

Second-Party Opinion

Trelleborg Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Trelleborg Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – R&D and Production of Solutions for Sustainability, Green Buildings, Pollution Prevention and Control, Renewable Energy, Clean Transportation and Energy Efficiency – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 9, 11 and 12.



PROJECT EVALUATION AND SELECTION Trelleborg's Green Finance Committee comprised of the Head of Sustainability, the Head of Treasury and the CFO is responsible for evaluating and selecting eligible projects. Trelleborg's Code of Conduct and Environmental Policy are applicable to all allocation decisions made under the Framework. Sustainalytics considers the risk management process to be adequate and the project evaluation and selection process in line with market practice.



MANAGEMENT OF PROCEEDS Trelleborg's Finance Department will be responsible for the management and allocation of proceeds using an earmarked account. Trelleborg intends to allocate all the proceeds to eligible projects within two years of issuance. Pending allocation, unallocated proceeds will be placed in liquidity reserves. This is in line with market practice.



REPORTING Trelleborg intends to report on allocation of proceeds in its Green Finance Investor Report on an annual basis until full allocation. Allocation reporting will include the total amount of proceeds allocated to eligible projects, the type of financing instruments utilized and respective outstanding amounts, share of financing versus refinancing, the allocated amounts per project category and geographical distribution and the amount of unallocated proceeds. In addition, Trelleborg is committed to reporting on relevant impact metrics where feasible. Sustainalytics views Trelleborg's allocation and impact reporting as aligned with market practice.

Evaluation date December 27, 2022

Issuer Location Stockholm, Sweden

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For inquiries, contact the Sustainable Finance Solutions project team:

Flora Mile (Amsterdam)
Project Manager
flora.mile@sustainalytics.com
(+31) 20 205 0087

Siga Wu (Amsterdam)
Project Support

Poonam Tarekar (Mumbai)
Project Support

Andrew Johnson (Paris)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

Trelleborg AB (“Trelleborg” or the “Company”) manufactures products to seal, damp and protect critical applications for a multitude of industries. The Company focuses on improving functionality, productivity and minimizing energy waste for customers in transportation equipment, aerospace and other industrial markets. Founded in 1905, the Company is headquartered in Trelleborg, Sweden, and is currently operating in 48 countries with over 21,000 employees.

Trelleborg has developed the Trelleborg Green Finance Framework (the “Framework”) under which it intends to issue¹ green bonds, and use the proceeds to finance or refinance, in whole or in part, existing and future projects that advance the transition to a low-carbon and climate-resilient economy. The Framework defines eligibility criteria in six areas:

1. R&D and Production of Solutions for Sustainability
2. Green Buildings
3. Pollution Prevention & Control
4. Renewable Energy
5. Clean Transportation
6. Energy Efficiency

Trelleborg engaged Sustainalytics to review the Trelleborg Green Finance Framework, dated December 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).² The Framework will be published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA,
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Trelleborg’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Trelleborg’s representatives have confirmed that (1) they understand it is the sole responsibility of Trelleborg to ensure that the information provided is complete, accurate or up to date; (2) they have provided Sustainalytics with all relevant information and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Trelleborg AB.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible

¹ Trelleborg Treasury AB (publ), a wholly owned subsidiary of Trelleborg, may issue debt instruments under the Framework.

² The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

³ The Trelleborg Green Finance Framework will be made available on Trelleborg’s website at: <https://www.trelleborg.com/en/investors/debt-investors>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Trelleborg is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Trelleborg has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Trelleborg Green Finance Framework

Sustainalytics is of the opinion that the Trelleborg Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of Trelleborg's Green Finance Framework:

- Use of Proceeds:
 - The eligible categories – R&D and Production of Solutions for Sustainability, Green Buildings, Pollution Prevention and Control, Renewable Energy, Clean Transportation and Energy Efficiency – are aligned with those recognized by the GBP.
 - Trelleborg has defined a look-back period of three years for its refinancing activities, which Sustainalytics considers as aligned with market practice.
 - Trelleborg has confirmed to Sustainalytics that R&D expenditures under the Framework will be limited to 10% of the net proceeds. Sustainalytics notes that the Framework allows for the financing of acquisitions which will improve Trelleborg's ability to deliver products in the eligible areas. In all cases, only the book value of the sustainable share of any acquisitions shall be eligible for allocation.
 - Under the R&D and Production of Solutions for Sustainability category, Trelleborg may finance, or refinance expenditures related to R&D, manufacturing and acquisition of the following equipment:
 - Necessary components for renewable energy systems, such as seals and gaskets for wind turbines, offshore wind farms and solar power installations. Sustainalytics considers financing the development of such items to be aligned with market practice.
 - Sealing technologies that improve energy efficiency for facades, windows and doors. Sustainalytics views that these investments are expected to contribute to the advancement of energy-efficient buildings and encourages the Company to report, where possible, on the enabled energy savings.
 - Bearings and mounts for use in the rail sector or electrically powered machinery that decrease noise and vibrations. Sustainalytics recognizes the benefits of the deployment of such components in relation to decreased noise pollution and extended asset life, reducing the need for repairs or replacements and the accompanying energy and resource expenditures, while also noting that the anticipated direct environmental benefits are not impactful and difficult to quantify. Sustainalytics encourages Trelleborg to report on any estimated environmental impact of the financing.
 - Clean transportation solutions to reduce railway maintenance such as axle bush and solutions to reduce energy losses, noise, or vibrations. Sustainalytics expects this R&D will yield increased energy and resource efficiency, enabling the reduced maintenance of clean transportation assets.
 - Trelleborg may also finance seals for electric vehicles (EV) and bicycle tires, Sustainalytics notes that seals are necessary components for EVs and bicycle tires helping to achieve longer vehicle life. Trelleborg has confirmed to Sustainalytics that

- financing under the framework will be limited to components that are specifically designed for use on these two types of vehicles. Sustainalytics considers it good practice to finance specialized components that enable vehicles to be low-carbon or zero emissions, such as EV batteries, while noting that components financed under the Framework are customized components and different from those used on internal combustion engine (ICE) vehicles.
- Solutions that extend the life of sustainable water and wastewater management systems, such as pipe seals for drinking water or wastewater systems and technology for the repair of sewer pipes. Trelleborg confirmed that solutions and technologies dedicated to the fossil fuel industry or operation will be excluded. Sustainalytics considers assets for the distribution of water and wastewater management, in particular solutions that lead to improved performance or extend the lifespan of such assets, to be supportive of positive environmental impacts and aligned with market practice.
 - Watertight solutions such as storm surge barriers, dry docks and lock systems. Sustainalytics considers solutions supporting watertight systems that have a specifically targeted environmental outcome as aligned with market practice.
- Under the Green Buildings category Trelleborg may finance or refinance the following:
 - Buildings that are at least 20% more energy efficient than the local nearly zero-energy building requirements.⁵
 - Buildings that have achieved DGNB Gold⁶ or an equivalent green building certification. Sustainalytics considers DGNB Gold as a credible green building certification and notes that it is market expectation to specify all eligible schemes and certifications. Sustainalytics encourages Trelleborg to report on any specific schemes and certifications it intends to use.
 - Renovation of existing buildings that leads to at least a 30% improvement in energy efficiency. Trelleborg confirmed that the financing will be limited to the renovation cost associated with the 30% improvement.
 - Sustainalytics considers investments under this category to be aligned with market practice.
 - Under the Pollution Prevention and Control category, Trelleborg may finance or refinance projects to reduce waste, notably waste going to landfill, as well as reducing hazardous waste and emissions into air. Trelleborg has clarified to Sustainalytics that expenditures under this category may include: i) the improvements of production process that lead to a reduction of production waste; ii) processing recyclable waste into secondary raw materials such as processing wasted steel chips into raw material; and iii) acquisition of machines with less air emissions. Trelleborg confirmed that fossil fuel-powered technology or equipment and technologies applied in fossil fuel or hard-to-abate industries will be excluded. Sustainalytics considers this to be in line with market practice.
 - Under the Renewable Energy category, Trelleborg may finance or refinance on-site installations of photovoltaics and solar panels, wind power, geothermal heating and cooling with zero emissions, related infrastructure to connect renewable sources, and boiler conversion to biogas solutions. Trelleborg has clarified to Sustainalytics that feedstock for bioenergy will be limited to forestry and agricultural residues.
 - Under the Clean Transportation category, the Company may finance or refinance: i) electric vehicles; ii) hybrid vehicles; iii) hydrogen vehicles; and iv) related infrastructure such as EV charging stations and hydrogen fuelling stations. Sustainalytics considers financing under this category to be aligned with market practice. Trelleborg has confirmed to Sustainalytics that hybrid vehicles financed under the Framework will be limited to those with emissions thresholds below 75 gCO₂/km or 120.7 gCO₂/mile based on WLTP lab tests.
 - Under the Energy Efficiency category, the Company may finance or refinance projects that lead to at least 20% of energy efficiency improvement in production processes, which may include: i) investment in production processes to increase the circularity of its products; ii) buy-back programmes through which Trelleborg will buy back used materials from its customers for

⁵ European Commission, "Energy Performance of Buildings Directive", at:

https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

⁶ DGNB, at: <https://www.dgnb.de/en/>

recycling and repurposing; iii) investment in the Company's capacity to use secondary raw material in production; and iv) investment in systems that monitor the Company's energy consumption. Trelleborg confirmed the exclusion of energy efficiency improvements in fossil fuel or hard-to-abate industries and fossil fuel-powered technologies or equipment. Sustainalytics considers activities under this category in line with market practice.

- Project Evaluation and Selection:
 - Trelleborg's Green Finance Committee (GFC) which comprises the Company's Head of Sustainability, the Head of Treasury and the CFO will be responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. The GFC will ensure that the projects comply with applicable laws and regulations as well as the Company's environmental and social sustainability policies including the Code of Conduct and Environmental Policy. Sustainalytics considers this environmental and social risk management process to be adequate and aligned with market expectation. For additional details see Section 2.
 - Based on the cross-functional oversight for project selection and the presence of risk management systems, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Trelleborg's Finance Department will manage and allocate the proceeds using an earmarked account, where an amount equal to the net proceeds will be deposited.
 - The Company intends to allocate all proceeds within one year and no later than two years from the time of issuance. Pending allocation, proceeds will be placed in liquidity reserves and managed accordingly.
 - Based on the use of a tracking account and the disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Trelleborg intends to report on the allocation of proceeds and corresponding impact in its Green Finance Investor Report on an annual basis until full allocation.
 - Allocation reporting will include the amount of proceeds allocated to eligible projects, the type of financing instruments issued and the outstanding amounts, the share of financing versus refinancing, the allocated amount by category and geographical distribution and the amount of unallocated proceeds.
 - The Company is committed to reporting on relevant impact metrics, where feasible, such as annual GHG savings and annual energy savings. For a complete list of impact indicators, refer to Appendix 1.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Trelleborg Green Finance Framework aligns with the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Trelleborg

Contribution to Trelleborg AB's sustainability strategy

Sustainalytics is of the opinion that Trelleborg demonstrates a commitment to sustainability through its sustainability strategy which focuses on key environmental areas, including renewable energy, energy efficiency, innovation and resource efficiency.⁷

In 2021, Trelleborg has introduced a new climate target "50 by 25" under which it commits to reducing scope 1 and scope 2 CO₂ emissions by 50%, relative to sales by 2025 with 2020 as a baseline year.⁸ In addition to the 2025 target, Trelleborg aims to achieve carbon neutrality in its operations by the end of 2035. To achieve the Company's medium- and longer-term goals, Trelleborg plans to increase its reliance on renewable energy sources through investments in wind, solar and hydropower generation, and the facilities' local energy supply.

In addition to the Company's commitments to reducing its carbon emissions, Trelleborg has a number of sustainability-led initiatives focusing on energy efficiency, circularity and innovation, including: i) Polymers for

⁷ Trelleborg AB's website at: <https://www.trelleborg.com/en/sustainability>

⁸ Trelleborg, "Sustainability Report 2021", at: <https://www.trelleborg.com/en/sustainability/sustainability-report-summary-2021>

Tomorrow; ii) Blue Dimension – solutions for better sustainability; and iii) Manufacturing Excellence. Polymers for Tomorrow is one of Trelleborg’s development groups focusing on partnerships with stakeholders to increase the resource efficiency of the products through the use of bio-based, recycled raw materials and sustainable raw materials. Blue Dimension is an initiative that provides solutions for Trelleborg’s client to reduce environmental impact by saving energy, cutting emissions, minimizing soil compaction in agriculture and prolonging low-maintenance product life.⁹ Lastly, Trelleborg’s Manufacturing Excellence programme has a dedicated focus on improving energy efficiency across the Company’s operations.

Sustainalytics is of the opinion that the Trelleborg Green Finance Framework is aligned with the Company’s overall sustainability strategy and initiatives and will further the Company’s action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to waste and chemicals management and occupational health and safety.

Sustainalytics is of the opinion that Trelleborg is able to manage or mitigate potential risks through implementation of the following:

- Trelleborg has established a Global Chemical Task Force team to ensure compliance with EU REACH¹⁰ and to manage chemical substances involved in the Company’s businesses. The team documents and assists the business units within the Company to phase out and replace chemical substances that are currently considered harmful. Using an internal restricted materials list, the Team also monitors substances that may be of interest in the future.
- Trelleborg’s relevant production and development are required to implement and maintain a certified environmental management system according to ISO 14001 (Environmental Management) multi-site certification, which reflects the Company’s increased standardized analysis and control.¹¹
- Trelleborg has in place an Environment, Health and Safety Policy¹² to ensure a safe and healthy workplace. The Company instructs contractors in relevant health and safety matters and requires them to follow relevant regulations and specific safety instructions of the Company.
- Through its Code of Conduct, Trelleborg requires its employees, suppliers, sales agents, distributors and consultants to adopt principles in relation to identifying risks associated with compliance, health and safety, diversity, non-discrimination, harassment and social engagement. Trelleborg ensures adherence to the principles of its Code of Conduct by providing appropriate training and awareness sessions to all its employees, conducting risk assessments for risks related to health and safety, corruption and anti-bribery, discrimination, etc., and implementing preventive and corrective measures.
- In addition to the above, Trelleborg has demonstrated a commitment to engage on sustainability issues through its participation in the UN Global Compact, to which Trelleborg signed in 2007.¹³

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Trelleborg has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

⁹ Trelleborg, “Innovation”, at: <https://www.trelleborg.com/en/sustainability/innovation>

¹⁰ European Commission, REACH, at: https://ec.europa.eu/environment/chemicals/reach/reach_en.htm

¹¹ Trelleborg, “Code of Conduct 2020”, at: <https://www.trelleborg.com/-/media/group/about-us/code-of-conduct/code-of-conduct.pdf?rev=2a477c122145490bb5e5adc04077889b?&openpdf=1>

¹² Trelleborg, “EHS Policy”, at:

https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwjK987fKpDxAhXFJTQIHAmJCIQQFjAAegQIBRAD&url=https%3A%2F%2Fwww.trelleborg.com%2Fseals%2F-%2Fmedia%2Ftss-media-repository%2Ftss_website%2Fpdf-and-other-literature%2Fcertificates%2Fehs-policy--issue-7.pdf%3Frev%3D-1%26hash%3D527D681973F719B458F607B55C3E2E73&usq=AOvVaw3I7iRhx83PTzz6ztosvuDE

¹³ Trelleborg, “Code of Conduct 2020”, at: <https://www.trelleborg.com/-/media/group/about-us/code-of-conduct/code-of-conduct.pdf?rev=2a477c122145490bb5e5adc04077889b?&openpdf=1>

Section 3: Impact of Use of Proceeds

All six use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Contribution of green buildings to climate change mitigation across the globe

As per the 2022 Global Status Report on Buildings and Construction, the building sector accounted for around 37% of global energy and process-related CO₂ emissions and 30% of global energy demand in 2021.¹⁴ The building sector globally is not on track to achieve carbon neutrality by 2050.¹⁵ To meet this goal, the sector's direct CO₂ emissions need to reduce by 50% and indirect emissions by 60% globally by 2030.¹⁶ The Global Alliance for Buildings and Construction suggests that to reduce emissions globally, countries must double their investments in energy efficiency improvement over the next five years for all building types.¹⁷ In 2021, the investments in building energy efficiency have increased by 16% compared to 2020,¹⁸ however, the rate of renovation for existing buildings remains at about 1%, which is less than a third of the rate required to meet the Paris Agreement goals.¹⁹

In the EU, buildings accounted for 40% of final energy consumption and 36% of GHG emissions in 2020.²⁰ The EU has put in place several guidelines such as the Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED) which have led to substantial progress in the building sector, including an average annual reduction of 1.5% in household energy consumption per dwelling since 2000.²¹ Nevertheless, around 35% of the EU's buildings are over 50 years old, and almost 75% of the building stock is energy inefficient.²² Renovation of existing buildings is key to achieving energy savings in the EU with the potential of lowering the overall energy consumption by 5-6% and reducing CO₂ emissions by approximately 5%.²³

Sustainalytics is of the opinion that Trelleborg's investments in green buildings are expected to reduce the environmental footprint of the building sector and will contribute towards international decarbonization commitments.

Importance of clean transportation in the global context

The global transport sector is predominantly based on the combustion of fossil fuels, being the second largest source of global carbon emissions and contributing to 25% of the total energy-related CO₂ emissions as of 2021,²⁴ of which 74.5% comes from road vehicles.²⁵ CO₂ emissions from the transport sector (total energy consumption per unit of GDP) jumped by 8% in 2021 after falling an average of 1.4% per year between 2000 and 2018.²⁶ The IEA predicts that energy intensity must drop by about 3% on average annually from 2020 to 2030 to put transport efficiency on track to reach net zero CO₂ emissions from global energy by 2050.²⁷ Further, if no changes are made in the existing global policy scenario, global CO₂ emissions from road transport are expected to rise by 87% between 2020 and 2050.²⁸

¹⁴ United Nations Environment Programme (UNEP), "2022 Global Status Report for Buildings and Construction", at: <https://www.unep.org/resources/publication/2022-global-status-report-buildings-and-construction>

¹⁵ Ibid.

¹⁶ United Nations Environment Programme (UNEP), "Building Sector Emissions Hit Record High, But Low-Carbon Pandemic Recovery Can Help Transform Sector – UN Report" at: <https://www.unep.org/news-and-stories/press-release/building-sector-emissions-hit-record-high-low-carbon-pandemic#:~:text=To%20get%20on%20track%20to,emissions%20by%2060%20per%20cent>.

¹⁷ United Nations Environment Programme (UNEP), "2021 Global Status Report for Buildings and Construction", (2021), at: <https://www.unep.org/resources/report/2021-global-status-report-buildings-and-construction>

¹⁸ United Nations Environment Programme (UNEP), "2022 Global Status Report for Buildings and Construction", at: <https://www.unep.org/resources/publication/2022-global-status-report-buildings-and-construction>

¹⁹ World Economic Forum, "How to Build Smart, Zero Carbon Buildings – And Why It Matters", at: <https://www.weforum.org/agenda/2021/09/how-to-build-zero-carbon-buildings/>

²⁰ European Union, In focus: Energy efficiency in buildings (2020), at: https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en

²¹ Odyssee-Mure, "Energy Efficiency Trends and Policies in the Household and Tertiary Sectors", (2015), at: <https://www.odyssee-mure.eu/publications/br/energy-efficiency-in-buildings.html>

²² European Commission, "Energy Performance of Buildings Directive", at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

²³ European Union, In focus: Energy efficiency in buildings (2020), at: https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en

²⁴ United Nations Environment Programme, "Emissions Gap Report 2022", at: <https://www.unep.org/resources/emissions-gap-report-2022>

²⁵ IEA, "Tracking Transport 2021", at: <https://www.iea.org/reports/transport>

²⁶ Ibid.

²⁷ Ibid.

²⁸ The World Bank, "Motorization Management and The Trade of Used Vehicles: How Collective Action and Investment Can Help Decarbonize the Global Transport Sector – Discussion Part (June 2021)", at: <https://openknowledge.worldbank.org/bitstream/handle/10986/36518/Discussion-Paper.pdf?sequence=1&isAllowed=y>

To reduce the GHG emissions from the road transport sector, the EV100 global initiative to promote the adoption of electric vehicles launched the Drive Electric Campaign in 2019. As part of this campaign, over 100 national, state and city governments representing nearly one-fifth of global transport demand have committed to 100% electrification of road transport by 2030. Several other road transport initiatives also focus on promoting the use of zero-emission vehicles (ZEV), including the International ZEV Alliance²⁹ and the Electric Vehicle Initiative.³⁰ The EU Council has also adopted a target for 100% CO₂ emissions reduction from new cars and vans by 2035 under its Fit for 55 package.³¹ Despite these targets and achievements, the transport sector is still largely dependent on fossil fuels, which accounted for 91% of the total energy consumption from fuels as of 2021.³² Given the anticipated growth in the sector, CO₂ emissions from this sector need to reduce by about 20% to less than 6 Gt by 2030 in line with IEA’s 2050 Net Zero Scenario.^{33,34}

Based on above context, Sustainalytics is of the opinion that Trelleborg’s financing of low-carbon transport vehicles are expected to support the decarbonization of the transport sector.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Trelleborg Green Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
R&D and Production of Solutions for Sustainability	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Green Buildings	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Pollution Prevention & Control	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030 provide access to safe, affordable, accessible, and sustainable transport systems
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030 double the global rate of improvement in energy efficiency.
	9. Industry, Innovation, and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater

²⁹ ZEV Alliance, at: <https://zevalliance.org/international-zev-alliance-announcement/>

³⁰ IEA, “Electric Vehicles Initiative”, at: <https://www.iea.org/programmes/electric-vehicles-initiative>

³¹ European Council, “Fit for 55 package: Council Reaches General Approaches Relating to Emissions Reductions and Their Social Impacts”, at: <https://www.consilium.europa.eu/en/press/press-releases/2022/06/29/fit-for-55-council-reaches-general-approaches-relating-to-emissions-reductions-and-removals-and-their-social-impacts/>

³² IEA, “Tracking Transport 2021”, at: <https://www.iea.org/reports/transport>

³³ Ibid.

³⁴ IEA, “Global Energy and Climate Model”, at: <https://www.iea.org/reports/global-energy-and-climate-model/net-zero-emissions-by-2050-scenario-nze>

Conclusion

Trelleborg has developed the Trelleborg Green Finance Framework under which it may issue green bonds and use the proceeds to finance projects in relation to R&D and production of solutions for sustainability, green buildings, pollution prevention and control, renewable energy, clean transportation and renewable energy. Sustainalytics considers that the projects funded by the green bond proceeds are expected to provide positive environmental impact.

The Trelleborg Green Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and makes commitments for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Trelleborg Green Finance Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that Trelleborg has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Trelleborg AB is well positioned to issue green bonds and that the Trelleborg Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

Appendices

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Trelleborg AB
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Trelleborg Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	December 27, 2022
Publication date of review publication: Original publication date:	Update to 2021 Sustainalytics SPO, published in the month of June.

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – R&D and Production of Solutions for Sustainability, Green Buildings, Pollution Prevention and Control, Renewable Energy, Clean Transportation and Energy Efficiency – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 9, 11 and 12.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input checked="" type="checkbox"/> Other (please specify): R&D and Production of Solutions for Sustainability |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Trelleborg's Green Finance Committee comprised of the Head of Sustainability, the Head of Treasury and the CFO is responsible for evaluating and selecting eligible projects. Trelleborg's Code of Conduct and Environmental Policy are applicable to all allocation decisions made under the Framework. Sustainalytics considers the risk management process to be adequate and the project evaluation and selection process in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
- In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Trelleborg's Finance Department will be responsible for the management and allocation of proceeds using an earmarked account. Trelleborg intends to allocate all the proceeds to eligible projects within two years of issuance. Pending allocation, unallocated proceeds will be placed in liquidity reserves. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Trelleborg intends to report on allocation of proceeds on its Green Finance Investor Report on an annual basis until full allocation. Allocation reporting will include the total amount of proceeds, the type of financing instruments issued and the outstanding amounts, the share of financing versus refinancing, the allocated amount by category and geographical distribution and the amount of unallocated proceeds. In addition, Trelleborg is committed to reporting on relevant impact metrics where feasible. Sustainalytics views Trelleborg's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

Information reported:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>): the type of financing instruments issued and the outstanding amounts, the share of financing versus refinancing, and the amount of unallocated proceeds | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>):
Percentage of recycled raw materials; Whenever relevant, the yearly report will include at least one example of Energy and Resource efficiency; Waste that is prevented, minimized, reused or recycled before and after the project in percent of total waste and/or in absolute amount in tons per year; Number of metric tons processed in the facility; Avoided energy consumption in kWh/m2, or in percentage terms (%) below national building standards; Annual energy consumption avoided in MWh or GWh compared to the relevant building code (for new buildings). Annual absolute (gross) GHG reductions in percentage, number of installed charging stations for electric vehicles, estimate of the reduction in GHG emission as a result of the investment, annual savings (KWh). |

Frequency

- Annual Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify):
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification
 Verification / Audit Rating
 Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include

a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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For more information, visit www.sustainalytics.com

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