

COMPLIANCE WITH LAWS AND CODES

On the basis of the Group's Code of Conduct, Trelleborg pursues work for exemplary business conduct both internally and across the value chain to ensure compliance with laws, rules and international agreements.

Anti-corruption and competition law. Trelleborg's Code of Conduct applies to all employees without exception. Together with the whistleblower policy, it constitutes an important linchpin for regulatory compliance in operations.

A cumulative assessment is that the Code of Conduct, together with Trelleborg's Compliance Program, aligns well with both Transparency International's guidelines on anti-corruption and with the Code of Business Conduct from the Swedish Anti-Corruption Institute.

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

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

In the area of data protection, the General Data Protection Regulation (GDPR) was rapidly rolled out to relevant target groups in Europe.

The Group's Compliance Program supports the entire organization. In addition, senior and middle management, as well as employees in the field and on the shop floor are supported by Compliance Officers in each Group company, who undergo special training in which they are encouraged as a group to share best practice in compliance issues to help colleagues respond to the situations that may arise in their daily work.

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

During 2021, the Compliance Task Force held three meetings that addressed, among other aspects, the new sustainability strategy, trade restrictions, digitalization of compliance procedures, compliance and effects of data protection, information security and a review of legal entities.

The Compliance Task Force also continued its review of Group policies to ensure that the messages they contain are understood by all individuals representing Trelleborg.

All employees are required to comply with applicable Group policies and internal governance documents, which have been strengthened at senior management levels of the company with acceptance documents that must be signed annually.

The Group's Whistleblower Policy also entitles all employees to report any suspected legal or regulatory violations without repercussion. Refer to the table on page 133 for matters reported via the whistleblower system or other channels. This system was supplemented with employee surveys carried out at regular intervals. In addition to drawing attention to areas for local improvement projects, these surveys provide a clear indication of any problems with management or similar shortcomings.

Specific legislation must be followed in certain countries, such as the US (the Dodd-Frank Wall Street Reform and Consumer Protection Act related to conflict minerals, and Technology Transfer Control legislation), the EU (Conflict Minerals Regulation), and the UK (Bribery Act and Modern Slavery Act, respectively – which are designed to prevent forced labor and sex trafficking, see below).

Compliance with laws and permits. Being a listed company with global operations, Trelleborg is subject to a range of laws, regulations and directives. Significant breaches of laws and permits leading to legal consequences or fines as well as breaches of environmental and Occupational Health and Safety-related (OHS) laws are shown in the table on page 133.

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

Within the framework of Trelleborg's ERM processes for internal risk identification and assessment, none of the Group's units has assessed the risk of human rights violations to be significant internally. However, if the entire value chain is taken into consideration, the risk is classed as higher, see section below on child labor, for example, and the illustration on page 45.



The Compliance focus area is clearly linked to the Sustainable Development Goals (SDGs) in categories 8 and 16. Read more about the connection to the goals on pages 124–126.



7,237

individuals underwent training during the year in anti-corruption, competition law, contract management and so forth. The clear increase in recent years is primarily the result of the launch of e-learning programs.



The digitalization of compliance procedures continued in 2021.



During the year, 18 matters (6) were reported via the whistleblower system or other channels, most of which concerned alleged harassment, fraud, injustices, or safety deficiencies.



In 2021, contaminated soil was being remediated at 5 units (9).

Child labor. A number of potential risks of child labor in the supply chain have been evaluated. Among those leading to measures was the risk of child labor at the level of rubber producers. For many years, Trelleborg has cooperated with Save the Children in joint community initiatives, which has also strengthened internal know-how in the field of child labor. This has, in turn, been strengthened through dialog with suppliers and by visiting natural rubber producers in Sri Lanka, Southeast Asia and Africa. From 2021, Trelleborg is active in the Global Platform for Sustainable Natural Rubber initiative to minimize risks such as these, refer to page 45.



8 environmental studies (4) were carried out in 2021.

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

During 2021, Trelleborg's corporate website has again renewed its annual statement regarding the management of issues concerning forced labor, child labor and trafficking, mainly in accordance with the UK's Modern Slavery Act 2015, the California Transparency in Supply Chain Act and the Australian Modern Slavery Act 2018.

89.4%

Sustainability assessments took place of suppliers corresponding to 89.4 percent (88.9) of the reported relevant purchasing spend.

Freedom of association. Trelleborg's policy is to recognize local union clubs, and the right to collective agreements. No units are assessed to be at serious risk of violation in this area. In China, however, certain restrictions related to freedom of association apply.

The percentage of employees with union representation is shown in the table on page 133.

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

Read more about outcomes for the year in relation to discrimination in the table on page 133.

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

Environmental management systems. A cornerstone of the Group's environmental strategy is that all major production units with production and development capacity must have an ISO 14001-certified environmental management system. Only Executive Management can grant an exception. Facilities that are incorporated following an acquisition are allowed a certain period of time to achieve this certification. The percentage of certified units is presented on page 133.



At the end of 2021, 84 units (89) were certified under ISO 14001, corresponding to 69 percent (73) of all facilities.

Environment laws and permits. Fines or sanctions for breaches of environment or OHS-related rules are shown

in the table on page 133. This also applies to unplanned emissions.

Contaminated soil. Historically, the handling of oil and solvents has given rise to soil and groundwater contamination, which is described in the table on page 133.

Environmental studies. For potential acquisitions and divestments, for example, Trelleborg performs environmental studies of the companies to assess and outline their environmental impact and to identify potential environmental liabilities. The number of environmental studies conducted in 2021 is presented in the table on page 133.

Suppliers. A total of about 23,000 suppliers are concentrated in Europe, North America and Asia. Trelleborg's main raw materials are synthetic and natural rubber (see also pages 38 and 45), metal components, and various additives.

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

Supplier assessment and follow-up. Supplier assessments have primarily been conducted, as before, via Group-wide questionnaires, with questions related to human rights, OHS, environmental management and social responsibility. Unsatisfactory responses are investigated. Refer to the table on page 133 for the year's outcome. The new digital system for supplier assessments streamlines the process and make it more transparent. In conjunction with the launch of a new climate target, follow-up of the climate performance of suppliers and other selected sustainability performance measures will be further developed during the coming five-year

GROUP POLICIES IN THE AREA OF COMPLIANCE

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

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

period. One of the first steps in 2021 was to begin cooperating with CDP for supplier follow-ups and development focusing on climate issues.

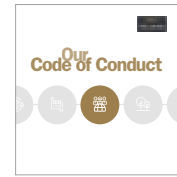
In previous years, site visits with an audit based on a geographic and material risk assessment have focused on textile suppliers, chemicals suppliers and natural rubber suppliers. Audit activities were minimal in 2020–2021 due to the pandemic and as there were very few new suppliers in these areas.

The Code of Conduct is the basis for all compliance. Trelleborg’s Code of Conduct in the areas of environment, OHS and ethics forms a basis for all operations in the Group, and applies to all employees, without exception. All employees are to complete a refresher course in the Code of Conduct every three years, at a minimum.

A comprehensive review of the Code of Conduct was carried out in 2019 when a new version was released containing updated regulations in areas such as trade restrictions, information processing and diversity. A global training initiative started that year, and more than 85 percent of all employees have received training in the Code in the following years. E-learning and other training material is available in 15 languages.

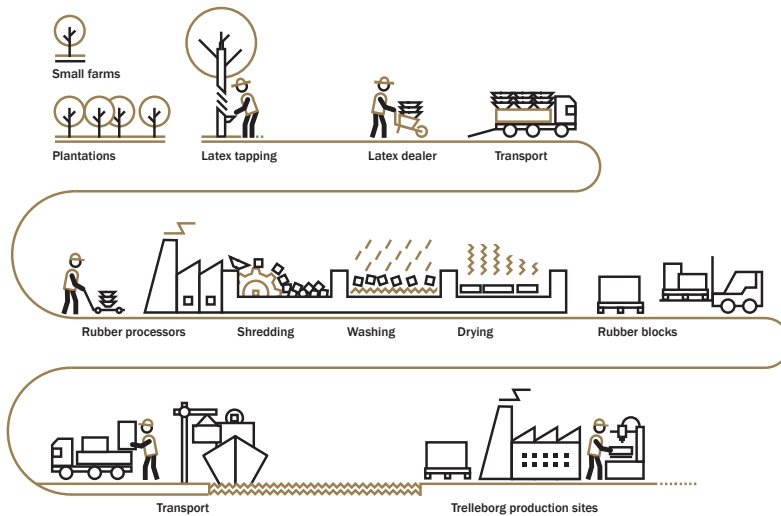
The Code of Conduct is based on internationally recognized conventions and guidelines, such as the Universal Declaration of Human Rights, the ILO conventions, the OECD guidelines and the UN Global Compact. It is available for download from www.trelleborg.com.

Trelleborg’s Whistleblower Policy and system mean each employee is given the right and opportunity, by telephone or online, to report suspicions of legal or regulatory violations in their own language, without repercussions.



Trelleborg’s Code of Conduct, Whistleblower Policy and Compliance Program serve as a base for regulatory compliance that aligns well with both Transparency International’s guidelines on anti-corruption and with the Code of Business Conduct from the Swedish Anti-Corruption Institute.

PRODUCTION OF NATURAL RUBBER



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

From 2021, Trelleborg has joined the work of the *Global Platform for Sustainable Natural Rubber*, an industry-wide initiative aimed at leading the global improvement of socio-economic and environmental performance in the natural rubber value chain, with a particular focus on challenges such as deforestation and poor working conditions. Already in its first year, Trelleborg has taken part in specific local activities to strengthen the global initiative’s contact platform among smaller rubber producers in Sri Lanka.

Trelleborg also has its own continuous dialog with natural rubber suppliers, addressing themes such as working conditions, human rights and biodiversity. Dialogs include both meetings and visits to the production chain. Over the past ten years, major training initiatives and site visits have taken place in Sri Lanka, the Ivory Coast and in Southeast Asia.