sustainability aspects into four focus areas: *Regulatory Compliance, Resources, Diversity and Social Engagement.* For a more detailed overview of the focus areas, refer to the diagrams below and the GRI Content Index on pages 44–47.

2018 review. Trelleborg's priorities for sustainability work (refer to the Materiality analysis diagram) were also reviewed in 2018. The stakeholder engagement described was more intensive than ever,

MATERIALITY ANALYSIS



Trelleborg's four focus areas in sustainability



STAKEHOLDER ENGAGEMENT 2018, EXAMPLES AND MAIN AREAS FOR DIALOG

**Shareholders and Investors**

Examples from 2018: Nordea, SEB, Folksam, Länsförsäkringar, CDP, Hermes, Nordic Equities, Ethibel, etc.

Main areas: Sustainability in general, Climate, UN SDGs, Suppliers.

**Society**

Examples from 2018: Dagens Industri (media), Aktuell Hållbarhet (media), Lund University/International Institute for Industrial Environmental Economics (IIIEE) (researchers/students), Örebro University, etc.

Main areas: UN SDGs, Education, Sustainability in general.

**Suppliers**

Examples from 2018: Natural rubber suppliers

Main areas: Working conditions, Human rights, Social responsibility.

**Employees**

Examples from 2018: The Board, Representatives from community projects, Participants in the One Young World Summit.

Main areas: Code of Conduct, UN SDGs, Energy/Climate, Social responsibility.

**Customers**

Examples from 2018: CNH Industrial, Volvo Cars, the CDP Supply Chain survey primarily from vehicle customers.

Main areas: Climate, Water.

The main areas for dialog refer to sustainability aspects addressed in this report:

- » Sustainability in general (the entire report)
- » UN SDGs (12–15)
- » Energy/Climate (20–21, 26–28)
- » Water (27, 29)
- » Code of Conduct (22, 25)
- » Suppliers (23–25, 35)
- » Human rights (23, 25)
- » Working conditions (26, 28)
- » Education (19, 32, 34)
- » Social responsibility (34)

and in October 2018 exercises were again conducted with about 40 students from Örebro University and the newly established master's program in *Sustainable business*, refer to the picture on page 19.

The goal of the exercises was to evaluate Trelleborg's Sustainability Report from the perspective of key stakeholder groups. Students were offered an opportunity to comment on and criticize the Report in two workshops and in work during the intervening period.

The conclusions, together with the most common questions highlighted by the stakeholder engagement and review, are presented in the figure above, and in examples below. Overall, the results reinforce the view that *Trelleborg's products and solutions for sustainability* is becoming

an increasingly important area. The strong connection to the UN Sustainable Development Goals (refer to pages 12–15) is a decisive factor.

The conclusions from the review were thus addressed in work on the 2018 Sustainability Report and corresponding Sustainability pages on www.trelleborg.com.

A selection of questions and suggestions in 2018:**Regulatory compliance**

- » Call for continued dialog with natural rubber producers to improve the situation in terms of risks in working conditions and human rights, where possible together with other rubber customers.

Trelleborg's comments: The initiatives that began back in 2014 relating to natural rubber suppliers, that aim to clarify the

risks and to communicate Trelleborg's Code of Conduct, will continue.

In 2018, dialogues included factory and plantation visits in Ivory Coast (see pictures on page 35).

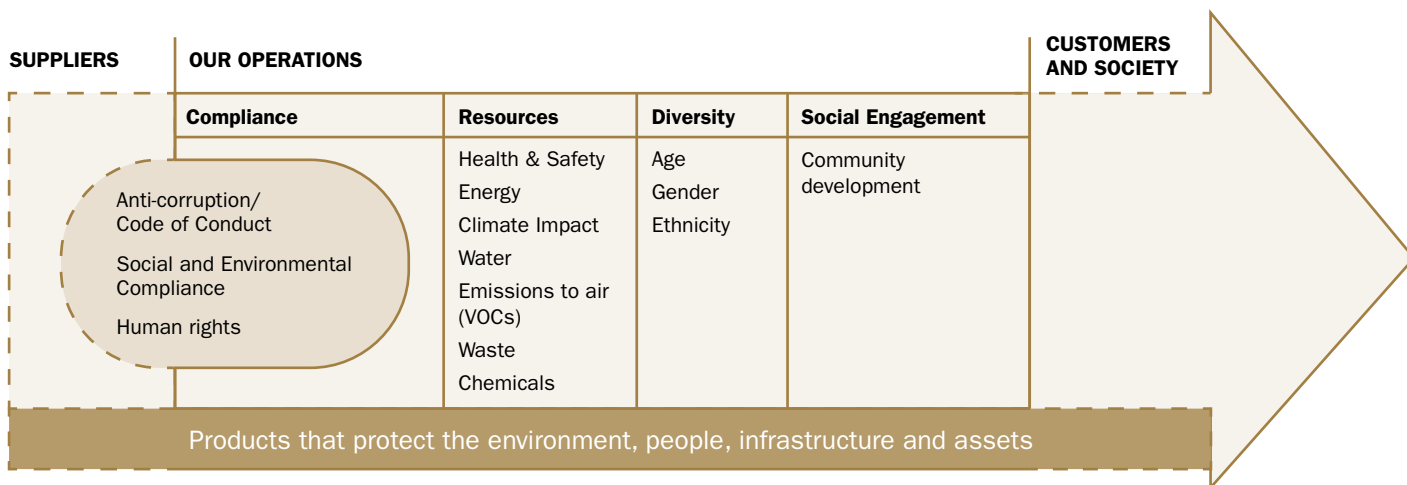
In 2016–17, meetings and dialog took place with suppliers from Southeast Asia and Africa. The focus for 2014–15 was on information meetings directly with more than 1,000 representatives for growers in Sri Lanka.

Resources

- » How is Trelleborg taking into account the 1.5 degree goal for global warming as announced by the IPCC for society as a whole?

Trelleborg's comments: Climate impact and the company's energy optimization have been highly prioritized areas for many years.

TRELLEBORG AND THE VALUE CHAIN



SOLUTIONS FOR BETTER SUSTAINABILITY

Trelleborg and the value chain. While Trelleborg’s focus areas when it comes to sustainability have historically been based on the Group’s operations, they have been expanded over time to include other activities both upstream and downstream in the value chain. In terms of materiality, an additional aspect that extends across the value chain should be highlighted: Products that protect the environment, people, infrastructure and assets, and that thereby contribute to the sustainability of customers and society.

The climate target established for the end of 2020, “20 by 20”, means Trelleborg is intending to reduce emissions by 20 percent in relation to sales, compared with the base year 2015.

For the subsequent period, 2020–2025, Trelleborg will take into account the recognized 1.5 degree goal for society – by using a science-based analysis – and emissions across the value chain (also known as Scope 3), mainly via purchased products and services, but also from transportation.

Read more about IPCC, Trelleborg and climate on pages 20–21.

Social Engagement/products

» How is Trelleborg working with the UN Sustainable Development Goals?

Trelleborg’s comments: For Trelleborg, the Sustainable Development Goals mainly offer guiding principles for product and business development. Trelleborg has existing products and solutions that contribute in various ways toward a more sustainable society in several of the different areas included in the goals (refer to pages 12–15).

Equally important in these critical areas for the world, is the material expertise and

application knowledge Trelleborg possesses as a world leader in polymer solutions, and that it leverages so the company continues to provide sustainable innovation.

In Trelleborg’s internal operating improvements in the field of sustainability, the company already complies with GRI’s guidelines and the UN Global Compact’s principles. The UN Sustainable Development Goals have a more complementary role. Both societal and internal benefits are described in more detail on pages 14–15.



Qualified feedback. Trelleborg uses Master’s students to provide feedback on the Sustainability Report and materiality analysis. Örebro University has the *Sustainable business* profile as part of the Master’s Program in Business Administration. Students work in teams in workshops to behave as various stakeholder groups. The picture shows, from the left, Julia Berglund, Amanda Aittamaa, Theodor Nyström Berglind and Erik Häggström, representing one of the student teams. Sustainable business is Sweden’s first two-year Master’s program in business administration with this focus. It is addressed to students who are interested in working with sustainability issues and has strong support from the business community.

TRELLEBORG THIRD IN ITS CATEGORY IN 2018 RANKING

Trelleborg was in joint third place with ABB in the Durable consumer goods category in the new Swedish sustainability ranking Hållbara Bolag 2018, presented by magazine Aktuell Hållbarhet and business daily Dagens Industri. First and second in the category were Skanska and SKF.

The ranking includes companies listed on OMX Nasdaq. In addition to information from company reports and websites, the companies have completed a survey about how they work with the UN Sustainable Development Goals, environment, climate, human rights, anti-corruption and HR issues. The ranking was carried out by the Lund University School of Economics together with an advisory committee.

TRELLEBORG AND CLIMATE: HOW TO BUILD THE WAY FORWARD?



IPCC, the international climate panel, advocates faster and more comprehensive measures to combat global warming. In its report from 2018, the IPCC wants to limit warming to below 1.5 degrees Celsius rather than the earlier 2 degrees. This is because the world is already – at 1 degree of global warming – experiencing the clear impact, with extreme weather, rising sea levels and the decreasing Arctic ice cap.

Trelleborg's products and solutions help to reduce CO₂ emissions in society. Products such as tires and seals are designed to minimize energy consumption and emissions. The company is active in renewable energy, including wind, solar and hydro power. Read more on pages 12–15.

Facts: Trelleborg's current and future climate targets

Current climate target

The climate target of "20 by 20" is aimed at making Trelleborg 20 percent more emission-efficient, using 2015 as the base year, by the end of 2020. By the end of 2018, Trelleborg had achieved a reduction of more than 26 percent since 2015, with the base value of 16.0 tons/SEK M.

The emissions in question are the direct emissions caused by energy produced internally (Scope 1) and the indirect emissions caused by energy purchased for own consumption (Scope 2), refer to the diagram at the top of page 21.

Green energy is key

In addition to becoming more emission-efficient every year through work in the Manufacturing Excellence program (see page 33 in the Annual Report 2018), Trelleborg is aiming to aggressively reduce emissions by using renewable energy from sources such as wind, solar and hydro power.

In 2018, most of the Group's units in the Czech Republic have transitioned to renewable energy, which corresponds to a reduction in CO₂ emissions by approximately 80,000 tons annually, or about 20 percent of total emissions for 2018.

After the "20 by 20" goal

After the current "20 by 20" target, a new climate target will be drawn up. The target will apply until the end of 2025, using 2020 as the base year. This will take into account not only Scope 1 and 2, but also Scope 3 (see page 21). Trelleborg intends with future targets to consider scientific practice of a 1.5 degree goal for society, how the transition to green energy can be implemented in different countries, technical innovation and other factors that influence the potential rate of emission reductions.

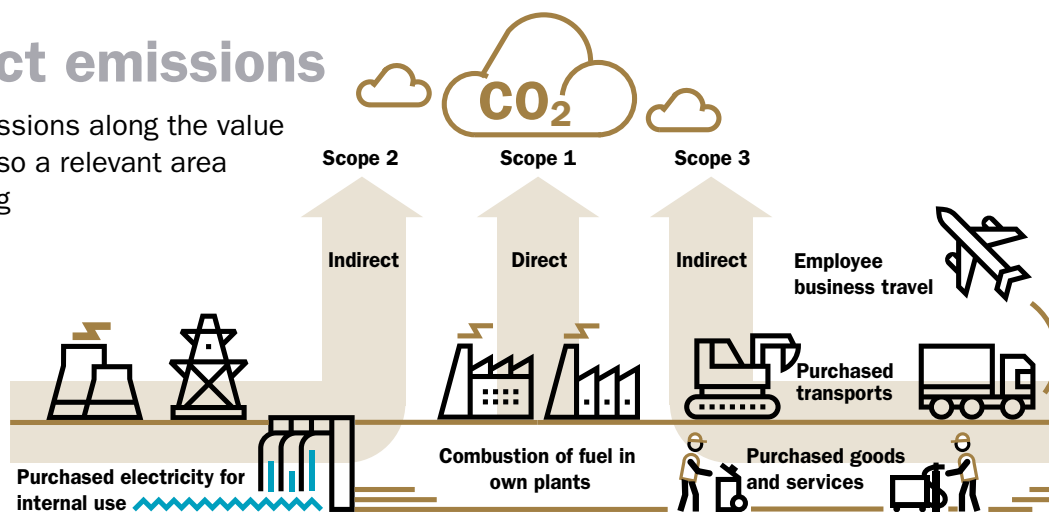
Science-Based Targets

Science-Based Targets is a cooperative initiative that defines and supports science-based practice in the setting of climate objectives, taking into account the 1.5 degree goal for global warming.

The Science-Based Targets initiative is a collaboration between CDP, UN Global Compact, World Resources Institute and WWF, among other organizations.

Indirect emissions

Indirect emissions along the value chain are also a relevant area for Trelleborg



In 2018, an analysis was conducted in cooperation with the consultancy EY aimed at obtaining an initial general picture of indirect CO₂ emissions along Trelleborg's value chain, meaning Scope 3 in the diagram above.

The analysis showed that these emissions are significant and overall clearly exceed the current total emissions in Scope 1 and 2. Since the analysis is based on own estimates and not on information from

suppliers, there is still a substantial margin of error.

Purchased products and services are considered the single largest emission category in Scope 3, including more than half of the emissions. Next is purchased transportation, downstream and upstream. Other categories have much less significant emissions.

Back in 2016, EY calculated emissions from Trelleborg's purchased transportation

downstream to be substantial. These annual emissions were then assessed to be approximately on a par with the reported Scope 2 emissions.

As a consequence of this analysis, and in preparing a new climate target for 2020–2025, Trelleborg will over the next few years further expand monitoring particularly of supplier emissions. Focus will probably be on polymers suppliers and transportation.

Climate efforts in brief according to TCFD

Based on the recommendations from the call for climate action from the financial markets, the *Task Force on Climate-related Financial Disclosures* (TCFD), a description of how climate work is organized at Trelleborg, how the company is contributing to lower emissions in society, climate risks/opportunities and goals and metrics is presented below.

Organization

Climate change has been an important issue on Trelleborg's sustainability agenda for many years. The organization and governance is the same as for other sustainability issues. The Board – which regularly includes sustainability/climate on its agenda, and in particular its Audit Committee – is the highest governing body, see diagram on page 42.

Strategy

For society as a whole, many of Trelleborg's solutions help to save energy and reduce CO₂ emissions, and contribute to renewable energy supply. With regard to climate issues, Trelleborg therefore has an important role to play in the transition of the global society.

Internally, the target to continuously become more energy-efficient, and thus more climate efficient, is a fundamental part of the Group's efforts to achieve world-class manufacturing. This systematic effort in all of the Group's units is associated with the strategic Trelleborg Excellence program, which aims to improve core processes (see page 33 in the Annual Report 2018). In

addition to this, the company is pursuing a transition of its own energy supply toward green, renewable energy (see previous page).

Climate risks and opportunities

Risks. Within the scope of work with corporate risks, Trelleborg addresses risks at all sites associated with rain and flooding.

The number of plants classified as Highly Protected Risks, meaning those that have taken the necessary measures to prevent significant risks, is constantly increasing. Refer to page 37 on sustainability-related risks.

Opportunities. Trelleborg's products and solutions help customers save energy and thereby also reduce their CO₂ emissions. This is clearest in tires and seals. The latest advance in agricultural tires is Trelleborg's Variable Inflation Pressure (VIP) solution in which the tire uses sensors to adjust the tire pressure itself depending on the ground. This saves fuel and reduces emissions.

In Trelleborg's sealing solutions for hydraulic systems, carefully considered material use and configuration can provide substantial energy savings

compared with competing solutions.

Trelleborg also has solutions that are transitioning energy supplies in society toward renewable sources, where a few of the relevant products are floating elements and cable protection for offshore wind farms and seals for solar cells.

In addition, the company has solutions that directly address the consequences of climate change, such as flooding.

Trelleborg's solutions for water management provide knowledge and experience of how to protect cultural sites and infrastructure in sensitive areas from flooding. Large seals to control the water level in the Venetian Lagoon is one such spectacular example, refer to page 14.

Targets and metrics

Trelleborg monitors on an annual basis both direct (Scope 1) and indirect (Scope 2) CO₂ emissions. These are measured relative to sales to relate these to the scale of production.

Refer to the table on page 28 [III](#), as well as the previous page *Facts: Trelleborg's current and future climate targets*.

COMPLIANCE WITH LAWS AND CODES

Trelleborg's Code of Conduct covers laws and rules, human rights, environment, OHS and ethics and applies to all employees, without exception. Together with the whistleblower policy, it constitutes an important linchpin for regulatory compliance in operations.

Anti-corruption and competition law.

Trelleborg has a zero tolerance policy toward all forms of corruption, including bribery and extortion, blackmailing, nepotism, racketeering and embezzlement. The contents of Trelleborg's Group-wide Compliance Program have been continuously developed and, in addition to competition law, include such issues as anti-corruption, export control and employee relations, as well as matters relating to professional conduct and business ethics.

Recently introduced elements are aimed at achieving excellence in the management of contracts, and in issues related to global distributors and agents. The program also provides information and guidance on the relevant legislation, such as the U.K. anti-corruption law.

In 2018, new training material in the e-learning format was created in the field of data protection, which allowed the rapid rollout to European target groups during 2018. This training initiative will continue in 2019, also for target groups in Asia, Oceania and North and South America.

The Group's Compliance Program supports senior and middle management, as well as employees in the field and on the shop floor. They are supported by Compliance Officers in each company, who undergo special training in which they are encouraged as a group to share best practice in compliance issues to help others

630

employees (560) underwent classroom training in anti-corruption, competition law, contract management and so forth.

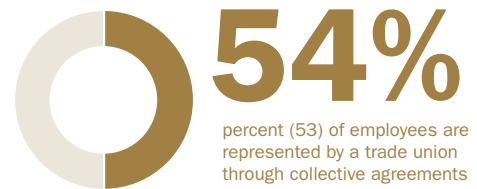


respond to the situations that may arise in their daily work.

Compliance with laws and regulations is an ongoing and long-term commitment for Trelleborg, and this has been monitored by a Compliance Task Force with senior representatives from staff functions that was established in 2015. The Task Force has been assigned to lead and coordinate initiatives across the broader area of regulatory compliance.

During 2018, the Compliance Task Force held 4 meetings that addressed, among other things, an update to training courses for the Code of Conduct and Group policies, (see box below and page 24) proposal for a new Code of Conduct, trade restrictions, compliance and effects of new legislation such as new rules for data protection, information security, a review of legal entities and the integration of acquired businesses.

All employees are required to comply with applicable Group policies and internal governance documents, which have been strengthened at senior management levels



of the company with acceptance documents that must be signed annually.

The Group's Whistleblower Policy also entitles all employees to report any suspected legal or regulatory violations without repercussions. Refer to the table on page 25 for matters reported via the whistleblower system. This system was supplemented with employee surveys carried out at regular intervals that receive a high response rate, in 2018: 76 percent (84). In addition to drawing attention to areas for local improvement projects, these surveys provide a clear indication of any problems with management or similar shortcomings.

In 2018, Trelleborg's Compliance Task Force continued its initiated review of Group policies to ensure that the messages they contain are understood by all individuals representing Trelleborg.

Specific legislation must be followed in certain countries, such as the U.S. (the Dodd-Frank Wall Street Reform and Consumer Protection Act related to conflict minerals, and Technology Transfer Control

THE NEW CODE OF CONDUCT IS THE BASIS FOR REGULATORY COMPLIANCE

Trelleborg's Code of Conduct in the areas of environment, OHS and ethics forms a basis for all operations in the Group, and applies to all employees, without exception. In 2017, an initiative was launched in which more than 80 percent of all employees underwent training in the Code of Conduct – which further helped to raise awareness of applicable legislation, and of Group policies and rules.

A comprehensive review of the Code of Conduct was carried out in 2018 and is ready for a new global training initiative in 2019. E-learning and other training material is available in more than ten languages.

The new Code of Conduct is based on internationally recognized conventions and guidelines, such as the Universal Declaration of Human Rights, the ILO conventions, the OECD guidelines and the UN Global Compact, and contains new regulations in areas such as trade restrictions, information processing and diversity. It is available externally from www.trelleborg.com.

Trelleborg's whistleblower policy and system means each employee is given the right and opportunity, by telephone or online, to report suspicions of legal or regulatory violations in their own language, without repercussions.



legislation) and the U.K. (Bribery Act, Modern Slavery Act – which is designed to prevent forced labor and sex trafficking, see below).

Compliance with laws and permits. Being a listed company with global operations, Trelleborg is subject to a range of laws, regulations and directives. Significant breaches of laws and permits leading to legal consequences or fines as well as breaches of environmental and OHS-related laws are shown in the table on page 25 [■](#).

The area of human rights comprises fundamental rights defined by conventions and declarations, including those pertaining to child and forced labor, freedom of association, discrimination/diversity, gender equality and the right to collective bargaining. All of these areas are addressed in Trelleborg's Code of Conduct, see at the bottom of the previous page.

Within the framework of Trelleborg's ERM processes for internal risk identification and assessment, none of the Group's units has assessed the risk of human rights violations to be significant internally.

Child labor. A number of potential risks in the supply chain have been evaluated. Among those leading to measures was the risk of child labor at rubber plantation level, see the image illustrating the stages of the value chain for natural rubber on page 56. For many years, Trelleborg has cooperated with Save the Children in joint community initiatives, which has also strengthened internal know-how in the field of child labor.

Forced labor includes various phenomena, from slavery to forced relocation and forced exploitation of human beings (trafficking). The risk of this is also judged to exist primarily in the supply chain.

During 2018, Trelleborg's corporate website renewed its statement regarding the management of issues concerning forced labor and trafficking, mainly in accordance with the UK's Modern Slavery Act and Californian law, and also incorporated child labor into the statement.

Freedom of association. Trelleborg's policy is to recognize local union clubs, and

the right to collective agreements. No units are assessed to be at serious risk of violation in this area. In China, however, certain restrictions related to freedom of association apply.

The percentage of employees with union representation is shown in the table on page 25 [■](#).

Discrimination. No discrimination of employees is permitted on the grounds of gender, religion, age, disability, sexual orientation, nationality, political views or social or ethnic origin, which is presented clearly in the Code of Conduct. Special training initiatives are continuing in efforts to prevent harassment.

Read more about outcomes for the year in relation to discrimination in the table on page 25 [■](#) and about Trelleborg's diversity activities on pages 30–32.

The environmental area comprises regulatory compliance with local environmental laws and permits, as well as certified environmental management systems.

Environmental management systems. A cornerstone of the Group's environmental strategy is that major production units must have an ISO 14001-certified environmental management system. Facilities that are incorporated following an acquisition are allowed a certain period of time to achieve this certification. The percentage of certified units is presented on page 25.

Environment laws and permits. Fines or sanctions for breaches of environment or OHS-related rules is shown in the table on page 25 [■](#). This also applies to unplanned emissions.

Contaminated soil. Historically, the handling of oil and solvents has given rise to soil and groundwater contamination, which is further described in the table on page 25 [■](#).

Environmental studies. For potential acquisitions and divestments, Trelleborg performs environmental studies of the companies to assess and outline their environmental impact and to identify potential environmental liabilities. The number of environmental studies conducted in 2018 is presented in the table on page 25 [■](#).



At the end of 2018, 87 units (89) were certified under ISO 14001, corresponding to 73 percent (79) of all facilities.



Contaminated soil is currently being remediated at 9 units (9). Another 11 facilities (12) are expected to require remediation, although the extent has not yet been determined.



During the year, 18 matters (18) were reported via the Whistleblower system, most of which concerned complaints about local management and measures such as staff reductions.



In 2018, 18 environmental studies (11) of facilities were performed in conjunction with (potential) acquisitions or closures.

[■](#) See detailed information in the table.

Suppliers. A total of about 23,000 suppliers are concentrated in Europe, North America and Asia. Trelleborg's main raw materials are synthetic and natural rubber (see below and on pages 24 and 26), metal components and various additives.

While purchasing is based on a joint process, it is distinctly decentralized to the operational units, in line with a far-reaching responsibility for performance. The exception to this is when purchases at the business area or Group level yield cost benefits, particularly regarding rubber material and material and services that are not directly included in products.

Supplier assessment. Supplier assessments have continued in 2018, primarily via Group-wide questionnaires, containing questions related to human rights, and also OHS, environmental management and social responsibility. Unsatisfactory responses are investigated. Refer to the table on page 25 for the year's outcome.

Supplier audits. Work auditing "at-risk suppliers" through site visits continued in 2018, when 22 suppliers in China were visited and audited. The focus has been on textile suppliers, chemicals suppliers and natural rubber suppliers. The basis for selection of suppliers to audit is both a geographic and material risk assessment. Underperforming suppliers are given a deadline of 1 to 3 months for corrective measures following an audit. The time limit varies depending on the severity of the breaches.

Dialog with natural rubber suppliers. In 2018, dialogs with natural rubber suppliers included factory and plantation visits in Ivory Coast, refer to the text and pictures on page 35. Refer also to page 18 for more information about dialogs in previous years.

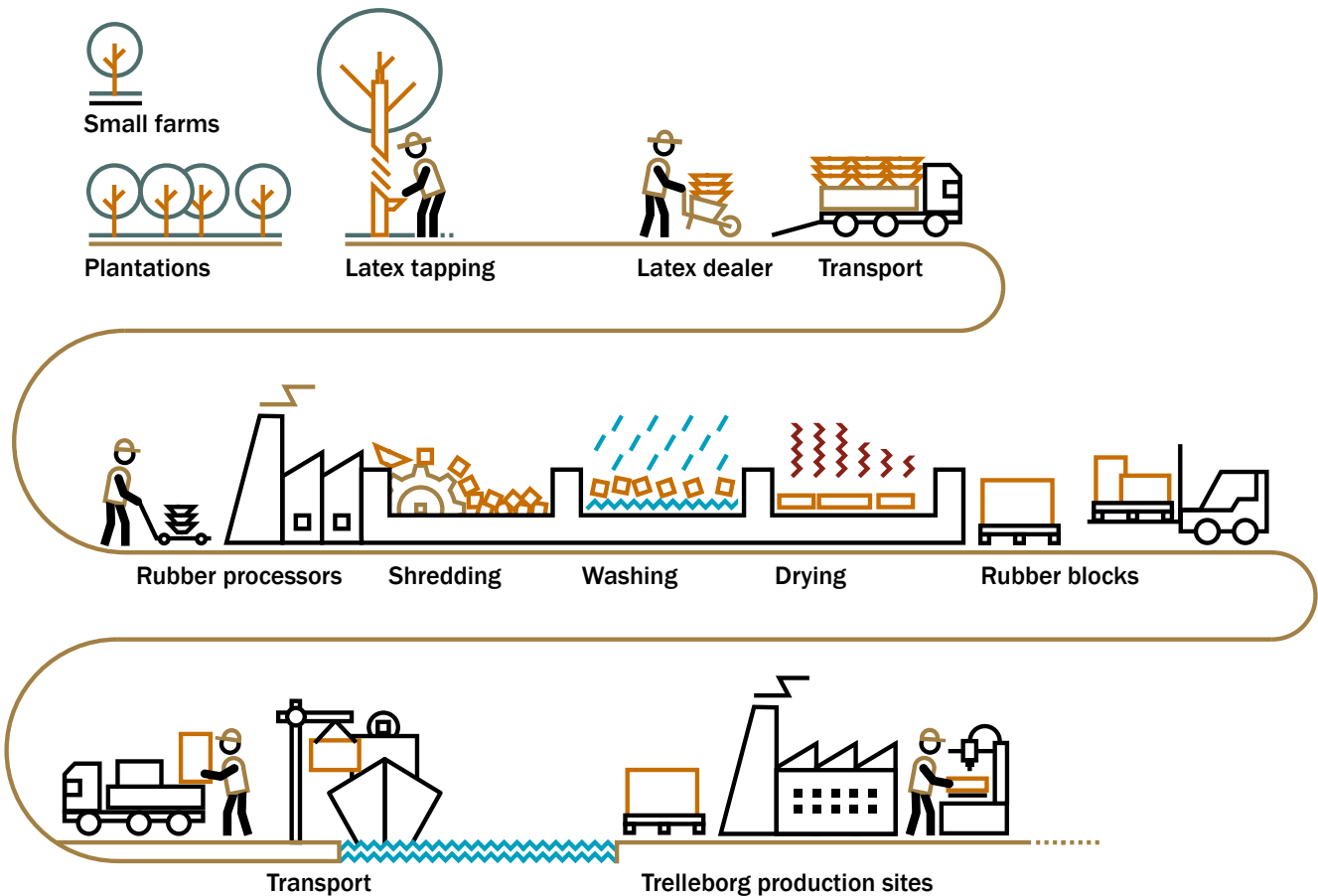
The image below shows the principle value chain for the production of natural rubber and the distance between Trelleborg's own production units and rubber producers.

GROUP POLICIES IN THE AREA OF COMPLIANCE

All relevant employees sign an Acceptance Letter every year where they confirm knowledge of and compliance with all of the Group's policies. The following Group policies are considered to form the core of the regulations Trelleborg applies in the area of Compliance:

- » Anti-corruption Policy
- » Competition Law Policy
- » Whistleblower Policy
- » Policy for Handling of Agreements
- » Policy for Transactions with Related Parties

PRODUCTION OF NATURAL RUBBER



Natural rubber. The value chain is relatively long from grower to Trelleborg's production facilities. Three or four stages is not unusual, but this varies depending on the country/continent.

Outcome in 2018 in the area of Compliance

Compliance	Where?	Outcome 2018	Goals and main governance
Anti-corruption and competition law	■	630 employees (560) underwent classroom training in anti-corruption, competition law, contract management and so forth. In addition, e-learning webinars are available.	Zero tolerance applies to all types of bribery, corruption, cartel and other criminal behavior. Knowledge about relevant Group policies and the Code of Conduct is a requirement that is ensured through recurring training sessions for all employees, which are supplemented with special training programs in the area.
Training in the Code of Conduct	■	During the previous year, 83 percent of <i>all</i> of the Group's employees underwent training in the Code of Conduct, and this was in line with the goal. This training initiative continued in 2018, primarily for new employees. A new Code of Conduct was drawn up during the year, focusing on a new global roll out early in 2019, refer to the bottom of page 22.	In line with this aim, new employees underwent training sessions, e-learning or classroom training during the year.
Compliance (general)	■	There were zero reported significant breaches of laws and permits (0) during the year.	Local governance in accordance with the Code of Conduct and local legislation. All significant cases in terms of fines and sanctions are reported to Group Legal and are included in reporting. The Compliance Task Force is a central forum for all compliance issues, refer to page 22.
Environmental compliance	■	2 cases (5) of fines or sanctions for breaches of environment or OHS-related laws and regulations were reported, totaling SEK 40,000 (209,000)	Local governance in accordance with the Code of Conduct, permits and local legislation. All significant cases in terms of fines and sanctions are reported to Group Legal and are included in reporting.
Whistleblower cases	■	During the year, 18 matters (18) were reported via the Whistleblower system, most of which concerned complaints about local management and measures such as staff reductions. In some cases, reviews were carried out and identified non-compliances with the Group's Code of Conduct and policies, and relevant measures have been taken in these cases.	Trelleborg's Whistleblower Policy implies that every employee is entitled to report suspicions of legal or regulatory violations without repercussions.
Discrimination	■	7 cases (5) of discrimination from the U.S., U.K. and Sweden were reported and reviewed. In some of these cases, a settlement was reached between the parties while in others, relevant measures were taken. 3 cases are under investigation.	Zero tolerance applies to discrimination (reported and reviewed cases). Local governance in accordance with the Code of Conduct. Reported cases are dealt with at local level and reported centrally.
Freedom of association	■	54 percent (53) of employees are represented by a trade union through collective agreements. In China, however, certain restrictions related to freedom of association apply.	The right to freedom of association, through union or other personal representation, and collective bargaining, is highlighted in the Code of Conduct.
Child labor	■ ■	Zero breaches (0) were reported in 2018.	Zero tolerance applies to child labor, which is also seen as an area of particular importance in the supplier reviews conducted in part through a questionnaire, and in part through selected cases in supplier audits.
Forced labor	■ ■	Zero breaches (0) were reported in 2018.	Zero tolerance applies to forced labor, which is also seen as an area of particular importance in the supplier reviews conducted in part through a questionnaire, and in some cases via supplier audits.
Suppliers	■	Supplier reviews were carried out corresponding to 85.5 percent (84) of the relevant purchasing spend. Zero ongoing investigations were reported in December 2018 (0). No supplier relationships (1) were terminated during the year for reasons related to the Code of Conduct. 22 supplier audits (15) were conducted in 2018 by visiting suppliers in China. The most serious breaches that were rectified included inadequate procedures for handling inflammable chemicals.	The goal is to only work with suppliers who adhere to applicable sections of Trelleborg's Code of Conduct. Reviews, including self-assessments, are to be completed with at least 80 percent of the relevant purchasing spend. Site visits with an audit of "at-risk suppliers" (based on geographic and material risk assessment) supplement the self-assessments. Since 2016, 51 supplier audits have been conducted, mainly in China, but also in India, Turkey and Indonesia. Refer also to page 24.
Environmental management systems	■	At the end of 2018, 87 units (89) were certified under ISO 14001, corresponding to 73 percent (79) of all facilities.	The goal is that all major production units will have an ISO 14001-certified environmental management system.
Unplanned emissions	■	During the year, 2 unplanned emissions (2) were reported, of wastewater and natural gas respectively, totaling less than 6 cubic meters.	Local governance of all handling operations subject to permits, even via the environmental management systems in accordance with ISO 14001.
Remediation of contaminated soil	■	Contaminated soil is currently being remediated at 9 units (9). Another 11 facilities (12) are expected to require remediation, although the extent has not yet been determined. Provisions for environmental liabilities amounted to SEK 62 M.	Trelleborg is also active as one of several parties in additional cases of remediation, although with marginal liability for costs.
Environmental studies	■ ■	In 2018, 18 environmental studies (11) of facilities were performed in conjunction with potential acquisitions or closures.	Environmental studies are conducted to assess and outline the environmental impact and identify potential environmental liabilities for the company.

Symbols: ■ = Internal, all units ■ = Internal, all production units ■ = Internal, certain units ■ = External, suppliers or acquisition candidates

SAFE AND EFFICIENT USE OF RESOURCES

The Manufacturing Excellence Program, which develops Trelleborg's production processes, and the Group's Safety@Work program relating to health and safety, are two of the pillars of the company's efforts to achieve a safe workplace and efficient resource management.

The most important program to achieve a safe workplace and efficient resource management is Manufacturing Excellence, which also includes the occupational health and safety program Safety@Work.

The Manufacturing Excellence framework takes a systematic approach to improvements for enhanced safety, quality, delivery precision that also yields distinct positive effects on resource consumption by focusing on minimizing all resource waste. Read more about this and other Excellence Programs on page 33 in the Annual Report 2018.

Work environment – health and safety.

Trelleborg's Safety@Work program aims to create a shared safety culture and to prevent occupational accidents and injuries at all of the Group's production units. The program includes all staff, both employees and insourced, without exception.

The program is monitored by performing annual internal audits in which the facilities are assessed in relation to best practice in terms of occupational health and safety management, machine safety, accident follow-ups with the aim of avoiding a recurrence of the same type of incident and so forth.

In 2018 two fatal accidents occurred – see page 28 – which resulted in specific measures to eliminate similar risks and strongly contributed to a renewed focus on preventing and eliminating risks in the work environment, which included new teaching tools and e-learning. See the President and CEO's comments on page 7.

The total outcome for the year for OHS-related indicators is shown in the table on page 28 [III](#).

Raw materials and chemicals. The Group's principal raw materials in Trelleborg's processes are polymers (rubber, composites and plastics) and metal components, as well as additives comprising softening agents (oils), fillers such as carbon black, and vulcanizing agents (sulfur, peroxides).

The Trelleborg's Group environmental policy stipulates that attention is given to the precautionary principle, and that hazardous substances and materials are, to the greatest extent possible, to be reduced and replaced in products and processes. As a chemical user, Trelleborg is affected by the EU REACH regulation. In addition to the local work with REACH compliance, work related to chemicals during the year was carried out by the Global Chemical Task Force, a corporate-level team. The team assists the business units in their efforts to phase out and replace substances that are currently considered harmful, and monitors such substances that may be of interest in the future. An internal Restricted Materials List has been compiled, and a project was actively pursued in 2018 by the Global Chemical Task Force focusing on such prioritized materials.

Within the scope of ETRMA, the European organization for tire and rubber manufacturers, Trelleborg is represented and participates in work monitoring and implementing EU legislation in, for example, chemicals.

Energy. A significant portion of the Group's energy consumption – and thus its climate impact – is connected to fossil-fuel combustion for the production of steam (direct energy and emissions) and purchased electricity, steam and district heating (indirect energy and emissions).

Energy Excellence, a long-standing initiative for systematic energy optimization at all units, is an integrated part of the Manufacturing Excellence program (refer to page 33 in the Annual Report 2018).

All production units must present an activity plan to reduce energy consumption. In addition to process-related measures, many units are focusing on systems for improved monitoring of energy consumption and on increasing energy awareness among personnel.

The outcome for the year (see table on page 28 [III](#)) reflects ongoing efficiency enhancements that is most clearly seen in profit improvements for the Group's recently acquired units.

Renewable energy. The proportion of renewable energy increased in 2018, and is for the first time reported as a separate indicator in the table on page 28 [III](#).

More units are making the transition: a project is under way in Sri Lanka, where biomass is to replace the current fossil fuel for production starting in 2019.

Internally generated electricity is being produced using solar cells in India and Malta.



TRANSPARENT REPORTING ON ISSUES OF CLIMATE AND WATER IN ACCORDANCE WITH THE CDP

Since 2007, Trelleborg has participated in the CDP's (formerly referred to as the Carbon Disclosure Project) voluntary reporting of greenhouse gas emissions. This involves openly reporting relevant key figures and data, measures to prevent adverse climate impacts, and products, solutions and initiatives to improve society in this respect.

In the Annual CDP Report for 2018 on climate issues, Trelleborg received a score of B (2017: C), which means the company demonstrates *Governance of how environmental concerns are inter-related with operations*. This is higher than the sector average, and higher than Europe's regional average of B-. Water issues are also reported for the first time, and here Trelleborg received a score of B-.

A company's path towards a high level of environmental protection/administration is described by CDP using a process in four scoring levels that begin with D (Transparency), continues with C (Awareness), followed by B (Governance), and finally A (Leadership).

Climate. Trelleborg's "20 by 20" climate objectives (refer to pages 20 and 28) address and reflect the carbon intensity (no other greenhouse gases are included), meaning the total size of CO₂ emissions relative to the size of operations, as well as work on a transition to emission-optimization of energy sources in each country. The outcome in 2018 for climate-related indicators is shown in the table on page 28 [III](#). An overview of targets and challenges in the climate area is presented on pages 20–21.

The acquisitions of recent years have entailed that operations have become more energy-intensive as a result of an increased proportion of tire manufacturing. For the next few years, one key goal is to continue work to make recently acquired units more energy-efficient.

The base line for the "20 by 20" climate goal was set on the basis of the performance of all Trelleborg units in 2015. Using this baseline, developments in 2018 were highly favorable and provide a solid foundation moving forward. Trelleborg is carefully following developments in order to achieve the "20 by 20" climate target.

The calculation of CO₂ emissions from the consumption of purchased electricity or steam is mainly based on national conversion factors from the International Energy Agency. These factors reflect the average total energy mix of each country. Emissions are lower from hydro and nuclear power, but higher from coal and oil.

The most recently acquired units are primarily located in countries (the Czech Republic, Serbia, etc.) with a national energy mix featuring a high level of fossil fuels, which initially produces relatively high emissions.

In the Czech Republic, several units transitioned to "green electricity" during the year, which produced a distinct improvement in results. At the same time, a rising price for "green" electricity was noted in most markets.

Only two of the Group's units – Prague in the Czech Republic and Tivoli in Italy – are included in the EU Emissions Trading System (EU ETS). Described simply, operations are allotted emission allowances (1 allowance = 1 ton CO₂) after applying for

and/or purchasing emission allowances on the international market. Each year, these operations must report their emissions of CO₂ and transfer emission allowances corresponding to the emissions caused.

Water. Water is mainly used for cooling and washing in our production processes.

The outcome for the year for water-related indicators is shown in the table on page 29 [III](#). Major reductions in consumption have been made since 2008 by using, for example, improved cooling and recycling systems.

Emissions to water are limited. They mainly comprise organic matter.

A mapping of water scarcity has been carried out for regions where Trelleborg's production units are located, and indicates that certain units are located in regions where water scarcity may become an issue, such as in China, Italy, Malta, the U.S. and Sri Lanka. The focus for the central follow-up is on these regions.

Waste. Continuous efforts are taking place within local operations to cut production waste, which helps to reduce the amount of waste, and to increase the rate of recycling. Recycling is carried out by external partners and internally.

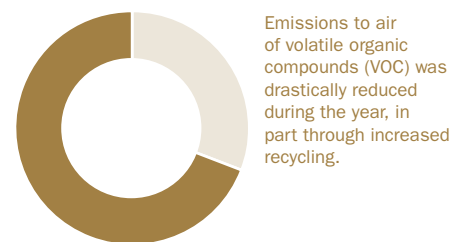
The outcome for the year is shown in the table on page 29 [III](#).

Emissions to air. In addition to energy-related emissions – such as CO₂ (see page 28), sulfur dioxide and nitrogen oxides – the company's emissions to air mainly consist of volatile organic compounds (VOCs). Trelleborg uses the same definition of VOC as the EU.

Emissions are mainly derived from the use of solvent-based adhesives, which are critical only for a relatively limited number of products and production units.

The reduction of VOC emissions is a priority, both from an environmental and health perspective, and these emissions have been continuously reduced in recent years, see table on page 61 [III](#). The latest example being a newly installed solvents recovery plant that was commissioned in Barueri, in Brazil, in 2018.

 **-31%**



-6% 

Energy consumption relative to sales, decreased 6 percent in 2018, which is clearly better than the internal goal of 3 percent.

-10% 

Water use decreased during the year, despite growth in sales and production volumes. In total, the Group reduced water use by 10 percent relative to sales.

-5% 

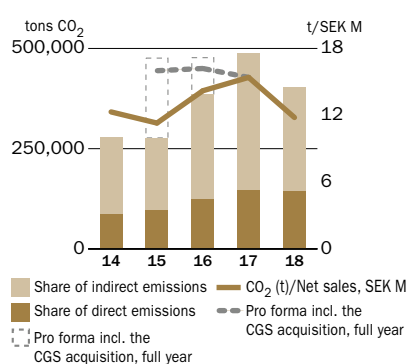
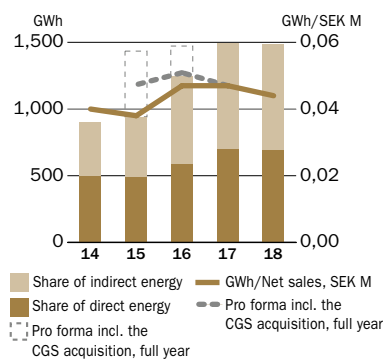
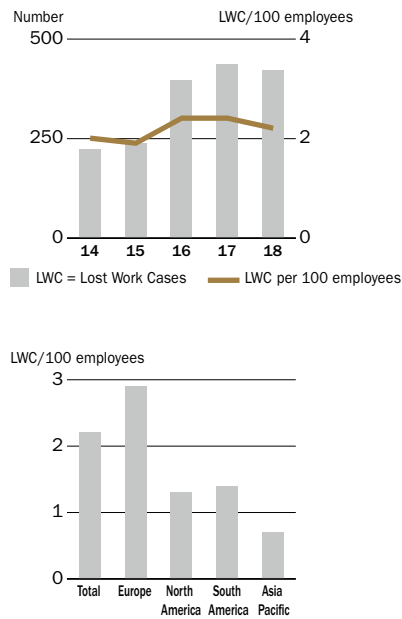
Relative to sales, total waste decreased 5 percent. The volume of hazardous waste is also gradually decreasing.

CDP: B

Trelleborg is at levels B and B- respectively in its transparent report to the CDP of climate and water issues. Both levels are better than the sector average, and better than Europe's regional average.

Outcome in 2018 in the area of Resources

Resources	Where?	Outcome 2018	Goals and main governance
HEALTH AND SAFETY		The curve shows the number of work-related injury/illness cases per 100 employees in more than one day's absence (LWC). This figure has gradually declined. In 2018, the figure declined approximately 8 percent.	<p>The Safety@Work program aims to establish a shared safety culture through improvement programs and preventive measures at all production units. Self-assessment is combined with internal and external audits.</p> <p>By 2020, the number of accidents is to decrease so LWC per 100 employees falls below 2.0.</p>
Fatal accidents		2 fatal accidents (0). In Barueri in Brazil, an employee was killed in an accident involving a paper machine in March 2018. In Xingtai in China, an employee was killed in conjunction with the explosion of a tire during fitting in July 2018.	
LWC		422 cases (438) resulting in at least one day's absence (LWC). Of these, 9 were insured employees, and 21 women.	
LWC per 100 employees		2.2 LWC per 100 employees (2.4). For insured employees, the figure was 1.3, and for women 0.3. See the diagram to the right for the regional situation.	
LWD		28.7 work days lost on average per injury (30.3).	
Safety committee		89 percent of facilities have a safety committee (84) with representatives from both employers and employees.	
Absenteeism in Sweden		5.0 percent of normal working hours (5.2).	
ENERGY		In total, energy consumption has been at a slightly lower level year-on-year, despite volume increases. Relative to sales, consumption is decreasing, which is consistent with the expectation that Trelleborg's systematic measures for energy-efficiency over time will lead to improved results despite the fact that acquisitions may have a temporary impact.	<p>Energy-efficiency has been a prioritized area for Trelleborg for some time through the Energy Excellence initiative, which is part of the Manufacturing Excellence program (refer to page 33 in the Annual Report 2018).</p> <p>The internal target for the Group is to improve its energy-efficiency by at least 3 percent annually.</p> <p>Local energy coordinators are trained via global training sessions, and a shared toolbox is available.</p> <p>The proportion of renewable energy is to gradually increase, both direct and indirect energy.</p>
Energy consumption		Total of 1,486 GWh (1,493). The share of direct energy is 692 GWh (696), and the share of indirect energy is 794 GWh (797).	
Energy consumption relative to sales		0.044 GWh per SEK M (0.047) Energy consumption relative to sales declined approximately 6 percent.	
Renewable energy		12 percent of total energy consumption, consisting of renewable electricity, biomass and internally generated electricity. The internally generated electricity is produced from solar cells and amounted to 524 MWh.	
Energy cost		SEK 789 M (734). The figure for the preceding year is adjusted.	
CLIMATE		Both in total and relative to sales, CO ₂ emissions decreased in 2018, which is primarily due to more green electricity in the European tire manufacturing. Trelleborg's systematic measures for energy-efficiency also contribute to results, which for 2018 reached a 26-percent decrease in CO ₂ emissions in relation to sales compared with the base value from 2015 (refer to the bottom of page 20). For 2015 and 2016, pro forma values are included in the diagram that reflect the total full-year outcome for Trelleborg including CGS units (acquired in 2016).	
Total CO ₂ emissions		401,900 tons (487,200), of which direct emissions amounted to 142,400 tons (144,700), and indirect emissions 259,500 tons (342,500). The reduction in total emissions compared with 2017 reflects a higher proportion of green electricity, primarily for tire manufacturing in Italy and the Czech Republic.	
CO ₂ emissions relative to sales		11.8 tons per SEK M (15.4) Compared with last year, there was an improvement during 2018, both in terms of transition to green energy and through improvements in energy-efficiency.	



Symbols: ■ = Internal, all units ■ = Internal, all production units ■ = Internal, certain units ■ = External, suppliers

Outcome in 2018 in the area of Resources

Resources	Where?	Outcome 2018	Goals and main governance
WATER		In 2018, water use, meaning water for production and sanitary water, decreased in both absolute terms and relative to sales.	<p>Even if water is one of the central environmental key figures reported, consumption is most crucial in production areas with water shortages, or where water shortages can be expected. Refer to page 27.</p>
Water use		2.29 million m ³ (2.36)	
Water use relative to sales		67.4 m ³ per SEK M (74.7)	
Water withdrawal		60 percent municipal water (61) 19 percent from the company's own wells (18) 20 percent surface water (rivers, lakes, etc.) (20) 1 percent other sources (1)	
WASTE		In 2018, the amount of waste increased slightly in absolute terms with rising production volumes, although a decrease was noted relative to sales due to efficiency enhancements. The volume of hazardous waste decreased clearly, which was in line with goals. Waste management methods, both for hazardous waste and other waste, are shown in the diagram.	<p>Waste minimization is an expressed goal in the Manufacturing Excellence initiative, which is conducted in all production units and is followed up on a monthly basis, see also page 33 in the Annual Report 2018.</p> <p>The volume of hazardous waste is to gradually decrease.</p>
Waste volume		54,700 tons (53,500). Of the total volume, rubber accounted for 30 percent (28) Hazardous waste totaled 5,240 tons (7,113).	
Waste volume relative to sales		1.6 tons per SEK M (1.7)	
Waste cost		SEK 59 M (51)	
Waste management		1 percent to internal material recycling (4) 48 percent to external material recycling (47) 15 percent for energy recovery (14) 3 percent to incineration (-) 23 percent to landfill (24) 10 percent for other disposal (11) The distribution between methods for handling non-hazardous waste and hazardous waste is presented in the diagram to the right. The handling method was chosen by the supplier in more than half of the cases. In about a quarter of cases, the method was chosen by Trelleborg, and in about a quarter of cases the chosen method was the only available.	
		<div style="display: flex; justify-content: space-around;"> <div> <p>Non-hazardous waste</p> </div> <div> <p>Hazardous waste</p> </div> </div>	
EMISSIONS		Emissions of volatile organic compounds (VOC), measured as total emissions and relative to sales, clearly declined during the year despite increased production volumes. The bulk of this decrease is due to the new recovery plant that was commissioned in Brazil. Emissions of sulfur dioxides and nitrogen oxides decreased somewhat despite higher production volumes.	<p>Significant emissions comprise mainly VOC (volatile organic compounds), defined according to EU standards. Reducing VOC emissions is a priority both from an environmental and health perspective.</p>
VOC		655 tons (952)	
VOCs relative to sales		0.019 tons per SEK M (0.030)	
Sulfur dioxide		181 tons (187)	
Nitrogen oxides		62 tons (65)	

Symbols: = Internal, all units = Internal, all production units = Internal, certain units = External, suppliers


DIVERSITY PROVIDES OPPORTUNITIES

A significant factor in Trelleborg's value creation is the expertise and diversity of its employees.



26% 

The company is endeavoring to achieve a balanced gender mix. The share women at management levels 4 and 5 is 26 percent, and is to continuously increase, which also creates a recruitment base for higher levels.

 **15**

At year-end 2018, management at levels 1–3 of the company (senior management team and those in senior positions in the business areas) comprised 15 different nationalities (13).


Trelleborg works to achieve a balanced mix of ethnicities, ages and genders, taking into consideration the type of operation being pursued.

The new *Group Diversity Policy* was adopted in 2018 and recognizes that diversity is a strength for the Group. Enhanced diversity and inclusion has the potential to further drive Trelleborg's performance and results, both at team level and individually. Better customer communication and problem solving are only a few such examples.

Diversity and inclusion are generally seen as important elements in situations such as recruitment, training, evaluation, pay structures and succession planning. Trelleborg should therefore continue the work started to identify and establish key figures in the focus area of *Diversity*, for continuous follow-up and reporting,

for example via the annual report.

Alongside the fundamental rules against special treatment and discrimination in the Code of Conduct (see page 22), the company values knowledge wherever it is found, with no other criteria than the fundamental view that all people are equal and have the same rights. Refer to discrimination on pages 23 and 25.

Ethnicity. A basic rule is that the company's senior management and other managers should have local roots, which naturally leads to ethnic diversity in the management of a company that operates in more than 40 countries. The proportion of Swedes at high levels within the company is gradually decreasing, see the table on page 32 .

At year-end 2018, management at levels 1–3 of the company (senior manage-



TRELLEBORG'S GLOBAL PRESENCE

The number of employees in the Group at year-end, including insourced and temporary employees, was 24,045 (23,152). Of the total number of employees, 95 percent work outside Sweden.

During the year, the average number of employees in the Group's operations increased to 22,420 (22,112), of whom women accounted for 25 percent (24). Refer to Note 10, page 106 in the Annual Report 2018.

Salaries and other benefits for employees (excluding insourced employees) in the Group's operations amounted to SEK 7,770 M (7,388).

Personnel turnover (not taking terminations and retirements into consideration) varies between countries and facilities, and usually reflects the local labor situation.

Number of employees at year-end ¹⁾

Distributions by country	2018	2017
Czech Republic	4,561	4,531
U.S.	2,911	2,869
China	1,693	1,628
U.K.	1,631	1,497
Italy	1,316	1,282
Sweden	1,240	1,222
Germany	1,116	1,018
France	1,051	1,005
Slovenia	942	924
Sri Lanka	937	923
Other	6,647	6,253
Total	24,045	23,152

¹⁾ Including insourced and temporary employees.

ment team and those in senior positions in the business areas) comprised 15 different nationalities (13). See also the table on page 32 [☰](#).

Age. A core issue for all knowledge organizations, including Trelleborg, is the ability to recruit young talent. The total age distribution is presented in the table on page 32 [☰](#).

Trelleborg has for a number of years focused on the younger generations – employees born 1980 and later (Generation Y), and different initiatives have been carried out, for examples the *One Young World Summit*, where selected young employees took part in a global congress on the theme of sustainability, innovation and diversity. In addition to this, the company has expanded its Graduate Program to two programs per year instead of one.

Gender. In an engineering-dominated company like Trelleborg, efforts to achieve a more even gender balance for this type of operation present challenges that require work at all levels. Higher Group and business area levels remain dominated by men, but the gender distribution is significantly more balanced in the business operations.

A key figure was introduced that measures the proportion of women at management levels 4 and 5 in the company (refer to the table of diagrams on page 32 [☰](#)), with the ambition to raise the percentage of women managers at these levels from year to year, and over time create a better gender-balanced recruitment base at higher levels.

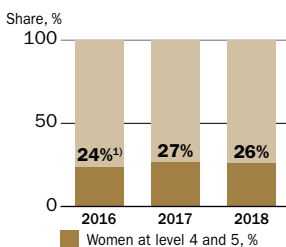
Efforts to achieve an improved gender balance include actively seeking women candidates for all executive and managerial positions, and for all of the Group's training

and development programs, particularly its leadership training courses.

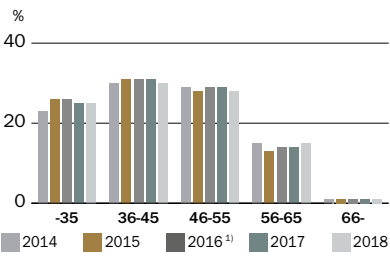
Trelleborg has also put new emphasis on *Employer Branding*, meaning the type of employer the company is and how we want to be perceived, both internally and externally. To this end, a motto has been written that reflects Trelleborg's promise as an employer as part of an initiative to increase focus on attracting, retaining and developing talented people. This motto – *Shaping industry from the inside* – is used internally and externally, in both digital channels and in print as well as at career days, trade fairs and other events.

Outcome in 2018 in the area of Diversity

Diversity	Where?	Outcome 2018	Goals and main governance
Ethnicity	⦿	<p>15 nationalities (13) are represented in management at levels 1–3 (senior management team and those in senior positions in the business areas). The situation in relation to this distribution of nationalities is stable.</p> <p>The distribution of nationalities among managers at senior levels (2–4) improved – greater diversity – in 2018 to 19 percent Swedes and 81 percent of a different nationality, compared with 28 percent Swedes in the preceding year.</p>	Senior management and other managers must have local roots. Principal responsibility for diversity issues is with HR, centrally and locally.
Gender	■	<p>At management levels 4 and 5 in Trelleborg's units, where level 4 corresponds a position reporting to a Business Unit president, the proportion of women is 26 percent (27), maintaining a similar level but with no improvement.</p> <p>For the organization as a whole, the proportion of women is 25 percent (24).</p> <p>10 percent of Group Management are women (10), and 38 percent (38) of the Board of Directors are women.</p>	<p>The company is endeavoring to achieve a more even gender balance. The share of women at management levels 4 and 5 is to continuously increase, which also creates a recruitment base for higher levels.</p>
Age	■	<p>The age distribution for salaried employees at Trelleborg remained stable during the 2015–2018 measurement period.</p>	<p>The company is endeavoring to achieve a balanced age distribution for the type of operation conducted by Trelleborg.</p>



¹⁾ Excluding CGS acquisition.



¹⁾ Excluding the CGS acquisition.

Symbols: ■ = Internal, all units ■ = Internal, all production units ⦿ = Internal, certain units ■ = External, suppliers

MORE DIVERSITY INITIATIVES IN 2018

In 2018, the company undertook several initiatives related to diversity:

- » In February 2018, the Group launched its first Diversity Policy, which is aimed at clarifying the company's approach to the subject, but also to address areas of responsibility, both for the company and the employee.
- » Online training (e-learning) for the entire organization on the topic of diversity and inclusion was launched in October 2018 to increase awareness of the significance of diversity and unconscious prejudices.

- » Questions were added to the Group's annual employee survey for 2018 regarding diversity and inclusion with the aim of identifying specific areas of improvement, globally and locally.
- » As part of the Group's global focus on diversity, local initiatives were taken in 2017 and 2018. Two examples of these are Tijuana, in Mexico, and São Paulo, in Brazil, both of which are units where initiatives were taken to increase diversity awareness.
- » The distribution of nationalities among managers at senior levels (2–4) was

improved in 2018 to 19 percent Swedes and 81 percent of a different nationality, compared with 28 percent Swedes in the preceding year.

- » The introduction program in 2018 for new managers contained 39 percent women, compared with 32 percent in the preceding year.
- » For the first time, the TIMP I training course (for first-line managers) was also held in Chinese in 2018. Historically, this training course has always been conducted in English.



BROAD-BASED SOCIAL ENGAGEMENT

Trelleborg's role in society ranges from innovation for better sustainability to local programs for development and diversity.

Trelleborg's value for society. In the longer term, Trelleborg's products and solutions – what Trelleborg calls Blue Dimension™ – represent the company's broadest and clearest opportunity to contribute to improvements in the sustainability of society in accordance with the UN Sustainable Development Goals. This is achieved through the ability of its products and solutions to protect the environment, people, infrastructure and assets, which is described in more detail on pages 12–13.

Trelleborg's total value creation and its distribution in 2018 between various stakeholders in society is presented in text and figures in the tables below and on page 11.

Local development programs. In all of the different places and forms in which the company operates, Trelleborg aims to promote the social integration of groups, such as children/young people and functionally diverse groups. This is usually through educational and development initiatives, which include meaningful recreational activities, such as culture, physical activity and sports. A number of programs with this focus are taking place in various countries, see examples on this page and the next. One positive, long-term effect of these programs is also that young talent are made aware of Trelleborg as employer.

Other similar cooperation – support

or sponsorship – of activities with an environmental, health or social focus are in progress locally at a significant number of Trelleborg units. In local collaborations with sports clubs, diversity is prioritized, primarily in the form of activities targeting young people and mixed genders.

In addition to these, Trelleborg collaborates with a number of schools and universities, such as internships with the University of Malta, Örebro University and Lund University/the International Institute for Industrial Environmental Economics in Sweden (refer also to pages 17–19 for examples of collaboration with Örebro) as well as with various interest groups.

Sri Lanka. In partnership with Star for Life, a school program has been ongoing in Sri Lanka since 2012 and this was extended over time to include two schools in the Colombo area: Kelani College and Bellana College. The formal start of the collaboration with Bellana College took place in 2017.

The program aims to inspire and support school children to believe in their future and their dreams through regular coaching sessions and sports and music activities.

After three years of the program at Kelani College, the program was evaluated, and was found to have resulted in improvements in attendance, positive attitudes, better study results, physical and mental

balance and a reduction in absenteeism and fewer conflicts.

In Sri Lanka, Trelleborg has also been running a pre-school under the name Antonio Bianchi's House since 2010. The pre-school has daily Montessori activities for children from families with limited resources.

India. In 2018, partnerships with several different voluntary organizations in India continued.

A Village Uplift Program was run, for example, in cooperation with the *Hand in Hand* organization, with the aim of creating an environment and an infrastructure to promote local development for the Maralukunte community in the Bengaluru region, located some 70 km from Trelleborg's facilities.

For integration and diversity. The company also runs local initiatives in Sweden to contribute to social integration. For a number of years, the company has had a recurring cooperation with Trelleborgs FF and Ramlösa Södra clubs, organizations that stand out as having used sport as a method for community initiatives, such as creating social interaction and meaningful recreational activities for groups of young people, for example newly arrived refugees and the disabled.

Outcome in 2018 in the area of social engagement

Social Engagement	Where?	Outcome 2018	Goals and main governance											
Distributed economic value	■	In total, Trelleborg's operations generated economic value of SEK 34,601 m (32,755) of which SEK 31,148 m is distributed between stakeholders (suppliers, employees, shareholders, creditors, society). See details on page 11.	The company's value creation for surrounding society is described in both monetary terms (in the annual report) and through transparent sustainability reporting. This is accented through Trelleborg's various products and solutions that contribute to the sustainability of society (more on pages 12–13).											
		<p>Distributed value 2018</p> <table border="1"> <caption>Distributed value 2018</caption> <tr><th>Stakeholder</th><th>Percentage</th></tr> <tr><td>Suppliers</td><td>59.9%</td></tr> <tr><td>Employees</td><td>32.1%</td></tr> <tr><td>Society</td><td>3.0%</td></tr> <tr><td>Creditors</td><td>1.1%</td></tr> <tr><td>Shareholders</td><td>3.9%</td></tr> </table>		Stakeholder	Percentage	Suppliers	59.9%	Employees	32.1%	Society	3.0%	Creditors	1.1%	Shareholders
Stakeholder	Percentage													
Suppliers	59.9%													
Employees	32.1%													
Society	3.0%													
Creditors	1.1%													
Shareholders	3.9%													
Local communities	■	Educational and development programs continued to be run in Sri Lanka (one pre-school, two schools for pupils at the equivalent of secondary level), India, Sweden and a number of other countries in 2018.	Good relationships with local communities wherever the company operates is one goal that Trelleborg strives to achieve through local – and sometimes centrally supported – educational and development initiatives, often targeting children and young people.											

Symbols: ■ = Internal, all units ■ = Internal, all production units ■ = Internal, certain units ■ = External



THE IVORY COAST: TAKING SOCIAL RESPONSIBILITY SERIOUSLY DURING A PRICE SQUEEZE

Trelleborg’s most important natural rubber supplier in Africa is in the Ivory Coast. The company – SAPH – is part of a family-owned group.

Trelleborg visited SAPH’s largest rubber facility in November 2018 and had a closer look not just at the company’s production itself but also at its extensive social projects, with living quarters, daycare, schools, cafeterias and health centers.

“The operation gives independent rubber farmers a chance to earn income. Unfortunately, oversupply in combination with a low rubber price has led to economic development stalling somewhat in the last few years. But there is no doubt that the facility is contributing to the social safety net in that area,” says Rosman Jahja, responsible for sustainability issues, Trelleborg AB.

Find out more about the dialogs with suppliers on page 18.



TRAINING AND DEVELOPMENT IN SRI LANKA

Trelleborg is conducting various training and development initiatives for children and young people in places where it conducts operations. In Sri Lanka, young people are coached in two schools for a better life and study results through the Star for Life program. Pre-school children from disadvantaged families are offered educational development and nutritious meals. The pictures are from Bellana College and Antonio Bianchi’s House.





The long life and performance of hydraulic systems depend on a sealing configuration within a rod and piston housing that involves multiple seals. Even if hydraulic systems are not always visible, they are everywhere. They are what make cranes and excavators work.

In these contexts, Trelleborg prescribes the use of both a primary and a secondary seal. The primary seal does the job of sealing in lubricant and the secondary seal takes over when needed. Trelleborg's Lubrication Management System adjusts the conditions for the individual sealing elements, such that the load on each element is reduced to ensure performance of the primary seal and the extended life of the secondary seal.

RISKS AND RISK MANAGEMENT

Risk spread. The ability to identify, evaluate, manage and monitor risks plays a central role in the management and control of Trelleborg's business operations. The aim is to achieve the Group's targets while applying well-considered risk-taking within set parameters.

Trelleborg serves a broad range of customers in a variety of market segments and niches. The business has a wide geographic spread. The Group has operations in about 50 countries, sales are conducted in just over 150 countries worldwide and manufacturing operations are carried out at more than 100 production sites. The business is diversified, which provides Trelleborg with an effective underlying risk spread.

Demand for the Group's products and solutions largely moves in line with fluctuations in global industrial production. Trelleborg focuses on maintaining an exposure to its market segments that has a good balance between early and late cyclical industry, meaning general as well as capital-intensive industry, the demands from which often balance each other out. Seasonal effects occur in the various market segments, particularly in the agricultural segment, which normally experiences higher demand for tires for agricultural machines during the first half of the year. For the Group, demand is usually higher in the first half of the year than in the second half of the year.

Enterprise Risk Management. Trelleborg has an established process for Enterprise Risk Management (ERM) that provides a framework for the Group's risk activities. The purpose of the ERM process is to provide a Group-wide overview of Trelleborg's risks by identifying them, evaluating them and providing a basis for decision-making regarding the management of risks, and to enable a follow-up of the risks and how they are managed.

Trelleborg has chosen to group the risks into 4 areas as shown in the illustration below. Risks related to sustainability and confidence run as a common thread through these areas.

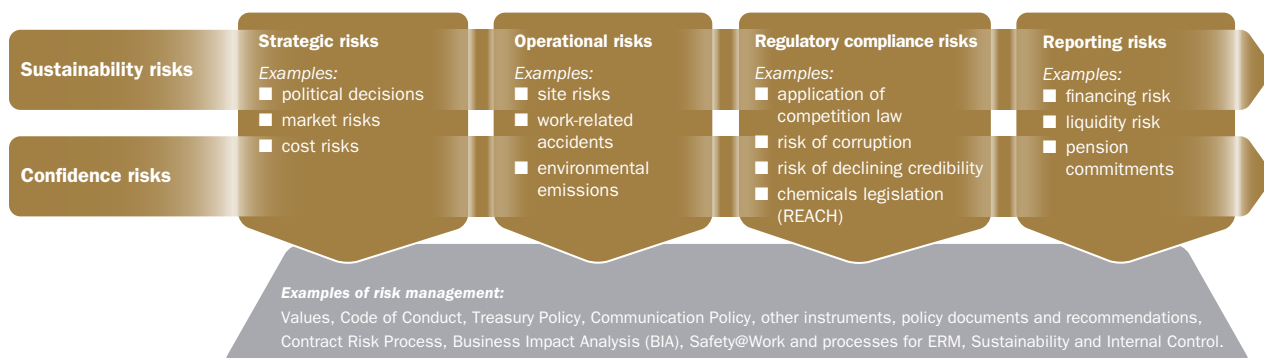
Strategic risks include external factors that could impact Trelleborg's operations, and internal factors that could impede opportunities to achieve the operation's strategic goals. Read more about Trelleborg's strategic cornerstones on pages 29–33 in the Annual Report 2018.

Operational risks are risks that Trelleborg can itself largely manage and prevent, and which mainly pertain to processes, assets and employees. Read more about how Trelleborg works to ensure safe and efficient use of resources and about diversity on pages 26–32.

Regulatory compliance risks relate to Trelleborg being a global operation that is subject to a large number of laws, regulations and rules pertaining to, for example, the environment, health and safety, trade restrictions, anti-competition regulations and currency regulations. Read more about Trelleborg's compliance with laws and codes on pages 22–25.

Financial risks include interest rate and foreign exchange risks that could adversely impact the Group's earnings. Furthermore, there are financing risks and liquidity risks, which could result in difficulties in raising new loans or shareholders' equity, as well as financial credit risks. Read more about Trelleborg's financial risk management in Note 31, pages 126–128 in the Annual Report 2018.

In the Corporate Governance Report, on pages 82–83 in the Annual Report 2018, there is a detailed description of the internal controls used to manage the risks associated with financial reporting.



Sustainability risks. Risks relating to sustainability issues are a common thread through all areas. For example, this involves the risks relating to shortages of resources or materials or the negative effects of emissions, as well as risks relating to the use of Trelleborg's products and solutions. It also includes the risks relating to failure to comply with laws and rules, both as a Group and among the Group's suppliers.

Confidence risks. Similarly, there is a risk that events and conduct could have a negative impact on the company's brand and credibility. For example, the behavior or business decisions of an individual employee could destroy the confidence built up over a long period of time. Trelleborg works on a variety of issues and activities to strengthen and build confidence in the Group, such as training in the Code of Conduct, a clear and well-known brand promise, stakeholder dialog, product safety and so forth.

Crisis management. Trelleborg's crisis management is decentralized, which means events should, as far as possible, be solved locally, close to the origin of the incident. The crisis organization at Group level, consisting of a team from Group Legal, Communications and HR, is to ensure that relevant employees at Trelleborg have the necessary knowledge and capabilities to handle incidents. In the event of a major incident, which can be considered to impact the Group as a whole, the Group's crisis organization, including the Board of Directors, is informed and assesses how to handle the event.

ERM priorities. In addition to the financial risks (see Note 31 on pages 126–128 in the Annual Report 2018), Trelleborg has identified 8 major risks that may result in damage or loss with substantial impact on the entire Group and therefore justify management of the risk at Group level.

The Group's various companies, business areas and business units have identi-

fied a total of about 250 risks. The vast majority of these risks are managed locally.

Some 30 of these approximately 250 risks that may have a major impact at a business area and/or Group level are identified each year and thus justify the risk being managed at one of these levels. The evaluation of the risks and consolidation of priorities is led by the Risk Management staff function. The evaluation comprises a component of the annual strategy process and primarily involves the management teams of the business areas, but also Group Management and the staff functions.

On the basis of the risk prioritization prepared in the ERM process, the Board continuously identifies and prioritizes risks that may significantly affect the possibility of achieving the Group's objectives.

The 8 major risks that are deemed to have a significant impact on the entire Group are managed by the ERM Board, which leads the overall coordination and monitoring of risk activities. A total of 3 meetings of the ERM Board are planned for 2019, which are preparatory meetings for Audit Committee and Board meetings.

Responsibility. Like the ERM Board, the ERM process and work pertaining to risk are controlled centrally by the Group's Risk Management staff function led by the General Counsel, who assumes ultimate responsibility. In addition to these people and the Internal Control staff function, the ERM Board consists of the Group's CFO and Group IT staff function. The ERM Board is tasked with coordinating and prioritizing the risks and risk processes and ensuring that there is clear ownership of prioritized risks.

Responsibility for risk management lies with the respective managers of Trelleborg's various companies, business areas and business units. This responsibility encompasses the day-to-day work pertaining to operational and other relevant risks, as well as leading and developing risk management activities. The managers are supported by central Group resources in the form of the Risk Management, Internal Control and

Group Treasury staff functions, as well as Group-wide risk processes and tools.

Group Treasury is responsible for financial risk management activities. The unit is in charge of Group companies' external bank relations, liquidity management, net financial items, interest-bearing liabilities and assets, Group-wide payment systems and netting of currency positions. Centralization of the Group's treasury management ensures substantial economies of scale, lower financing costs, strict management of the Group's financial risks and improved internal controls.

Read more about financial risk management in Note 31, pages 126–128 in the Annual Report 2018.

Monitoring. Trelleborg's risk management is systematically monitored by Group Management using such tools as monthly reports from the managers in charge. The reports describe the status within their respective areas of responsibility, including the status of identified risks. The Group's General Counsel reports regularly to the Audit Committee on the Group's risk and risk management, and the Group's CFO reports regularly to the Audit Committee on the status of the financial risks. Furthermore, the President regularly provides the Board with reports on the development of the Group's risks. The Group's companies, business areas and business units use a consolidation system for systematic identification, analysis, evaluation and monitoring of the management of reported risks.

RISKS THAT MAY SIGNIFICANTLY AFFECT THE GROUP

REGULATORY COMPLIANCE RISKS

Major risks	Focus	Management	Initiated and ongoing activities
Violation of laws and permits	Compliance with applicable legislation	<ul style="list-style-type: none"> • Training seminars in competition law and the EU's General Data Protection Regulation (GDPR). • Export control process focusing on embargoes and trade restrictions. • Established procedures for approving membership in organizations, for example. Refer to page 22.	Establishment of a central Group steering committee, Compliance Task Force. Formalization and expansion of Group Internal Control, focusing on regulatory compliance. Regular legal reviews with a focus on monitoring and ensuring compliance in the Group companies.
Corruption and fraud	Measures preventing fraudulent conduct	<ul style="list-style-type: none"> • Continuous training. • Established policies and procedures. • Acceptance Letters issued by the Group's President, whereby relevant employees sign a letter each year confirming their knowledge of the Code of Conduct and compliance with the Group's internal policy instruments. • Trelleborg's whistleblower policy and process, which implies that each employee is entitled, without repercussions, to report suspicions of legal or regulatory violations. Refer to page 22. • Review and evaluation of agency and distribution agreements. • Special committee for the counteraction of financial fraud. 	Review of Group's internal policy instruments. Introduction of Policy Quick Guides to further increase the distribution and comprehension of regulations and the Group's core values.

OPERATIONAL RISKS

Major risks	Focus	Management	Initiated and ongoing activities
Products in environments with elevated risk levels	Review of products and solutions	<ul style="list-style-type: none"> • Risk assessments to identify products with an elevated risk level, for example, in the areas of oil & gas, marine hoses for oil and gas, healthcare & medical and aerospace. • Legal review and risk assessment of contracts and processes concerning production and project management. 	Training and workshops that follow operationally specific risk assessments of products and contracts. The concept was initiated within the Trelleborg Offshore & Construction business area and has now been expanded to selected areas of the Group, such as aerospace and healthcare & medical.
Substandard and inappropriate agreements	Examination of agreements	<ul style="list-style-type: none"> • Comprehensive training in issues concerning agreements. • Legal examination and evaluation of contracts in 11 prioritized areas. 	Further development of external services for focused and fast examination of contracts to facilitate business processes.

OPERATIONAL RISKS, CONT.

Major risks	Focus	Management	Initiated and ongoing activities
Negative environmental impact	Review of the sites' local environment and focus on hazardous materials and chemicals	<ul style="list-style-type: none"> • Mapping of environmental risks for all new construction and acquisitions. • Continuous surveillance of the sites in question and a focus on the handling of chemicals, rainwater and the risk of flooding. • Update of list of materials with restrictions (see page 26), in relation to the use of chemicals and continued environmental assessments at the point of acquisition. 	<p>Increased surveillance and monitoring of the handling of chemicals.</p> <p>Establishment of ISO 14001 multi-site certification, which results in increased standardized analysis and control.</p> <p>Establishment of a Group-wide steering committee for chemicals, Global Chemical Task Force.</p> <p>Further expand the internal list of chemical restrictions. Phase out chemicals with significant environmental and health effects.</p>
Risk of injury at sites	Protection of critical sites	<ul style="list-style-type: none"> • External and internal analyses of the Group's operations with regard to results of critical sites. • Guidelines for new building and site upgrades. • Increase the number of risk-classified sites being upgraded to Highly Protected Risk level (HPR). Improve the lowest performing and most critical sites. 	<p>Selection of Group-wide risk areas and customization of injury-preventing guidelines and increased monitoring.</p> <p>Increased focus on and monitoring of major risks at critical sites.</p> <p>More in-depth mapping of natural disaster risks, with a particular focus on flooding.</p>
Disruptions to critical IT systems	Minimize disruptions	<ul style="list-style-type: none"> • Improved level of service in terms of the IT infrastructure. • Implement upgrades in a structured, Group-wide manner. • Ensure compliance with legal requirements in the countries in which the Group operates. • Improve information security in and between systems. 	<p>Structuring of new Enterprise Resource Planning (ERP) implementations and increased monitoring of Internal Control.</p> <p>Localization of servers and review of physical protection and information security.</p>

STRATEGIC RISKS

Major risks	Focus	Management	Initiated and ongoing activities
Commercial failures	New product segments, major projects and acquisitions	<ul style="list-style-type: none"> • Acquisition survey and examination program within the areas of finance, operations and legal. • Central approval of new products in selected segments, such as healthcare & medical and aerospace. 	<p>Increased business support when establishing new product segments and larger projects concerning responsible risk management, legal risks and new establishments of operations.</p>

MANAGING SUSTAINABILITY IN TRELLEBORG

TRELLEBORG'S SUSTAINABILITY GOVERNANCE



Code of Conduct and monitoring. A pillar of the internal sustainability work is Trelleborg's Code of Conduct (new version launched in 2019, see also page 22) and policies in the areas of environment, occupational health and safety (OHS) and ethics. The Code is based on internationally recognized conventions and guidelines, such as the Universal Declaration of Human Rights, the ILO conventions, the OECD guidelines and the UN Global Compact, which Trelleborg signed in 2007.

The Code of Conduct applies to all employees without exception, and training in the content of the Code is mandatory for all employees. Refer to page 22.

Internal sustainability governance is further supported by various types of internal audits, within the framework of the occupational Safety@Work program and the ISO 14001 environmental management system. Random external audits are also carried out, such as initiatives to monitor compliance with the Code of Conduct.

Whistleblower Policy. Trelleborg's Whistleblower Policy also supports the sustainability framework. The Whistleblower Policy enables all employees to report suspected legal or regulatory violations without repercussion. Reports can be submitted by phone or online in the employee's own language.

Reporting and external reporting. The internal collection of data relates to all units included in the Group during the

relevant period and is mainly performed within the framework of monthly reporting via Manufacturing Excellence (see page 33 in the Annual Report 2018) and via specific sustainability reporting from all Trelleborg units twice per year. The same system is used to report both financial and sustainability data.

The external reporting of sustainability issues that is published in Trelleborg's Annual Report and in the annual, more comprehensive Sustainability Report is based on the GRI Standards guidelines, according to the Core option. The separate Sustainability Report contains detailed descriptions and an index to clarify exactly how the report follows the GRI guidelines.

In addition, there is a Sustainability section under *About Us* on Trelleborg's website www.trelleborg.com, from where Annual Reports and Sustainability Reports can be downloaded, including those published in previous years. The Sustainability Reports also serve as Trelleborg's annual Communication on Progress (COP) reports for the UN Global Compact.

Organization. At Board level, the Audit Committee has been assigned to monitor the Group's work with sustainability issues.

Starting in 2016, the entire Board was regularly presented with case stories during meetings from Trelleborg's daily sustainability work. A more in-depth review of sustainability targets and indicators for each focus area for the coming period is also presented at the annual Board meeting

after mid year. Overall, this clearly reflects the Board's commitment to the strategic direction.

The operational sustainability organization is led by a Steering Committee comprising the managers of Group Legal, Group Communications and HR staff functions, while the day-to-day activities take place in the Sustainability Forum, a group comprising representatives from the Communications, Legal, Environment, HR, Purchasing and Finance/Treasury staff functions, and from the Manufacturing Excellence Program, as well as out in the operational units.

Direct responsibility for environmental and occupational health and safety (OHS) issues is locally delegated – each production plant has an environmental coordinator and an OHS officer.

ORGANIZATION



SUSTAINABILITY TEN-YEAR OVERVIEW

Focus area	Key figures	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Compliance											
Compliance (general)	Number of material breaches of laws and permits during the year	0	0	0	0	0	0	0			
Compliance (environmental)	Number of breaches of laws and permits resulting in fines or sanctions	2	5	3	4	3	0	2	4	2	2
Discrimination	Number of reported cases	7	5	5	8	1	1	8	4	6	3
Freedom of association	Number of employees that are represented by a trade union through collective agreements	54	53	54.7	52.2	48.1	51.5	43.5	49	53	50
Child and forced labor	Number of reported cases	0	0	0	0	0	0	0	0	0	0
Supplier reviews	Reviewed suppliers' share of the relevant purchasing spend	85.5	84	80.6	84	84	81.4	79.5	75	25	
	Number of audits of at-risk suppliers during the year (started 2015)	22	15	14	12						
Resources											
Employees	Number of employees at year-end	24,045	23,152	23,245	16,450	16,552	15,825	15,280	21,307	20,393	21,119
Health and safety	LWC (Lost Work Cases – cases resulting in at least one day's absence)	422	438	402	238	223	209	255	384	416	553
Energy	Total energy consumption, GWh	1,486	1,493	1,248	942	903	873	859	1,232	1,198	1,288
	Energy consumption, GWh per SEK M	0,044	0,047	0,047	0,038	0,040	0,041	0,040	0,042	0,044	0,048
Climate	Total CO ₂ emissions, metric tons	401,900	487,200	385,000	280,000	276,900	260,800	244,600	385,000	347,000	377,000
	CO ₂ emissions, metric tons per SEK M	11.8	15.4	14.2	11.3	12.3	12.1	11.5	13.2	12.8	13.9
Water	Water usage, million m ³	2.32	2.36	2.18	1.85	1.98	2.0	1.9	2.7	2.5	2.5
	Water usage, m ³ per SEK M	68.1	74.7	80.4	74.6	87.7	88.5	90.9	92	91.9	92.4
Emissions	VOC emissions, metric tons	655	952	1,005	903	1,195	1,049	854	1,816	1,737	1,256
	VOC emissions, metric tons per SEK M	0,019	0,030	0,037	0,036	0,053	0,049	0,040	0,062	0,064	0,046
	SO _x emissions, metric tons	181	187	184	204	216	189	263	391	358	257
	NO _x emissions, metric tons	62	65	54	45	41	38	42	60	57	55
Waste	Waste, metric tons	54,600	53,500	50,600	44,500	44,700	45,350	43,400	62,100	59,300	59,400
	Waste, metric tons per SEK M	1.6	1.7	1.9	1.8	2.0	2.1	2.0	2.1	2.2	2.2
Diversity											
Gender	Percentage of women on the Board	38	38	33	33	29	29	29	29	29	14
	Percentage of women at levels 4–5, %	26	27	24							
Ethnicity	Number of nationalities at levels 1–3, %	15	13	13	10						
Community Involvement											
Financial key figures	Sales, SEK M	34,005	31,581	27,145	24,803	22,515	21,473	21,262	29,106	27,196	27,059
	Economic value distributed among stakeholders, SEK M	31,148	29,127	25,053	22,797	20,808	20,211	19,850	27,010	24,795	23,812
	Taxes paid, SEK M	919	732	593	472	627	587	460	480	294	258

All data in this overview was reported in the respective years.



Trelleborg Series B share has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe as of March 6, 2019. The ESI index comprises companies that are included in the Russell Global Index and that display the best results in the area of Corporate Social Responsibility.

SUSTAINABILITY REPORTING – SCOPE, CHANGES, PRINCIPLES AND ASSURANCE

Scope. This is Trelleborg Group's Sustainability Report for 2018, which is the first reporting year according to the GRI Standards – Core guidelines. The Sustainability Report is published annually (previous release was in March 2018), both integrated into the Annual Report and in the form of an extended standalone Sustainability Report in pdf format. The latter version also serves as a yearly Communication on Progress to the UN Global Compact, which Trelleborg signed in 2007. It covers Trelleborg performance and commitments related to environment, health, safety and social issues, including business ethics.

The aim is that the report shall give an accurate overview of the Group's status and activities in the above areas. The intended target group is everyone concerned about Trelleborg: shareholders, investors, employees, customers and suppliers, authorities, the media, students and researchers, and local stakeholders/neighbors.

» Unless otherwise stated, the data presented refer to calendar year 2018.

» Figures for the preceding year (2017) are shown in parentheses.

» The report covers all Trelleborg's legal entities where ownership exceeds 50 percent, including all production and non-production units, except where otherwise stated.

The extensive GRI Index in this Sustainability Report contains the required Management Approach Disclosures (MADs) as well as omissions related to certain disclosures.

This report is in line with the requirements in

the Swedish Annual Accounts Act concerning the seven responsibility areas it mentions: business model, risks, policy/target, anticorruption, environment, human rights and social conditions, see the table on page 49.

Significant changes from previous report. The basis of this Sustainability Report 2018 is an updated materiality analysis made by Trelleborg. The four focus areas *Compliance, Resources, Diversity and Social Engagement* continue to comprise the most important sustainability aspects and indicators from internal and external stakeholder perspectives. The area *Innovative solutions for better sustainability* is still considered a new area for the future, see pages 12–15.

Changes in the 2018 report compared to 2017 are made basically to make it compliant with GRI Standards requirements. Examples are more detailed reporting with regard to health and safety and waste disclosures.

In general, corrections to previous years' figures or data are only made when really significant, and are always highlighted.

The latest large Trelleborg acquisitions, such as the one of CGS holding (made in 2016) still affect Group performance, which is commented on in the Report in several places.

Reporting principles. For this Report, each Trelleborg unit submits data into the common reporting system, in accordance with the Group's standards for Sustainability reporting and Manufacturing Excellence reporting.

Reports from units acquired or divested

cover the period of the year when they have actually been part of the Trelleborg Group.

It is the responsible manager for each unit that carries ultimate responsibility for the sustainability data provided, while the reporting itself, including data correctness and quality assurance, is carried out under the supervision of each unit's financial controller/director, also involving input from environmental, HR, purchasing and other specialists.

In addition, quality checks are performed by relevant Group functions, whereby data is compared to figures from previous years and data from similar facilities, and verified through random sampling against other available information.

» The reporting of indirect carbon emissions complies with CDP's recommendations, which means that conversion factors from the IEA were applied.

» Safety@Work is a production facility program exclusively, which affects the Health and Safety reporting of Lost Work Cases, LWC, and other connected indicators.

External assurance. Deloitte has performed a limited assurance of Trelleborg's Sustainability Report 2018. The assurance report is to be found on page 48.

An overview of Trelleborg's sustainability work is also found at www.trelleborg.com under About us/Sustainability. Also Environmental, Sustainability and CR reports from prior years are available from this website.

PRODUCTION FACILITIES INCLUDED IN TRELLEBORG'S SUSTAINABILITY REPORT 2018

Australia	Brisbane
	East Bentleigh
	Kewdale
	Perth
Brazil	Barueri, São Paulo
	Feira de Santana
	Macaé
	São José dos Campos
Bulgaria	Pernik
China	Hebei
	Pudong
	Qingdao
	Xiaogan
	Ximei Road, Wuxi
	Xingtai
	Xinzhuang
	Zhongtong
Czech Republic	Hradec Králové
	Mladá Boleslav
	Nachod
	Otrokovice
	Praha
	Velké Poríčí
	Zlín (Šedesátá)
	Zlín (Šternberská)
Zlín (Vavreckova)	
Denmark	Helsingør
Estonia	Kuressaare
Finland	Kiikka
France	Cernay
	Clermont-Ferrand
	Condé-sur-Noireau
	Lyon
	Mirambeau
	Nantes
Germany	Sancheville
	Grossheubach
	Lathen
	Velten

India	Bengaluru
	Husur, Bengaluru
	Jigani Link Road, Bengaluru
Italy	Lodi Vecchio
	Livorno
	Modena
	Pianezza
Latvia	Tivoli
	Liepāja
Lithuania	Tauragė
Malta	Hal Far
Mexico	Guanajuato
	Tijuana
	Tijuana (Pipe Seals)
Netherlands	Ridderkerk
Norway	Mjøndalen
Poland	Bielsko-Biala
	Czechowice-Dziedzice
Serbia	Ruma
Singapore	Singapore
Slovenia	Kranj
	Ptuj
Spain	Izarra
Sri Lanka	Kelaniya (Trelleborg Lanka)
	Kelaniya (Trelleborg Tyres Lanka)
	Malwana
Sweden	Ersmark
	Forsheda (Mixing)
	Gävle
	Havdhem
	Kalmar
	Sävsjö
	Trelleborg (Agri)
	Trelleborg (EF/Mixing)
	Trelleborg (Industrial Solutions)
	Värnamo
	Örebro
	Switzerland

Turkey	Duzce	
	Gebze 1	
	Gebze 2	
UK	Tokat	
	Bridgwater	
	Cadley Hill	
	Hawarden	
	Leicester	
	Nottingham	
	Liepāja	
	Rochdale	
	Rotherham	
	Skelmersdale	
	Tewkesbury	
	Trinity Park	
	USA	Aurora
		Berryville
		Boston
		Bristol
		Broussard
Charles City		
Denver		
El Segundo		
Elk Rapids		
Fort Wayne		
Monson		
Milford (Pipe Seals)		
Morristown		
New Haven		
Niskayuna		
North Smithfield		
Northborough		
Paso Robles		
Queretaro		
Rankin Road		
Rutherfordton		
Salisbury		
Spartanburg		
Streamwood		
Streetsboro		
Tustin		

GRI CONTENT INDEX

Trelleborg's Sustainability Report for 2018 is prepared in accordance with the Global Reporting Initiative guidelines GRI Standards, Core level. The following index shows where information can be found with page references to the printed version of the Annual Report, and to this Sustainability Report 2018. The index lists the GRI disclosures on which Trelleborg has selected to report. All listed disclosures have been subject to limited assurance by Deloitte, see page 48. Unless specified otherwise, the disclosures refer to the 2016 standards.

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
General disclosures				
Organizational profile				
102-1	Name of the organization		4	145
102-2	Activities, brands, products, and services		5, 10–15	1, 14–27, 34–39
102-3	Location of the organization's headquarters		3, 4, 51	Cover, 145
102-4	Location of operations		3, 31	Cover, 30, 145
102-5	Ownership and legal form		4	7–9, 145
102-6	Markets served		3, 11	Cover, 15, 17–27, 31–32, 42–45
102-7	Scale of the organization		3, 31	Cover, 7, 9, 13, 63
102-8	Information on employees and other workers		3, 42	Cover, 106, 143
102-9	Supply chain		23–24	55–56
102-10	Significant changes to the organization and its supply chain		2–3, 43	Cover, 31, 113
102-11	Precautionary Principle or approach		26	58
102-12	External initiatives		7, 12–15, 19–22, 26–27, 41, 49–50	35–37, 42–45, 47, 51–54, 58–59, 68
102-13	Memberships of associations		7, 22, 26, 41	47, 54, 58, 68–69
Strategy				
102-14	Statement from senior decision-maker		7	3–5, 47
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior		10, 22, 24–26, 28, 30, 32, 41	47, 54, 58, 68–69
Governance				
102-18	Governance structure		41	68, 77
Stakeholder engagement				
102-40	List of stakeholder groups		11, 16, 18–19	15, 48, 50–51
102-41	Collective bargaining agreements		22	54
102-42	Identifying and selecting stakeholders		16	48
102-43	Approach to stakeholder engagement		16, 18–19	48, 50–51
102-44	Key topics and concerns raised		17–19	49–51
Reporting practice				
102-45	Entities included in the consolidated financial statements		43	111–112
102-46	Defining report content and topic Boundaries		17–19, 43	49–51
102-47	List of material topics		17–19, 43	49–51
102-48	Restatements of information		28	60
102-49	Changes in the reporting	Changes in the 2018 reporting were exclusively due to adaptation to GRI Standards requirements. No other significant changes were made.	43	
102-50	Reporting period		4, 43	145
102-51	Date of most recent report		4, 43	145
102-52	Reporting cycle		4, 43	145
102-53	Contact point for questions regarding the report		51	145
102-54	Claims of reporting in accordance with the GRI Standards		7, 43	47
102-55	GRI content index		44–47	69
102-56	External assurance		7, 43, 48	47, 141

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
Material topics				
Compliance				
Management Approach Disclosures				
103-1	Explanation of the material topic and its Boundary	<p><i>Management of the focus area Compliance</i></p> <p>Compliance with laws and codes is a fundamental part of Trelleborg's corporate responsibility and is maintained, inter alia, on the basis of Code of Conduct and Group policies.</p> <p>The focus area contains a number of important aspects that are listed and commented on in the Annual and Sustainability Reports and relate to both internal units and applicable external parties, such as partners, suppliers and acquisition candidates. The development of the focus area is primarily driven by the Group Staffs Legal and Purchasing (the latter with responsibility for suppliers).</p> <p>Internal control, compulsory training, targeted training and information (employees), acceptance letters, written self-assessment and auditing (suppliers), as well as transparent sustainability reporting are tools used to achieve the general objective – that no significant violations take place against relevant compliance rules. The whistleblower system is another crucial part of the management approach.</p>	18, 22–25	50, 54–57
103-2	The management approach and its comments			
103-3	Evaluation of the management approach			
Economic performance				
201-4	Financial assistance received from government			103
Anti-corruption				
205-2	Communication and training about anti-corruption policies and procedures	Trelleborg reports an aggregated outcome on Group level only.	22, 25	54, 57
205-3	Confirmed incidents of corruption and actions taken		8, 25, 42	10, 57, 143
Anti-competitive behavior				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		25, 42	57, 143
Effluents and waste				
306-3	Significant spills		23, 25	55, 57
Environmental compliance				
307-1	Non-compliance with environmental laws and regulations		23, 25, 42	55, 57, 143
Supplier environmental assessment				
308-2	Negative environmental impacts in the supply chain and actions taken		24–25	56–57
Non-discrimination				
406-1	Incidents of discrimination and corrective actions taken		8, 23, 25, 42	10, 55, 57, 143
Freedom of association and collective bargaining				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	From a general perspective (ITUC 2014), and from Trelleborg's perspective, China, India and Turkey are among the countries with the highest risks of rights violations.	23, 25, 42	55, 57, 143
Child labor				
408-1	Operations and suppliers at significant risk for incidents of child labor	From a general perspective (Maplecroft 2010), and from Trelleborg's perspective, India and China are among the countries with the highest risks of violations.	8, 23, 25, 42	10, 55, 57, 143
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	From a general perspective (Maplecroft 2010), and from Trelleborg's perspective, India, China, Mexico and Indonesia are among the countries with the highest risks of violations.	8, 23, 25, 42	10, 55, 57, 143
Supplier social assessment				
414-1	New suppliers that were screened using social criteria	Trelleborg reports percentage of suppliers screened against relevant aggregated purchasing value.	8, 23–25, 42	10, 55–57, 143
414-2	Negative social impacts in the supply chain and actions taken	Explaining priority for supplier audits: China is found clearly on top of Trelleborg-relevant country risk ranking (Maplecroft 2010) regarding human/labor rights breaches.	24–25	56–57
Socioeconomic compliance				
419-1	Non-compliance with laws and regulations in the social and economic area		23, 25, 42	55, 57, 143

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
Resources				
Management Approach Disclosures				
103-1	Explanation of the material topic and its Boundary	<p><i>Management of the focus area Resources</i></p> <p>Trelleborg's objectives to be a safe workplace and manage all resources as efficiently as possible constitutes a vital part of the Group's daily operations for all employees and sub-contractors. Core activities for this work are the Manufacturing Excellence and Safety@Work programs.</p> <p>The focus area contains a number of important aspects that are listed and commented on in the Annual and Sustainability Report and mainly relate to internal units, in particular production units. Many of the aspects apply to all production units, while some aspects such as water scarcity-related issues and VOC emissions primarily apply to a limited selection of units. The area's development is primarily driven by Manufacturing Excellence, Human Resources and those locally responsible for health, safety & environmental issues, as well as improvement work in the production units.</p> <p>Instructions and safety regulations, workplace assessments, monthly follow-up, improvement teams, compulsory training, targeted training, and information, as well as transparent sustainability reporting are tools used to achieve satisfactory levels of safety and resource efficiency.</p>	18, 26–29	50, 58–61
103-2	The management approach and its comments			
103-3	Evaluation of the management approach			
Materials				
301-2	Recycled input materials used	The internally recycled material percentage is related to total waste, not to total material input.	29	61
Energy				
302-1	Energy consumption within the organization		26–28, 42	58–60, 143
302-3	Energy intensity		28, 42	60, 143
302-4	Reduction of energy consumption	The company does report the energy consumption in absolute figures. However, Trelleborg has a history of frequent acquisitions and divestments, which makes it necessary to measure energy savings through intensity rather than through absolute energy consumption only.	26–28	58–60
Water and effluents				
303-1 (2018)	Interaction with water as a shared resources		27, 29	59, 61
303-3 (2018)	Water withdrawal		29	61
Emissions				
305-1	Direct (Scope 1) GHG emissions		28	60
305-2	Indirect (Scope 2) GHG emissions		28	60
305-3	Other indirect (Scope 3) GHG emissions	Trelleborg does not report Scope 3 emissions at this stage. A first tentative analysis was however made 2018, and the relevant emission categories of this analysis are stated, as well as the indication that Scope 3 emissions will be addressed in forthcoming climate objective.	21	53
305-4	GHG emissions intensity		8, 28, 42	10, 60, 143
305-5	Reduction of GHG emissions	The company does report GHG emissions in absolute figures. However, Trelleborg has a history of frequent acquisitions and divestments, which makes it necessary to measure emissions through intensity rather than through absolute emissions only.	20, 27–28	52, 59–60
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		27, 29, 42	59, 61, 143
Effluents and waste				
306-2	Waste by type and disposal method		27, 29, 42	59, 61, 143
403-1 (2018)	Occupational health and safety management system		26, 28	58, 60
403-8 (2018)	Workers covered by an occupational health and safety management		26, 28	58, 60
Occupational health and safety				
403-9 (2018)	Work-related injuries	Trelleborg does not report global absentee rate. In some countries where Trelleborg operates, absenteeism is measured mainly for production purposes, which currently causes too large risks of errors to a global figure. High-consequence work-related injuries are not reported.	8, 26, 28, 42	10, 58, 60, 143
403-10 (2018)	Work-related ill health	Work-related illnesses are not reported separately, only together with work-related injuries.	28	60

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
Diversity				
Management Approach Disclosures				
103-1	Explanation of the material topic and its Boundary	<p><i>Management of the focus area Diversity</i></p> <p>Trelleborg's objective to be a workplace characterized by diversity and inclusion is central to both current and future employees. Diversity is a strength for the Group and can drive development forward as an important element in recruitment, training/education, wage setting and succession planning. The objective is about achieving a balanced mix of ethnicity, age and gender for the type of operations conducted.</p> <p>The focus area contains a number of important aspects that are listed and commented on in the Annual and Sustainability Report and mainly relate to internal units. The area's development is primarily driven by Human Resources centrally and locally.</p> <p>Compulsory training, targeted training and information, as well as transparent sustainability reporting, are tools that are used to bring the business closer to the objectives for diversity.</p>	10, 30–32	50, 62–64
103-2	The management approach and its comments			
103-3	Evaluation of the management approach			
Training and occupation				
404-2	Programs for upgrading employee skills and transition assistance programs	Programs included in report are focused on Trelleborg Group University offerings with a clear Diversity aspect.	32	64
Diversity and equal opportunity				
405-1	Diversity of governance bodies and employees	Only gender and white collar age distribution are fully reported.	9, 30–32, 42	11, 62–64, 81, 143
Social engagement				
Management Approach Disclosures				
103-1	Explanation of the material topic and its Boundary	<p><i>Management of the focus area Social engagement</i></p> <p>Trelleborg's role in society extends from global sustainability issues to local programs for development and diversity. The value of the business to society is expressed in innovation for sustainable solutions that protect the environment, people, infrastructure and assets, and in value creation for various stakeholder groups in society. The overall objectives include that the company wants to be perceived as a good corporate citizen who has a given role in sustainable development.</p> <p>The focus area contains a number of important aspects that are listed and commented on in the Annual and Sustainability Report and relate to internal operations as well as external engagement. The focus area's development is primarily driven by Group Communications centrally, and via local initiatives.</p> <p>External projects, stakeholder dialog, education, sponsorship, employee activities, as well as transparent sustainability reporting are tools that are used to achieve objectives for the focus area Social engagement.</p>	10, 34–35	50, 66–67
103-2	The management approach and its comments			
103-3	Evaluation of the management approach			
Economic performance				
201-1	Direct economic value generated and distributed		11, 34, 42	15, 66, 143
Local communities				
413-1	Operations with local community engagement, impact assessments, and development programs		9, 34–35	11, 66–67

The Annual Report 2018 gives an even more complete picture of the business model of Trelleborg than this report.

ALIGNMENT WITH THE SWEDISH ANNUAL ACCOUNTS ACT

Area	Pages in the Annual Report	Pages in this report
Business model	10–46	5–11
Risks	71–75	37–41
Policy/target	10–11, 14–15, 52–55	8–11, 21–23
Anti-corruption	54–55, 57	22–23, 25
Environment	52–53, 58–61	20–21, 26–29
Human rights	51–53	19–21
Social conditions	66–67	34–35

ASSURANCE REPORT – SUSTAINABILITY

Auditor's Limited Assurance Report on Trelleborg AB's Sustainability Report

This is the translation of the auditor's report in Swedish.

TO TRELLEBORG AB (PUBL)

Introduction

We have been engaged by the Board of Directors and the President of Trelleborg AB to undertake a limited assurance engagement of the Trelleborg AB Sustainability Report for the year 2018, on pages 1–47 in this document.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 7 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Trelleborg AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm 28 March 2019
Deloitte AB

Hans Warén
Authorized Public Accountant

Lennart Nordqvist
Expert Member of FAR

UN GLOBAL COMPACT PRINCIPLES

Trelleborg is a signatory to the United Nations Global Compact, a platform for encouraging and promoting good corporate principles and learning experiences in the areas of human rights, labor, environment and anti-corruption. Trelleborg's Code of Conduct serves as an important tool in the Group's sustainability work and implementation of UN Global Compact principles 1–10. The Group's whistleblower policy ensures every employee the right to report suspicions of serious breaches of laws or regulations without any repercussions (see page 10 in this report).

Human rights: Principles 1–2

Principle	Examples of initiatives that actively promote human rights are:
1: Businesses should support and respect the protection of internationally proclaimed human rights.	» Targets and outcomes 2018 (see pages 8–9) » Stakeholder dialog focusing on material aspects (see pages 16–19)
2: Businesses should make sure that they are not complicit in human rights abuses.	» The area of human rights (see pages 23–25) » Diversity provides opportunities (see pages 30–32) » Risks and risk management (see pages 37–40)

Labour: Principles 3–6

Principle	Examples of initiatives that actively promote labour standards are:
3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	» Targets and outcomes 2018 (see pages 8–9) » Stakeholder engagement 2018, examples and main areas for dialog (see page 18)
4: Businesses should uphold the elimination of all forms of forced and compulsory labour.	» Child and forced labour (see pages 23, 25)
5: Businesses should uphold the effective abolition of child labour.	» Freedom of association (see pages 23, 25) » Suppliers (see pages 24–25)
6: Business should uphold the elimination of discrimination in respect of employment and occupation.	» Diversity provides opportunities (see pages 30–32) » Risks and risk management (see pages 37–40)

Environment: Principles 7–9

Principle	Examples of initiatives that actively promote environmental responsibility are:
7: Businesses should support a precautionary approach to environmental challenges.	» Targets and outcomes 2018 (see pages 8–9) » Innovative solutions for better sustainability (see pages 12–13)
8: Businesses should undertake initiatives to promote greater environmental responsibility.	» Solutions for better sustainability and the UN's Global Goals (see pages 14–15)
9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	» Trelleborg and climate: how to build the way forward? (see pages 20–21) » Safe and efficient use of resources (see pages 26–29) » Risks and risk management (see pages 37–40)

Anti-corruption: Principle 10

Principle	Examples of initiatives that actively promote anti-corruption are:
10: Businesses should work against corruption in all its forms, including extortion and bribery.	» Targets and outcomes 2018 (see pages 8–9) » Anti-corruption and competition law (see pages 22, 25) » The new Code of Conduct is the basis for regulatory compliance (see page 22) » Suppliers (see pages 24–25) » Risks and risk management (see pages 37–40)

UN GLOBAL COMPACT ADVANCED CRITERIA

Trelleborg has been part of the UN Global Compact Program since 2007. Trelleborg's intention is to continue the development of our sustainability performance and disclosure with yearly Communication on Progress (COP) reports. Read more at our Sustainability Web pages: www.trelleborg.com/About Us/Sustainability

Trelleborg reports to UN Global Compact on the GC Advanced level. The GC Advanced level criteria aim to create a higher standard for sustainability performance and disclosure. This Communication on Progress report describes how Trelleborg meets the GC Advanced Criteria in the areas of sustainability governance and leadership, how the ten principles of the UN Global Compact are implemented, and how the UN goals and issues are met.

The UN Sustainable Development Goals (SDG) introduced in 2015 encompass 17 areas that are of key significance to the world. Trelleborg has identified seven areas where the Group has the capacity – through its innovative engineered solutions – to make an important contribution to social development (see the image to the right). For more information about Trelleborg's solutions for better sustainability, see pages 12–15 in this report.



UN Global Compact Advanced level and how it correlates to the sustainability work of Trelleborg in our 2018 reporting

CRITERION 1: The COP describes mainstreaming into corporate functions and business units

Reference:

COP: 7–11, 41

Annual Report: 10–11, 14–15, 47, 68

CRITERION 2: The COP describes value chain implementation

Reference:

COP: 7–11, 16–19

Annual Report: 10–11, 14–15, 47–51

CRITERIA 3, 6, 9, 12: The COP describes robust commitments, strategies or policies in each of the four issue areas (human rights, labour, environment, anti-corruption)

Reference:

COP: 7–35

Annual Report: 10–11, 14–15, 34–37, 47–68

CRITERIA 4, 7, 10, 13: The COP describes effective management systems to integrate the principles in each of the four issue areas (human rights, labour, environment, anti-corruption)

Reference:

COP: 7–35

Annual Report: 10–11, 14–15, 34–37, 47–68

CRITERION 5, 8, 11, 14: The COP describes effective monitoring and evaluation mechanisms in each of the four issue areas (human rights, labor, environment, anti-corruption)

Reference:

COP: 20–35, 41

Annual Report: 54–68

CRITERION 15: The COP describes core business contributions to UN goals and issues

Reference:

COP: 14–15

Annual Report: 36–37

CRITERION 16: The COP describes strategic social investments and philanthropy

Reference:

COP: 34–35

Annual Report: 66–67

CRITERION 17: The COP describes advocacy and public policy engagement

Reference:

COP: 34–35

Annual Report: 66–67

CRITERION 18: The COP describes partnerships and collective action

Reference:

COP: 34–35

Annual Report: 66–67

CRITERION 19: The COP describes CEO commitment and leadership

Reference:

COP: 7, 41

Annual Report: 3–5, 47, 68

CRITERION 20: The COP describes Board adoption and oversight

Reference:

COP: 41

Annual Report: 68, 76–81

CRITERION 21: The COP describes stakeholder engagement

Reference:

COP: 16–35

Annual Report: 48–68

ADDRESSES

Head offices

Trelleborg AB (publ)

PO Box 153, SE-231 22 Trelleborg, Sweden
 Visitors: Johan Kocksgatan 10
 Tel: +46 410 670 00
 Internet: www.trelleborg.com

Trelleborg Treasury

PO Box 7365, SE-103 90 Stockholm, Sweden
 Visitors: Jakobsbergsgatan 22
 Tel: +46 8 440 35 00

Business areas

Trelleborg Coated Systems

Strada Provinciale 140
 IT-268 55 Lodi Vecchio, Italy
 Tel: +39 37 140 61
 e-mail: coated.systems@trelleborg.com

Trelleborg Industrial Solutions

SE-231 81 Trelleborg, Sweden
 Visitors: Johan Kocksgatan 10
 Tel: +46 410 510 00
 e-mail: industrial-solutions@trelleborg.com

Trelleborg Offshore & Construction

SE-231 81 Trelleborg, Sweden
 Visitors: Johan Kocksgatan 10
 Tel: +46 410 510 00
 e-mail: offshore.construction@trelleborg.com

Trelleborg Sealing Solutions

Schockenriedstrasse 1
 DE-70565 Stuttgart, Germany
 Tel: +49 711 786 40
 e-mail: sealing.solutions@trelleborg.com

Trelleborg Wheel Systems

Via Naz, Tiburtina, 143
 IT-00010 Villa Adriana (Roma), Italy
 Tel: +39 774 38 41
 e-mail: wheel.systems@trelleborg.com



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Trelleborg is a world leader in engineered polymer solutions that seal, damp and protect critical applications in demanding environments. Its innovative solutions accelerate performance for customers in a sustainable way.

The Trelleborg Group has annual sales of about SEK 34 billion and operations in about 50 countries. The Group comprises five business areas: Trelleborg Coated Systems, Trelleborg Industrial Solutions, Trelleborg Offshore & Construction, Trelleborg Sealing Solutions and Trelleborg Wheel Systems.

The Trelleborg share has been listed on the Stock Exchange since 1964 and is listed on Nasdaq Stockholm, Large Cap.

WWW.TRELLEBORG.COM