



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 to 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 Production of Solutions for Sustainability, Green Buildings, Pollution Prevention and Control, and Renewable Energy – 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 and 12.



PROJECT EVALUATION / SELECTION Trelleborg’s Green Finance Committee, comprising the Head of Sustainability, the Head of Treasury, and the CFO, will be responsible for the evaluation and selection of Eligible Projects per the criteria defined in the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Trelleborg’s Finance Department will be responsible for the allocation of proceeds. The net proceeds raised will be credited to an earmarked account. Trelleborg intends to fully allocate proceeds within a year, and no later than two years from the respective issuance. Pending allocation, proceeds will be placed and managed in Trelleborg’s liquidity reserves. This is in line with market practice.



REPORTING Trelleborg intends to publish a Green Finance Investor Report on its website, on an annual basis and until full allocation. The report will include allocation information such as the total amount of proceeds allocated to eligible projects, the type of financing instrument(s) utilized and respective outstanding amounts, information on the split between new financing and re-financing, 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. Sustainalytics views Trelleborg’s allocation and impact reporting as aligned with market practice.

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For inquiries, contact the Sustainable Finance Solutions project team:

Zach Margolis (Toronto)
 Project Manager
 zach.margolis@sustainalytics.com
 (+1) 647 695 4341

Daniel Sanchez (Toronto)
 Project Support

Anirban Sengupta (Mumbai)
 Project Support

Chetna Chauhan (Mumbai)
 Project Support

Enrico Tessadro (Amsterdam)
 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 50 countries with over 22,000 employees.

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

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

Trelleborg engaged Sustainalytics to review the Trelleborg Green Finance Framework, dated June 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).² This 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 1.9, 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 representatives have confirmed (1) they understand it is the sole responsibility of Trelleborg to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that 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.

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 be the issuer of 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.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised 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 to the four core components of the GBP. Sustainalytics highlights the following elements of Trelleborg's Green Bond Framework:

- Use of Proceeds:
 - The eligible categories – R&D Production of Solutions for Sustainability, Green Buildings, Pollution Prevention and Control, and Renewable Energy – are aligned with those recognized by the GBP.
 - Under the R&D Production of Solutions for Sustainability category, Trelleborg may finance expenditures related to R&D and manufacturing of specified classes of equipment.
 - In addition to internal expenditures, 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.
 - Sustainalytics considers R&D activities to have the potential to drive positive environmental outcomes, while noting that it is more difficult to quantify the direct impacts of R&D related activities, as well as that the GBP are most commonly focused on project expenditures. Sustainalytics notes the following with regards to the specific areas of investment under the Solutions for Sustainability category.
 - 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 these investments as having the potential 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 (eg. rolling stock, track infrastructure, etc.) or for electrically powered machinery which 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 needs for repairs or replacements and the accompanying energy and resource expenditures, while also noting that the anticipated environmental benefits of these activities is difficult to quantify.
 - Clean transportation solutions, such as axle bush technology to reduce railway maintenance and other solutions to reduce energy loss, noise/vibration, as well as various seals for electric cars and bicycle tires. Sustainalytics expects this R&D will yield increased energy and resource efficiency enabling the reduced maintenance of clean transportation assets.
 - Solutions that increase or extend the life of equipment such as pipe seals that support the supply of drinking water or wastewater systems, and technology repair of sewer

- pipes. Trelleborg has confirmed to Sustainalytics that pipe seal technologies will not be used by the oil and gas industry. Sustainalytics considers assets for the distribution of water and wastewater management, in particular those that lead to improved performance and/or extend the lifespan of such green assets, to be supportive of positive environmental impacts to be aligned with market practice.
- Watertight solutions such as surge barriers to bespoke sealing systems. Sustainalytics considers expenditures towards R&D of technologies that support watertight systems that have a specifically targeted environmental outcome as aligned with market practice.
- Under the Green Buildings category, Trelleborg intends to finance buildings that are at least 20% more energy efficient than local Nearly Zero Energy Buildings (NZEB) regulation and that are certified under DGNB "GOLD" or an equivalent certification. In addition, eligible assets include renovated and refurbished buildings that are at least 30% more energy efficient.
 - Sustainalytics views the DGNB to be a credible certification and the level selected, "GOLD", to be indicative of positive impact and aligned with market practice. For Sustainalytics' assessment of this certifications please refer to Appendix 1.
 - Sustainalytics notes that Trelleborg may additionally rely on "equivalent" certifications and notes that best practice is to specify all eligible schemes and encourages Trelleborg to report on any other schemes they intend to include.
 - For the Pollution Prevention and Control category, the Framework includes projects to reduce waste, notably waste going to landfill, as well as reducing hazardous waste and emissions to air.
 - Sustainalytics recognizes the potential of investments in initiatives that divert waste from landfill and consider them to be aligned with market practice.
 - For the Renewable Energy category, the Framework allows for financing of on-site installations of photovoltaics/solar panels, wind power, geothermal heating and cooling with zero emissions, related infrastructure to connect the renewable sources, and boiler conversion to biogas solutions. Sustainalytics views the criteria to be aligned with market practice.
 - Sustainalytics notes that the Company has included exclusionary criteria for the following activities: fossil energy production or potentially environmentally harmful resource extraction such as rare-earth elements of fossil fuels. Sustainalytics is of the opinion that these exclusions further strengthen the Framework.
- Project Evaluation and Selection:
 - Trelleborg's Green Finance Committee (GFC) comprised of the Head of Sustainability, the Head of Treasury, and the CFO, will consult with internal or external advisors, where necessary, and select Eligible Projects that meet the Framework's criteria. The GFC will meet at least once a year, and it will also be responsible for replacing Eligible Projects that no longer meet the eligibility criteria.
 - Based on the establishment of the GFC and its clear delegation of responsibility, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - Trelleborg will deposit an equal amount to the net proceeds of any Green Instrument to an earmarked account. The Company intends to fully allocate within a year and no later than two years from the time of issuance. Trelleborg's Finance Department will be responsible for the tracking and allocation of proceeds.
 - Pending allocation, proceeds will be placed in the liquidity reserves and managed accordingly.
 - Based on Trelleborg's clear definitions of how proceeds will be held, tracked, and disbursed, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - Trelleborg will publish an annual Green Finance Investor Report starting a year after the issuance of the respective Green Finance Instrument. The allocation reporting will include the (i) the total amount of proceeds allocated to eligible projects; (ii) the type of financing instruments utilized and respective outstanding amounts; (iii) information on the split between new financing and re-financing; (iv) the allocated amounts per project category and geographical distribution; and (v) the amount of unallocated proceeds.

- In addition, Trelleborg will include environmental impact metrics, where feasible, such as annual GHG emissions avoided, amount of waste processed, a description of projects as they relate to renewable energy investments or energy and resource efficiency, and green building certification.
- Based on Trelleborg's reporting commitments, 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 to the four core components of the GBP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Trelleborg

Contribution of framework to Trelleborg AB's sustainability strategy

Sustainalytics is of the opinion that Trelleborg demonstrates a commitment to sustainability with a focus on energy efficiency, renewable energy and materials circularity.⁵ The Company has established a sustainability programme that is built around three areas of action: (i) protecting the essential, (ii) climate, circularity and solutions for sustainability, and (iii) maintaining solid material processes.⁶

Trelleborg focuses on innovation as one of its core values. The company has established an innovation strategy which focuses on two areas: "Polymers for Tomorrow," and "Blue Dimension – solutions for better sustainability." Polymers for Tomorrow is Trelleborg's new task force that develops partnerships with stakeholders in three categories: bio-based materials, regenerated/recycled materials and new polymer formulas. The focus of its product development team is to develop engineered polymer solutions. Blue Dimension is an initiative to "protect the environment and people, as well as infrastructure and assets."⁷ The solutions reduce environmental impact by saving energy, cutting emissions, minimizing soil compaction in agriculture and prolonging low-maintenance product life for the customers.

In line with the Paris Agreement target to limit global warming to 1.5°C, Trelleborg's new "50 by 25" climate target for the 2021–2025 period will be applied using 2020 as the base year. As a part of the Company's focus on its environmental impact, Trelleborg has outlined a goal to reduce direct and indirect CO₂ emissions by 50%, relative to sales. The company will increase its reliance on renewable energy sources and advance energy efficiency, and investments will be made locally in the facilities' energy supply.⁸ The CO₂ emissions target for 2025 is to be less than 5.5 tons per SEK M when compared to its value of 10.9 tons per SEK M in 2020. The new climate target was launched in February 2021 combined with the vision of achieving climate neutrality in Trelleborg's own operations, meaning net zero emissions, by the end of 2035.

Trelleborg's earlier "20 by 20" climate target was achieved at the end of 2020, mainly by switching to green electricity and continuous energy efficiency improvements during the period. The target was to become 20% more emissions efficient by the end of 2020, using 2015 as the base year. At the end of the year, Trelleborg had achieved 10.9 tons emissions reduction per SEK M.

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.

Well-positioned to address common environmental and social risks associated with the projects

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

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

⁵ Trelleborg, "Sustainability Report 2020", at: <https://www.trelleborg.com/investors/reports-and-presentations/sustainability-reports>

⁶ Trelleborg, "Sustainability Report 2020" at: <https://www.trelleborg.com/investors/reports-and-presentations/sustainability-reports>

⁷ Trelleborg, "Innovation", at: <https://www.trelleborg.com/sustainability/innovation>

⁸ Trelleborg, "Annual Report 2020", at: <https://www.trelleborg.com/en/investors/reports-and-presentations/annual-reports>

- The Global Chemical Task Force is a corporate team within Trelleborg to comply with EU REACH compliance and to work in the field of chemicals. The team documents and 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. In 2020, the Global Chemical Task Force compiled an internal restricted materials list focusing on prioritized materials. The Global Chemical Task Force leads the work to phase out and replace substances that are considered harmful and monitors such substances that may be of interest in the future, using an internal Restricted Materials List. In addition, Trelleborg has ISO 14001: Environmental Management multi-site certification, which results in increased standardized analysis and control”.⁹
- Trelleborg has in place an Environment, Health and Safety Policy¹⁰ to ensure a safe and healthy workplace. The Company instructs contractors in relevant health & safety matters and expects them to follow relevant regulations and company specific safety instructions.
- Trelleborg’s Code of Conduct identifies the risks associated with compliance, health and safety, diversity and social engagement.
- The Group’s Whistleblower system shall be used when there is reason to suspect that laws, human rights or the Code of Conduct are being violated. Possible such violations include corruption, fraud or harassment. Every employee in the Group should use the Whistleblower system to inform the SVP General Counsel and SVP Human Resources of any such improper activity.
- Finally, Trelleborg has a commitment to engage on sustainability issues, as demonstrated by its participation in the UN Global Compact, its sustainability reporting according to GRI as well as CDP reporting standards. The Sustainability reporting follows TCFD guidelines for climate-related financial disclosures.⁹

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.

Section 3: Impact of Use of Proceeds

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

Importance of development of energy-efficient and sustainable solutions

To limit global warming to well below 2°C compared to pre-industrial levels, in 2015, 196 countries signed the Paris Agreement at COP 21.¹¹ Under this agreement, the signing parties (i.e., the countries) intend to overcome a global peak of GHG emissions as soon as possible to mitigate ongoing impacts of climate change. The EU, for example, has reached a provisional agreement to reduce its net GHG emissions by at least 55% by 2030, compared to 1990 levels, on its path to becoming carbon-neutral by 2050, and had collectively reduced GHG emissions by 23% from 1990 levels as of 2018.^{12,13,14} Individual countries have set more ambitious interim targets, such as Germany, which has recently updated its target of cutting emissions by at least 65% by 2030 compared to 1990 levels.¹⁵ Other large GHG emitters have also committed to reducing emissions, such as China, which set a carbon neutrality target by 2060. The US goal is to cut GHG emissions between 50-52% from 2005 levels by 2030.¹⁶ Among Asian countries, Japan has set a target to lower emissions by 26% below

⁹ Trelleborg, “Code of Conduct 2020”, at: <https://www.trelleborg.com/en/about-us/code-of-conduct>

¹⁰ Trelleborg, “EHS Policy”, at:

https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKewjK987fkdXAhXFJTQIHAmJCIQQFJAeegQIBRAD&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=AOvVaw3l7iRhx83PTzz6ztosvUDE

¹¹ UNFCCC, “The Paris Agreement”, at: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

¹² EU, “Climate Action”, (2019) at: https://ec.europa.eu/clima/news/eu-greenhouse-gas-emissions-down_en

¹³ Reuters, “EU reaches provisional deal on 55% greenhouse gas cut by 2030”, (2021), at: <https://www.reuters.com/business/environment/eu-reaches-provisional-deal-55-greenhouse-gas-cut-by-2030-2021-04-21/>

¹⁴ European Commission, “2050 long-term strategy”, at: https://ec.europa.eu/clima/policies/strategies/2050_en

¹⁵ Clean energy wire, “Germany’s greenhouse gas emissions and energy transition targets” (2021) at:

<https://www.cleanenergywire.org/factsheets/germanys-greenhouse-gas-emissions-and-climate-targets>

¹⁶ The White House, “FACT SHEET: President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-Paying Union Jobs and Securing U.S. Leadership on Clean Energy Technologies”, (2021), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/>

2013 levels by 2030, while South Korea plans to reduce emissions by 37% below business-as-usual (BAU) levels.¹⁷

As part of their bid to achieve carbon neutrality by 2050, the EU has established a long-term strategy that focuses on an economic and societal transformation that engages all sectors of the economy and society. The key areas of focus include decarbonization of Europe's energy supply, clean and connected mobility (including electric vehicle and alternative fuels), circular economy, and maximizing benefits from energy efficiency initiatives.¹⁸ As such, efficiencies in transportation are needed to advance the decarbonization of this sector. The transport sector is almost entirely powered by carbon-intensive energy sources, while electrically-powered transport represented only 3.5% of the energy consumed by the transport sector in 2019 in the EU.¹⁹ Between 1990 and 2017, transport-related GHG emissions increased by 22%, while the overall EU's emissions decreased by 22%, demonstrating the critical need to reduce transportation-related emissions and increase efficiency.²⁰

As per a report by McKinsey on Europe's roadmap to climate neutrality, by 2050, 45% of total emissions would be abated by switching from fossil fuels to electrification, and another 30% would be eliminated by using hydrogen, biomass, and carbon capture and storage or use.²¹ The report suggests that the EU needs public and private sector investment in R&D of technologies to drive down the cost of cleaner technologies and make them easy to adopt.²² The EU believes that R&D will play a key role in accelerating the transition to a carbon-neutral economy, de-risking the green and innovative solutions, and ensure social engagement.²³ The EU's "Horizon Europe" programme starting in 2021 will advance new technologies, sustainable solutions, and disruptive innovation, with over 35% of spending focused on climate change.²⁴

Globally, although governmental targets and the precise pathway to decarbonization vary, it is recognized that commensurate investments in R&D will support improved energy efficiency and the decoupling of economic growth from GHG emissions. According to the American Council for an Energy Efficient Economy, R&D can be a "major" driver of efficiency in all countries, and across industries higher levels of R&D investment can support improved environmental and economic performance.²⁵

Sustainalytics is of the opinion that Trelleborg's financing of R&D and production of green and energy-efficient commercial solutions can further contribute to reaching climate targets in different parts of the world.

Contribution of green buildings to climate change mitigation in European countries

Buildings account for 40% of final energy consumption and 36% of the GHG emissions in the EU.²⁶ Greening the building sector is an important part of the energy transition. Therefore, the EU has put in place several guidelines such as the Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED), resulting in substantial progress, including an average annual reduction of 1.5% for household energy consumption per dwelling since 2000.²⁷ Yet around 35% of the EU's buildings are over 50 years old, and almost 75% of the building stock is energy inefficient. At the EU level, only 0.4-1.2% of the building stock is renovated each year.²⁸ Therefore, renovation of existing buildings is key to achieve energy savings: at the EU scale, it

¹⁷ ArgusMedia, "Asia fails to ramp up Paris pledges in 2020" (2021) at: <https://www.argusmedia.com/en/news/2180093-viewpoint-asia-fails-to-ramp-up-paris-pledges-in-2020>

¹⁸ EU, "Our Vision for a clean planet for all." (2018) at: https://ec.europa.eu/clima/sites/default/files/docs/pages/vision_1_emissions_en.pdf

¹⁹ Eurostat, "Final energy consumption in transport by type of fuel", at: <https://ec.europa.eu/eurostat/databrowser/view/ten00126/default/table?lang=en>

²⁰ Eurostat, "Greenhouse gas emission statistics – emissions inventories", at: https://ec.europa.eu/eurostat/statistics-explained/index.php/Greenhouse_gas_emission_statistics.

²¹ McKinsey, "How European Union could achieve net-zero emissions at net-zero cost" (2020), at: <https://www.mckinsey.com/business-functions/sustainability/our-insights/how-the-european-union-could-achieve-net-zero-emissions-at-net-zero-cost>

²² McKinsey, "How European Union could achieve net-zero emissions at net-zero cost" (2020), at: <https://www.mckinsey.com/business-functions/sustainability/our-insights/how-the-european-union-could-achieve-net-zero-emissions-at-net-zero-cost>

²³ EU, "Research and Innovation for the European Green Deal", at: https://ec.europa.eu/info/research-and-innovation/strategy/strategy-2020-2024/environment-and-climate/european-green-deal_en

²⁴ EU, "Research and Innovation for the European Green Deal", at: https://ec.europa.eu/info/research-and-innovation/strategy/strategy-2020-2024/environment-and-climate/european-green-deal_en

²⁵ ACEEE, "2018 Internal Energy Efficiency Scorecard", at: <https://www.aceee.org/sites/default/files/publications/researchreports/i1801.pdf>

²⁶ European Union, In focus: Energy efficiency in buildings (2020), at: https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-feb-17_en

²⁷ 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>

²⁸ European Commission, "Energy performance of buildings", (October 2019) at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings/overview>

could lower the overall energy consumption by 5-6% and reduce CO₂ emissions by approximately 5%.²⁹ In addition, retrofitting of the EU building stocks could lead to 33% energy saving.³⁰

Sustainalytics is of the opinion that Trelleborg's investments under the Framework are impactful, have the potential to reduce the environmental footprint of EU's building sector and will contribute to achieving the short and long-term climate targets set by EU as a whole.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Trelleborg Green Finance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
R&D 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	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Pollution Prevention and 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

Conclusion

Trelleborg has developed the Trelleborg Green Finance Framework under which it may issue one or more green bond, schuldscheins and/or other similar debt instruments (the "Green Finance Instruments"), and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that advance the transition to a low carbon and climate resilient economy. 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 commitments have been made 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 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 use of proceeds.

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

²⁹ Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, "Roadmap to a climate-neutral Germany, Climate Action Plan 2050 – Germany's long-term low greenhouse gas emission development strategy" <https://www.bmu.de/en/topics/climate-energy/climate/national-climate-policy/greenhouse-gas-neutral-germany-2050/>

³⁰ Berardi, U., (2015), "Building Energy Consumption in US, EU, and BRIC Countries", Procedia Engineering, at: <https://www.sciencedirect.com/science/article/pii/S1877705815020664>

Appendices

Appendix 1: DGNB Green Building Certification

	DGNB ³¹
Background	DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building.
Certification Levels	<ul style="list-style-type: none"> • Bronze • Silver • Gold • Platinum
Areas of Assessment	<ul style="list-style-type: none"> • Environment • Economic • Sociocultural and functional aspects • Technology • Processes & Site
Requirements	<p>Percentage-based performance index. The total performance index (expressed as a percentage) is calculated by adding the six key areas of assessment.</p> <p>Depending on the total performance index, a DGNB award will be given to the project, starting from Silver. Bronze is awarded for existing buildings and is conferred as the lowest rank.</p>
Performance Display	
Accreditation	DGNB Auditor DGNB Compliance Testing Team DGNB Certification Committee
Qualitative Considerations	DGNB certification is based on current European Union standards and norms and is being recommended by the German Federal Ministry of Transport, Building and Urban Development. DGNB System has partnerships in a number of countries, among which Bulgaria, Denmark, Austria, Thailand and Switzerland.

³¹ DGNB, "The certification process", at: <https://www.dgnb-system.de/en/certification/certification-process/>.

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Trelleborg Treasury AB (publ)
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:	June 17, 2021
Publication date of review publication:	

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 Production of Solutions for Sustainability, Green Buildings, Pollution Prevention and Control, and Renewable Energy – 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 and 12.

Use of proceeds categories as per GBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Renewable energy | <input 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 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 (<i>please specify</i>): 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, comprising the Head of Sustainability, the Head of Treasury, and the CFO, will be responsible for the evaluation and selection of Eligible Projects per the criteria defined in the Framework. Sustainalytics considers the project 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 (<i>please specify</i>): |

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 allocation of proceeds. The net proceeds raised will be credited to an earmarked account. Trelleborg intends to fully allocate proceeds within a year, and no later than two years from the respective issuance. Pending allocation, proceeds will be placed and managed in Trelleborg's 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 publish a Green Finance Investor Report on its website, on an annual basis and until full allocation. The report will include allocation information such as the total amount of proceeds allocated to eligible projects, the type of financing instrument utilized and respective outstanding amounts, information on the split between new financing and re-financing, the allocated amounts per projects category and geographical distribution and the amount of unallocated proceeds. In addition, Trelleborg is committed to reporting on relevant impact metrics. 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:

- Allocated amounts Green Bond financed share of total investment
- Other (please specify): *Type of financing instruments utilized and respective outstanding amounts; Information on the split between new financing and re-financing; The allocated amounts per project category and geographical distribution.*

Frequency:

- Annual Semi-annual
- Other (please specify):

Impact reporting:

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

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (please specify): *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).*

Frequency

- Annual Semi-annual

Other (please specify):

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Green Finance Investor Report |
| <input type="checkbox"/> 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:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> 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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Named

2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider